Texas Department of Housing and Community Affairs

Board Book

Thursday, April 9, 2026

10:00 AM

Dewitt C. Greer State Highway Building
Williamson Board Room
125 E. 11th Street
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 2026

CY26 9% LIHTC Program

- Total Applications Received: 115
- Total Market Rate Units Proposed: 318
- Total Low-Income Units Proposed: 7,394
- Total HTCs Requested: $190,306,987

Construction Type:

- Total Proposed New Construction Projects: 92
- Total Proposed Reconstruction Projects: 3
- Total Proposed Rehab Projects: 20

CY26 4% LIHTC Program

Active or Approved Applications:

- Total Applications: 19
- Total Market Rate Units Proposed: 0
- Total Low-Income Units Proposed: 4,015

Closed Applications:

- Total Applications: 0
- Total Market Rate Units Proposed: 0
- Total Low-Income Units Proposed: 0

Construction Type

- Total Proposed New Construction Projects: 10
- Total Proposed Rehab/Reconstruction Projects: 9

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: $775,364,827
Households Served: 2,967

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 Funds: $68,697,699
Households Served: 43,685

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: $5,787,889
Persons Served: 13,676

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: $6,316,100
Households Served: 2,729

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: $7,503,729
Households Served: 83

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)*
- Texas Bootstrap Loan Program (Bootstrap)

Expended Funds: $1,237,500
Households Served: 25

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: $18,294,475
Persons Served: 151,318

Total Expended Funds: $1,170,477,186
Total Households Served: 223,956

All FY2026 data as reported in TDHCA's 2026 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: 9/1/2025-2/28/2026 (4% LIHTC Program figures as of 3/6/2026; 9% LIHTC Program figures as of 3/12/2026)

* 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.

RESOLUTIONS

Resolution Recognizing May as Community Action Month

Resolution Recognizing April as Fair Housing Month

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 March 6, 2026 — Beau Eccles

ASSET MANAGEMENT

2. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Winfield Estates (HTC #00001) — Rosalio Banuelos

3. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Heights at Crowley (HTC #23129) — Rosalio Banuelos

4. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Palo Verde Senior Apartments (HTC #25013) — Rosalio Banuelos

5.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Pebble Hills Place (HTC #25016)	Rosalio Banuelos
6.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for The Ashbourne (HTC #25073)	Rosalio Banuelos
7.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Cedar Brook Village (HTC #25074)	Rosalio Banuelos
8.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Trinity East Senior (HTC #25090)	Rosalio Banuelos
9.	Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(4)(D) for Aurora Apartments (HTC #22403)	Rosalio Banuelos

REAL ESTATE ANALYSIS

10.	Presentation, discussion, and possible action regarding a material change to the Multifamily Management System (MMS) contract	Jeanna Adams

BOND FINANCE

11.	Presentation, discussion, and possible action on Resolution No. 26-013 regarding the annual approval of the Department's Investment Policy	Scott Fletcher
12.	Presentation, discussion, and possible action on Resolution No. 26-014 regarding the annual approval of the Department's Interest Rate Risk Management Policy	Scott Fletcher

COMMUNITY AFFAIRS

13.	Presentation, discussion, and possible action on release of the draft 2027 Low Income Home Energy Assistance Program State Plan for public comment	Gavin Reid

LEGAL

14.	Presentation, discussion, and possible action to adopt an Agreed Final Order assessing an administrative penalty relating to Columbia Renaissance Square II Senior (HTC 18018 / CMTS 5406)	Sascha Stremler

RULES

15.	Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 13, Multifamily Direct Loan Rule, and an order adopting the new 10 TAC Chapter 13, Multifamily Direct Loan Rule, and directing its publication in the Texas Register for adoption	Cody Campbell
16.	Presentation, discussion, and possible action on an order adopting the repeal and adoption of new 10 TAC Chapter 7 Subchapter A, General Policies and Procedures; 10 TAC Chapter 7 Subchapter C, Emergency Solutions Grants (ESG), §§7.31-7.43 and directing their publication in the Texas Register.	Rosy Falcon
17.	Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool and Family Leave Pool, and directing its publication in the Texas Register	Brooke Boston
18.	Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12, Negotiated Rulemaking, and directing its publication in the Texas Register	Brooke Boston
19.	Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.13, Contested Case Hearing Procedures, and directing its publication in the Texas Register	Brooke Boston
20.	Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.17, Alternative Dispute Resolution, and directing its publication in the Texas Register	Brooke Boston
21.	Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, including § §21.1 through 21.6, and directing its publication in the Texas Register	Brooke Boston
22.	Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 25, Colonia Self-Help Center Program Rule, including §§25.1 through 25.10, and directing its publication in the Texas Register	Brooke Boston
23.	Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; an order adopting new 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; and directing their publication in the Texas Register	Brooke Boston

24.	Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 28, Taxable Mortgage Program; an order adopting new 10 TAC Chapter 28, Taxable Mortgage Program; and directing their publication in the Texas Register	Brooke Boston
25.	Presentation, discussion, and possible action on an order adopting the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.4, Protest Procedures for Contractors, and directing its publication in the Texas Register	Brooke Boston
26.	Presentation, discussion, and possible action on an order adopting the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.5, Waiver Applicability in the Case of State or Federally Declared Disasters, and directing its publication in the Texas Register	Brooke Boston
27.	Presentation, discussion, and possible action on an order adopting the amended 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, and directing its publication in the Texas Register	Rosalio Banuelos
28.	Presentation, discussion, and possible action on an order adopting the repeal and new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report and directing submission to the Texas Register	Jeremy Stremler
29.	Presentation, discussion, and possible action on an order adoption the repeal of 10 TAC §10.802, Written Policies and Procedures; proposed new 10 TAC §10.802, Written Policies and Procedures; and directing submission to the Texas Register	Jeremy Stremler

CONSENT AGENDA REPORT ITEMS

30.	Media Analysis and Outreach Report, February 2026	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

31.	Executive Director’s Report	Bobby Wilkinson

FUNDING ANNOUNCEMENTS AND AWARDS

32. Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026, Resolution No. 26-012 and a Determination Notice of Housing Tax Credits — Teresa Morales

ASSET MANAGEMENT

33. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application and a request for an extension of the previously approved deadline to Place in Service for New Faith Senior Village Apartments (HTC #24076). — Rosalio Banuelos

34. Presentation, discussion, and possible action regarding a request for a Multifamily Direct Loan assumption, modification, and re-subordination for Timbers Edge Apartments (TCAP #13090009753) — Rosalio Banuelos

HOUSING RESOURCE CENTER

35. Presentation, Discussion, and Possible Action on the draft 2026 State of Texas Consolidated Plan: One-Year Action Plan — Jeremy Stremler

COMMUNITY AFFAIRS

36. Presentation, discussion, and possible action on the 2026 Department of Energy Weatherization Assistance Program State Plan and Awards — Gavin Reid

37. Presentation, discussion, and possible action on the reprogramming of Program Year 2025 Community Services Block Grant Administrative and Discretionary funds — Gavin Reid

RULES

38. Presentation, discussion, and possible action on an order adopting an emergency amendment to 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements; an order proposing an amendment to 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements to be released for public comment; and an order directing both actions to be published in the Texas Register — Brooke Boston

39. Presentation, discussion, and possible action on an order adopting the amendment of 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F Compliance Monitoring, §10.612 Tenant File Requirements; an order adopting new §10.628 Verification of Occupant Legal Status for HOME, HOME-ARP Rental and NHTF Developments; and directing their publication in the Texas Register — Brooke Boston

40. Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 10, Subchapter F, §10.601 Compliance Monitoring Objectives and Applicability; §10.607 Reporting Requirements; §10.611 Determination, Documentation and Certification of Annual Income; §10.613 Lease Requirements; §10.614 Utility Allowances; §10.621 Property Condition Standards; §10.622 Special Rules Regarding Rents and Rent Limit Violations; and §10.625 Events of Noncompliance and directing its publication for public comment in the Texas Register — Wendy Quackenbush

MULTIFAMILY FINANCE

41. Presentation, discussion, and possible action on a determination of eligibility related to Undesirable Site Features for Sea Gulf Villas (#26061) — Cody Campbell

42. Presentation, discussion, and possible action on an appeal of the termination of the Application for Breezy Meadows — 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 #: C-020 **Agenda Date:** 4/9/2026 **Agenda #:**

Resolution Recognizing May as Community Action Month

WHEREAS, Community Action Agencies are nonprofit and unit of local government organizations designated under the Economic Opportunity Act of 1964 to serve to ameliorate the effects of poverty and help persons experiencing poverty to transition to self-sufficiency;

WHEREAS, Community Action builds and promotes economic stability and enhances stronger communities and the opportunity to live in dignity;

WHEREAS, nationally, Community Action has enhanced the lives of millions by providing essential, life-changing services and opportunities;

WHEREAS, Community Action serves 99% of America's counties in rural, suburban, and urban communities, and works toward the goal of ending poverty in our lifetime;

WHEREAS, Texas has a strong and vibrant network of Community Action Agencies to deliver Community Action to Texans in need;

WHEREAS, Community Action will continue to implement innovative and cost-effective programs to improve the lives and living conditions of the impoverished and continue to provide support and opportunities for all eligible households in need of assistance; and

WHEREAS, the Texas Department of Housing and Community Affairs and the State of Texas support the Community Action network in Texas in working to improve communities and make Texas a better place to live not only during Community Action Month in May, but throughout the entire year;

NOW, therefore, it is hereby

RESOLVED, that the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate May 2026, as Community Action Month in Texas, and encourages all Texas individuals and organizations, public and private, to join and work together in this observance of the hard work and dedication of Texas Community Action agencies.

Signed this ninth day of April 2026.

Leo Vasquez, Chair

Kenny Marchant, Vice Chair

Holland Harper, Member

Anna Maria Farias, Member

Ajay Thomas, Member

Cindy Conroy, Member

Bobby Wilkinson, Executive Director

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1400 **Agenda Date:** 4/9/2026 **Agenda #:**

Resolution Recognizing April as Fair Housing Month

RESOLUTION

WHEREAS, April 2026 is Fair Housing Month, and marks 58 years since the passage of the federal Fair Housing Act, signed into law by U.S. President Lyndon Johnson on April 11, 1968;

WHEREAS, the Fair Housing Act provides that no person shall be subjected to discrimination because of race, color, national origin, religion, sex, disability, or familial status in the sale, rental, financing, or advertising of housing;

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) administers HUD and other housing programs that promote the development and supply of safe, decent, affordable housing for qualifying Texans;

WHEREAS, it is the policy of the Department to support equal housing opportunity in the administration of all of its programs and services;

WHEREAS, the Department, through its programs, workshops, trainings, and materials seeks to educate property managers, consultants, program administrators, architects, contractors, developers, engineers, and others about the importance of their adherence to the requirements of the Fair Housing Act; and

WHEREAS, the Department and the State of Texas support equal housing opportunity and housing choice in accordance with the Fair Housing Act not only during Fair Housing Month in April, but throughout the entire year;

NOW, THEREFORE, it is hereby

RESOLVED, that the Texas Department of Housing and Community Affairs -

(1) recognizes the significance of Fair Housing Month as an important time to acknowledge, better understand, and support equal housing opportunity, and encourages the continued commitment to fair housing in the State of Texas; and

(2) recognizes that in the pursuit of the goal and responsibility of providing affordable housing and equal housing opportunities for all, the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate April 2026 as Fair Housing Month in Texas and encourages all Texas individuals and organizations, public and private, to join and work together in this observance of the

impact and importance of affordable housing and equal housing opportunity to the success of all Texans.

Signed this ninth day of April 2026.

Leo Vasquez , Chair

Anna Maria Farías, Member

Kenny Marchant, Vice Chair

Holland Harper, Member

Cindy Conroy, Member

Ajay Thomas, Member

Bobby Wilkinson, Executive Director

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1380 **Agenda Date:** 4/9/2026 **Agenda #:** 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for March 6, 2026

RECOMMENDED ACTION

Approve the Board meeting minutes summary for March 6, 2026.

RESOLVED, that the Board meeting minutes summary for March 6, 2026, is hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
March 6, 2026

On Thursday, the sixth day of March 2026, 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 Dewitt C. Greer State Highway Building, Williamson Board Room, 125 E. 11th Street, Austin, TX 78701.

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

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

Mr. Vasquez served as Chair, and James "Beau" Eccles served as Secretary.

1) The Board unanimously approved the Consent Agenda (items 1-10) and the Consent Agenda Report Items (items 11-14).

2) Action Item 15 – the Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. Additional information was provided by Lisa Johnson, TDHCA Director of the Texas Homeownership Program. The Board heard the report and took no further action.

3) Action Item 16 – Presentation, discussion, and possible action on awards for the 2026 Community Services Block Grant discretionary fund Reentry Assistance Program – was presented by Michael De Young, TDHCA Director of Community Affairs, with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the awards as described in the item.

4) Action Item 17 – Report on the issuance of TDHCA Residential Mortgage Revenue Bonds 2026 Series A (Non-AMT) – was presented by Scott Fletcher, TDHCA Director of Bond Finance. The Board heard the report and took no further action.

5) Member Ajay Thomas, who chairs the Board's Audit and Finance Committee, presented Action Item 18 – Report on the Meeting of the Internal Audit and Finance Committee. The Board heard the report and took no further action.

6) Action Item 19 – Review and possible acceptance of the State Auditor's Office audit of the TDHCA Fiscal Year 2025 Financial Statements – was presented by Alexander Sumners, State Auditor's Office. Mr. Wilkinson provided additional information. The Board unanimously approved a motion to accept the financial statements audit.

7) Action Item 20 – Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(8)(E) of the Qualified Allocation Plan (QAP) relating to the square footage of accessible units for Park at Fort Bend (#26401) – was presented by Jonathan Galvan, Manager of TDHCA's 4% Housing Tax Credit Program. The Board unanimously adopted staff recommendation to approve the waiver request.

8) Action Item 21 – Presentation, discussion, and possible action on the approval of the 2026 State of Texas Low Income Housing Plan and Annual Report – was presented by Jeremy Stremler, TDHCA Director of the Housing Resource Center. The Board unanimously adopted staff recommendation to approve the SLIHP.

9) Wendy Quackenbush, TDHCA Director of Multifamily Compliance, presented Action Item 22 – Presentation, discussion, and possible action on an order adopting new 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring and directing its publication in the *Texas Register*. Additional information was provided by Mr. Wilkinson and Mr. Eccles.

Following public comment (listed below), the Board unanimously approved the order adopting the draft rules as presented in the item and amended at the meeting.

- Roger Arriaga, Texas Affiliation of Affordable Housing Providers, provided comments on the item
- Darren Smith, Texas Affiliation of Affordable Housing Providers, provided comments in opposition to staff recommendation
- Stephanie Naquin, Texas Affiliation of Affordable Housing Providers, provided comments in opposition to staff recommendation

10) Action Item 23 – Presentation, discussion, and possible action on an order adopting action on five sections of the Department's rules in 10 TAC to be amended to implement changes necessary to bring them into consistency with §1.410 Determination of Alien Status for Program Beneficiaries and directing their publication for public comment in the *Texas Register*: §6.204 Use of Funds for the Community Services Block Grant Program; §7.28 Program Participant Eligibility and Program Participant Files for the Homeless Housing and Services Program, §7.44 Program Participant Eligibility and Program Participant Files for the Emergency Solutions Grant Program; §20.4 Eligible Single Family Activities in the Single Family Programs Umbrella Rule; and §20.6 Administrator Applicant Eligibility in the Single Family Programs Umbrella Rule – was presented by Brooke Boston, TDHCA Deputy Executive Director. Additional information was provided by Mr. Wilkinson and Mr. Eccles. The Board unanimously

adopted staff recommendation to approve the draft rules amendments to be submitted for public comment and final adoption.

11) Action Item 24 – Presentation, discussion, and possible action on a staff-initiated waiver of specific provisions of 10 TAC §11.9(e)(6)(B) for Applicants in the 2026 9% Housing Tax Credit round – was presented by Cody Campbell, TDHCA Director of Multifamily Finance, with additional information from Mr. Wilkinson and Mr. Eccles. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the rule waiver.

- Cassidy Smith, Prospera Housing Community Services, provided comments in opposition to staff recommendation
- Darren Smith, Pivotal Housing Partners and Auxano Development, provided comments in opposition to staff recommendation
- Lora Myrick, Betco Consulting, provided comments in support of staff recommendation

12) The Board heard the following comment in the General Public Comment section at the end of the meeting:

- Joy Horak-Brown, President and CEO of New Hope Housing, announced her retirement and thanked the Board and staff for their work over the years with her organization.

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 11:59 a.m. The next meeting is scheduled for Thursday, April 9, 2026.

_____
Secretary

Approved:

_____
Chair

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1385 **Agenda Date:** 4/9/2026 **Agenda #:** 2.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Winfield Estates (HTC #00001)

RECOMMENDED ACTION

WHEREAS, Winfield Estates (HTC #00001) received an allocation of 9% Housing Tax Credits (HTCs) in 2000 for the construction of 156 affordable units for the elderly in Texarkana, Bowie County;

WHEREAS, the Land Use Restriction Agreement (LURA) for the Development states that throughout the 15-year Compliance Period, which ended on December 31, 2016, the Development is intended for, and solely occupied by Persons 62 years of age or older; or is intended and operated for occupancy by at least one person who is 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one person who is 55 years of age or older; and adhere to policies and procedures which demonstrate an intent by the owner and manager to provide housing for persons 55 years of age or older;

WHEREAS, Texas Winfield Estates LLP (Development Owner or Owner) has continued to operate the Development as restricted for the elderly and requests approval to extend the elderly designation throughout the 32-year extended use period; and

WHEREAS, 10 TAC §10.405(b)(2)(C) states that changes to the Target Population are material amendments to the Land Use Restriction Agreement (LURA);

NOW, therefore, it is hereby

RESOLVED, that the Board approves amendment to the LURA of Winfield Estates to extend the elderly restriction throughout the term of the LURA 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.

BACKGROUND

Winfield Estates received an allocation of 9% Housing Tax Credits in 2000 for the construction of 156 units for the elderly in Texarkana, Bowie County. The LURA for the Development states that throughout the 15-year Compliance Period, which ended on December 31, 2016, the Development is intended for, and solely occupied by Persons 62 years of age or older; or is intended and operated for occupancy by at least one person who is 55 years of age or older per

unit, where at least 80% of the total housing units are occupied by at least one person who is 55 years of age or older; and adhere to policies and procedures which demonstrate an intent by the owner and manager to provide housing for persons 55 years of age or older.

In a letter dated January 29, 2026, Ruel M. Hamilton, the representative for the Owner, requests approval to extend the elderly designation of the Development throughout the 32-year affordability period. The Owner has certified that the Development has continued to operate as elderly and meets the requirements of the Housing for Older Persons Act.

10 TAC §10.405(b)(2)(C) states that changes to the target population are material amendments to the LURA, requiring Board approval. At the meeting on April 9, 2026, the Board granted staff the authority to process requests to extend the elderly requirement as non-material amendments where the elderly restrictions have expired within two years of the amendment request and the Owner has certified that the property has continued to operate as elderly. However, because it has been more than two years since the end of the Compliance Period for this Development, this request to extend the elderly requirement requires Board approval.

The Owner complied with the requirements for requesting a material LURA amendment, including holding a public hearing. The public hearing was held on March 5, 2026. The Owner reported that 61 residents attended the public hearing, and there was no public comment regarding the proposed amendment.

Staff recommends approval of the amendment request as presented herein.

AmeriSouth

January 29, 2026

Sussette Kenney,
Associate Asset Manager
TX Department of Housing & Community Affairs
221 E. 11th Street
Austin, Texas 78701

Subject: Winfield Estates - Lura Amendment Request

Dear Asset Management Team,

I am writing to formally request approval to maintain the property's designation as a 55-and-older senior housing community under the existing Land Use Restriction Agreement (LURA).

Winfield Estates has historically operated as a senior housing community and has continuously served residents aged 55 and older in compliance with applicable federal, state, and fair housing requirements. Although the original senior designation period concluded in 2016, ownership has remained committed to preserving the property's senior housing purpose due to strong resident demand, community stability, and the ongoing need for quality affordable housing for seniors in the surrounding area.

Maintaining the 55+ designation aligns with the property's operational history, tenant demographics, and mission to provide safe, stable, and age-appropriate housing. The property continues to comply with all LIHTC requirements, including income limits, set-aside requirements, and fair housing laws, including the Housing for Older Persons Act (HOPA).

Ownership respectfully requests that the LURA be acknowledged or amended, as necessary, to reflect the continued operation of the property as a 55-and-older community. We believe this request supports long-term affordability, minimizes resident displacement, and preserves an important housing resource for seniors.

Please let us know if additional documentation, certifications, or supporting materials are required to evaluate this request. We appreciate your time and consideration and look forward to working collaboratively to ensure ongoing compliance and stability for the residents we serve.

Sincerely,

Ruel M. Hamilton,
President of the General Partner
Winfield Estates Limited Partnership
rhamilton@amerisouthrealty.com
Direct: 214-234-7931

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1386 **Agenda Date:** 4/9/2026 **Agenda #:** 3.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Heights at Crowley (HTC #23129)

RECOMMENDED ACTION

WHEREAS, Heights at Crowley (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2023 and was approved for a reallocation of tax credits under force majeure in 2025 for the construction of 96 units of multifamily housing, of which 80 units are designated as low-income, for the general population in Fort Worth, Tarrant County;

WHEREAS, TX Crowley 2023, Ltd. (the Development Owner or Owner) requests approval for a redesign of the Development that resulted in a change to the bedroom mix by replacing six three-bedroom units with six two-bedroom units and also resulted in a reduction to the number of residential buildings from three buildings to two buildings;

WHEREAS, Board approval is required for a significant modification of the site plan, a modification of the number of units or bedroom mix of units, and a significant modification of the architectural design of the Development as directed in Tex. Gov't Code §2306.6712(d)(1), (2), (5) and 10 TAC §10.405(a)(4)(A), (B), and (E), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the amount of the tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Heights at Crowley 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

Heights at Crowley received an award of 9% Housing Tax Credits in 2023 and was approved for a reallocation of tax credits under force majeure in 2025 for the construction of 96 multifamily units, of which 80 units are designated as low-income, for the general population in Fort Worth, Tarrant County. Construction of the Development is nearing completion.

In a letter dated February 20, 2026, Adrian Iglesias, the representative for the Owner, requested approval for a change to the bedroom mix and a reduction in the number of residential buildings. Additionally, the Net Rentable Area has been reduced slightly, and the Common Areas has been increased. The Owner states that during the permitting process additional unforeseen site constraints were created by three main factors. A drainage study was conducted by Kimley-Horn and Associates, and this revealed that the City of Fort Worth floodplain extended into the property on the west side further than initially anticipated. Second, a wetlands study was conducted by Kimley-Horn and Associates, which revealed existing wetlands extended into the property on the west side further than anticipated, and third, zoning review introduced a minimum preservation of tree canopy coverage requirement, which the initial design could no longer comply with due to the expanded floodplain and wetlands areas. Due to these new site constraints, the design was modified by combining the originally proposed three residential buildings into two residential buildings in order to ensure adequate and safe distance was maintained from the new floodplain and wetlands areas and to ensure that the preservation of existing trees on-site could be maintained and comply with the City of Fort Worth zoning requirements. As part of the change to combine the residential buildings, two stacks of three-bedroom units had to be converted to two stacks of two-bedroom units, resulting in a one for one replacement of six total units from three-bedroom to two-bedroom units. These modifications to the site plan, bedroom mix, and architectural design are material amendments under Tex. Gov't Code §2306.6712(d)(1), (2), (5) and 10 TAC §10.405(a)(4)(A), (B), and (E).

The revised plans result in a 912 square foot (0.9%) reduction in the Net Rentable Area, from 102,024 to 101,112 square feet, and also results in a 8,048 square foot increase in the Common Area, from 16,372 to 24,420 square feet.

These changes do not materially alter the Development in a negative manner and were not reasonably foreseeable or preventable by the Development Owner at the time of Application. Staff has determined that these changes do not affect the scoring of the Application or the funding award, and the Development will continue to meet the accessibility requirements. The final recommended HTC amount will be determined upon finalization of the cost certification process.

Staff recommends approval of the amendment request as presented herein.

GENERATION HOUSING PARTNERS

February 20th, 2026

Lucy Weber
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701
Email: lucy.weber@tdhca.state.tx.us

Re: The Heights at Crowley, TDHCA # 23129 – Request for Material Amendment

Dear Ms. Lucy Weber,

Please accept this request for a Material Amendment to the bedroom unit mix and site plan for The Heights at Crowley (TDHCA #23129). We are requesting the bedroom unit mix and architectural site plan be amended as follows:

Bedroom Unit Mix:
- Replace six (6) 3B/2B units with six (6) 2B/2B units

Site Plan:
- Reduce the number of residential buildings from three (3) to two (2).

Notes:
- *The total unit count did not change from 96 units.*
- *The Net Rentable Square Footage was modified by less than 1.0% (from 102,024 Sq. Ft. to 101,112 Sq. Ft), which would not overwise be considered a material amendment.*
- *The total common area increased from 16,372 Sq. Ft to 24,420 Sq. Ft. This was due mostly to the increase in the size of the clubhouse.*

Reason Change was Necessary: During the permitting process, additional unforeseen site constraints were created by three main factors: (1) A drainage study was conducted by Kimley-Horn and Associates revealed City of Fort Worth Floodplain which extended into the property on the west side further than initial anticipated; (2) A wetlands study was conducted by Kimley-Horn and Associates which revealed existing wetlands extended into the property on the west side further than anticipated; and (3) Zoning review introduced a minimum preservation of tree canopy coverage requirement, which the initial design could no longer comply with due to the expanded floodplain and wetlands areas. Due to these three new site constraints, the design was modified by combining three (3) residential buildings into two (2) residential in order to ensure adequate/safe distance was maintained from the new floodplain and wetlands areas, and to ensure that the preservation of existing trees on-site could be maintained and comply with City of Fort Worth zoning requirements. As part of the change to combine the residential buildings, the modified buildings two stacks of 3-bedrooms units (six total) had to be converted to two stacks of 2-bedroom units, resulting in a 1 for 1 replacement of six (6) total units from 3-bedroom to 2-bedrooms units.

Due to the **unforeseeable** nature of the circumstances that were determined during the permitting process through (1) required drainage studies, (2) required wetland mitigation studies, and (3) City of Fort Worth tree preservation requirements, we kindly request that the modifications to the unit mix to replace six (6) 3-bedroom units with six (6) 2-bedroom be accepted.

We appreciate your help in processing the request.

Please contact me at (214)613-6569 or aiglesias@ghdevelopment.com with any questions.

Sincerely,
TX Crowley 2023, Ltd.

Adrian Iglesias, Authorized Representative

The Heights at Crowley - Modified Bed/Bathroom Mix

Amended: Bedroom/Bathroom Mix

Unit Type	# Units	Per Unit Bedrooms	Per Unit Bathrooms	Total Bedrooms	Total Bathrooms
A1 / A2	12	1	1	12	12
B1 / B2	54	2	2	108	108
C1	30	3	2	90	60
	96			210	180

Original Approved at Underwriting: Bedroom/Bathroom Mix

Unit Type	# Units	Per Unit Bedrooms	Per Unit Bathrooms	Total Bedrooms	Total Bathrooms
A1 / A2	12	1	1	12	12
B1 / B2	48	2	2	96	96
C1	36	3	2	108	72
	96			216	180

GENERATION HOUSING PARTNERS

REVISED APPLICATION EXHIBITS:

PREVIOUS ARCHITECURAL PLANS (FOR REFERENCE)

ARRIVE ARCHITECTURE GROUP

HEIGHTS AT CROWLEY ROAD — **February 17, 2023**

Independent Living Units:

UNIT TYPE	NET RENT	Building Quantity BALCONY	STORAGE	BUILDING #1 1ST FLOOR	BUILDING #1 2ND FLOOR	BUILDING #1 3RD FLOOR	BUILDING #2 1ST FLOOR	BUILDING #2 2ND FLOOR	BUILDING #2 3RD FLOOR	BUILDING #3 1ST FLOOR	BUILDING #3 2ND FLOOR	BUILDING #3 3RD FLOOR	TOTAL UNITS	PATIO SF	STORAGE SF	NET RENTABLE	NET RENTABLE W/PATIO
A-1 (Tax)	716	55	15	0	2	2	0	0	0	0	0	0	4	220	60	2,864	3,144
A-1hc	716	55	15	1	0	0	0	0	0	0	0	0	1	55	15	716	786
A-1hv	716	55	15	1	0	0	0	0	0	0	0	0	1	55	15	716	786
A-2 (Tax)	778	55	18	2	2	2	0	0	0	0	0	0	6	330	108	4,668	5,106
A-2hc	778	55	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B-1 (Tax)	1,006	57	16	2	2	2	0	0	0	4	6	6	22	1,254	352	22,132	23,738
B-1hc	1,006	57	16	0	0	0	0	0	0	1	0	0	1	57	16	1,006	1,079
B-1hv	1,006	57	16	0	0	0	0	0	0	1	0	0	1	57	16	1,006	1,079
B-2 (Tax)	1,061	65	17	4	4	4	3	4	4	0	0	0	23	1,495	391	24,403	26,289
B-2hc	1,061	65	17	0	0	0	1	0	0	0	0	0	1	65	17	1,061	1,143
B-2hv	1,061	65	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C-1 (Tax)	1,207	46	15	2	2	2	2	4	4	5	6	6	33	1,518	495	39,831	41,844
C-1hc	1,207	46	15	0	0	0	1	0	0	1	0	0	2	92	30	2,414	2,536
C-1hv	1,207	46	15	0	0	0	1	0	0	0	0	0	1	46	15	1,207	1,268
Total Units Per Building				12	12	12	8	8	8	12	12	12	96				
														Total SF	Total SF	Total SF	Total SF
Patio Balcony				882	882	882	572	572	572	804	804	804	6,774	5,244	1,530		
Net Rentable - Units				11,658	11,658	11,658	9,072	9,072	9,072	13,278	13,278	13,278	102,024			102,024	
Net Rentable W/Patio				12,540	12,540	12,540	9,644	9,644	9,644	14,082	14,082	14,082	108,798				108,798

Gross Per Floor Breakdown

Building Quantity	CLUB	BUILDING TYPE 1 1ST FLOOR	BUILDING TYPE 1 2ND FLOOR	BUILDING TYPE 1 3RD FLOOR	BUILDING TYPE 2 1ST FLOOR	BUILDING TYPE 2 2ND FLOOR	BUILDING TYPE 2 3RD FLOOR	BUILDING #3 1ST FLOOR	BUILDING #3 2ND FLOOR	BUILDING #3 3RD FLOOR	TOTAL
	CLUB	1	1	1	1	1	1	1	1	1	
Net Rentable - Units		11,658	11,658	11,658	9,072	9,072	9,072	13,278	13,278	13,278	102,024
Porches/Patios/Balconies		882	882	882	572	572	572	804	804	804	6,774
Club	3,483										3,483
Breezeway		2,282	2,282	2,282	1,913	1,913	1,913	3,086	3,086	3,086	12,585
Elevator/Stairs		152	0	0	152	0	0	223	0	0	304
Mech/Telecom/Electrical/FDC		133	64	64	120	51	51	146	58	58	483
Maintenace		0	0	0	0	0	0	0	0	0	0
Storage		136	136	136	224	224	224	117	117	117	1,080
Total Overall SqFt.	3,483	15,243	15,022	15,022	12,053	11,832	11,832	17,654	17,343	17,343	126,733

TOTAL COMMON AREA: 16,372 SQ. FT.

GHP - HEIGHTS AT CROWLEY		Provided Parking	
Site Acreage	7.221	Surface Spaces	241
Residential Density	13.3 Units per Acre	Surface HC Spaces	11
Building Height	3-Story Residential	Surface Van Spaces	2
Crowley Required Parking		Carport Space	0
1.5 spaces per 1-bedroom unit, 2 spaces per 2-bedroom or more unit. For 1-bedroom units, 1 visitor parking space provided for every 4 dwelling units. Total Required: 210 spaces		Carport HC Spaces	0
		Carport Van Spaces	0
		Total Spaces	252

DATE: 02/14/2021

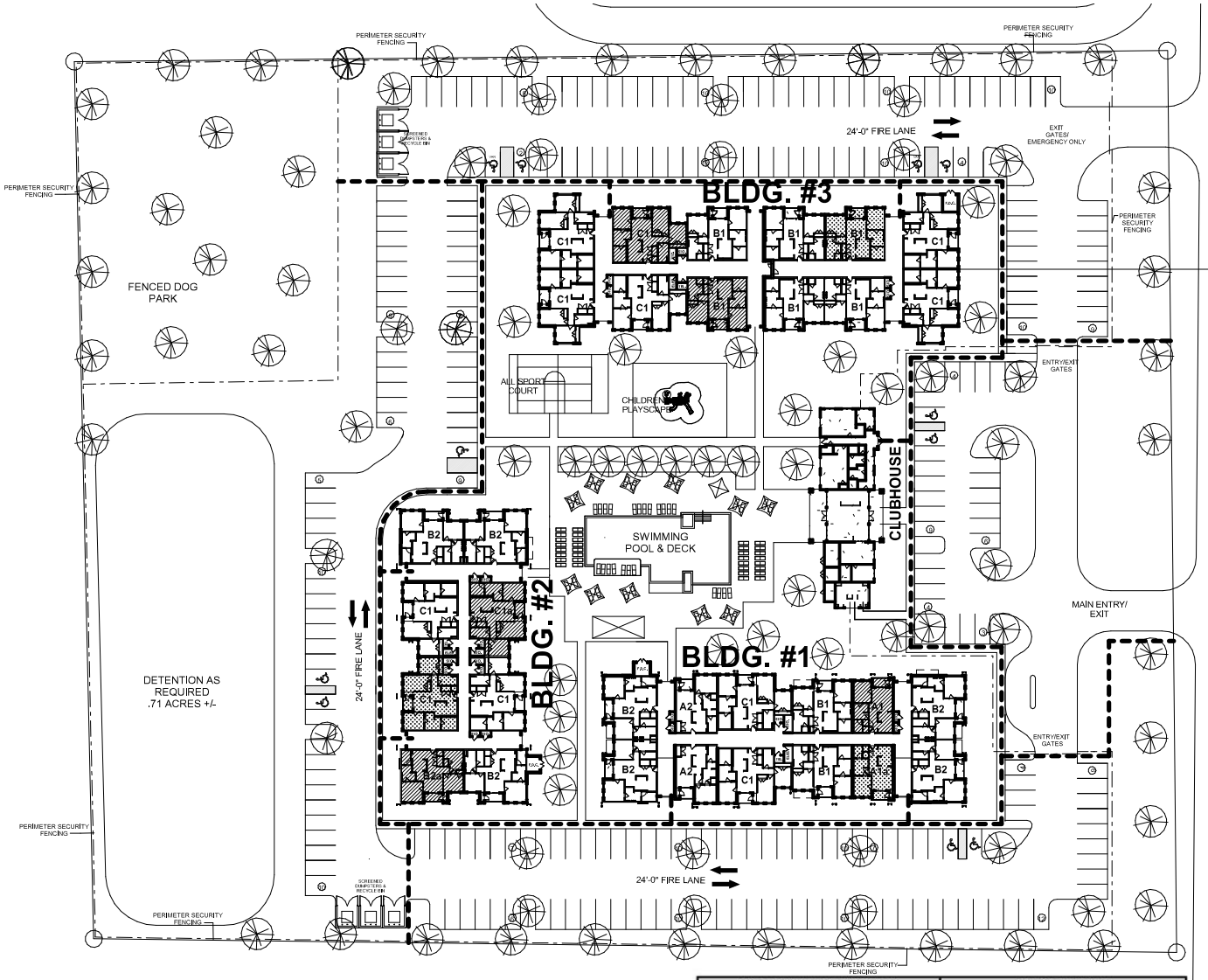
HEIGHTS AT CROWLEY ROAD

Fort Worth, Texas

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*NOTE:
APPLICANT ASSURES THAT 20%, 30%, 40%, 50%, 60%, 70%, AND 80% UNIT DESIGNATIONS ARE/WILL BE DISPERSED ACROSS ALL UNIT TYPES IN A MANNER THAT DOES NOT VIOLATE FAIR HOUSING LAWS.

*NOTE:
SITE NOT IN THE FLOOD PLAIN



CROWLEY ROAD

3-STORY-96 UNIT APARTMENT COMMUNITY
252 PARKING SPACES

SITE PLAN
30' 20' 10' 0 30'
7.221 ACRES +/-

HEARING/VISION UNIT
ACCESSIBLE UNIT
ACCESSIBLE ROUTE

GHP - HEIGHTS AT CROWLEY		Provided Parking	
Site Acreage	7.221	Surface Spaces	241
Residential Density	13.3 Units per Acre	Surface HC Spaces	11
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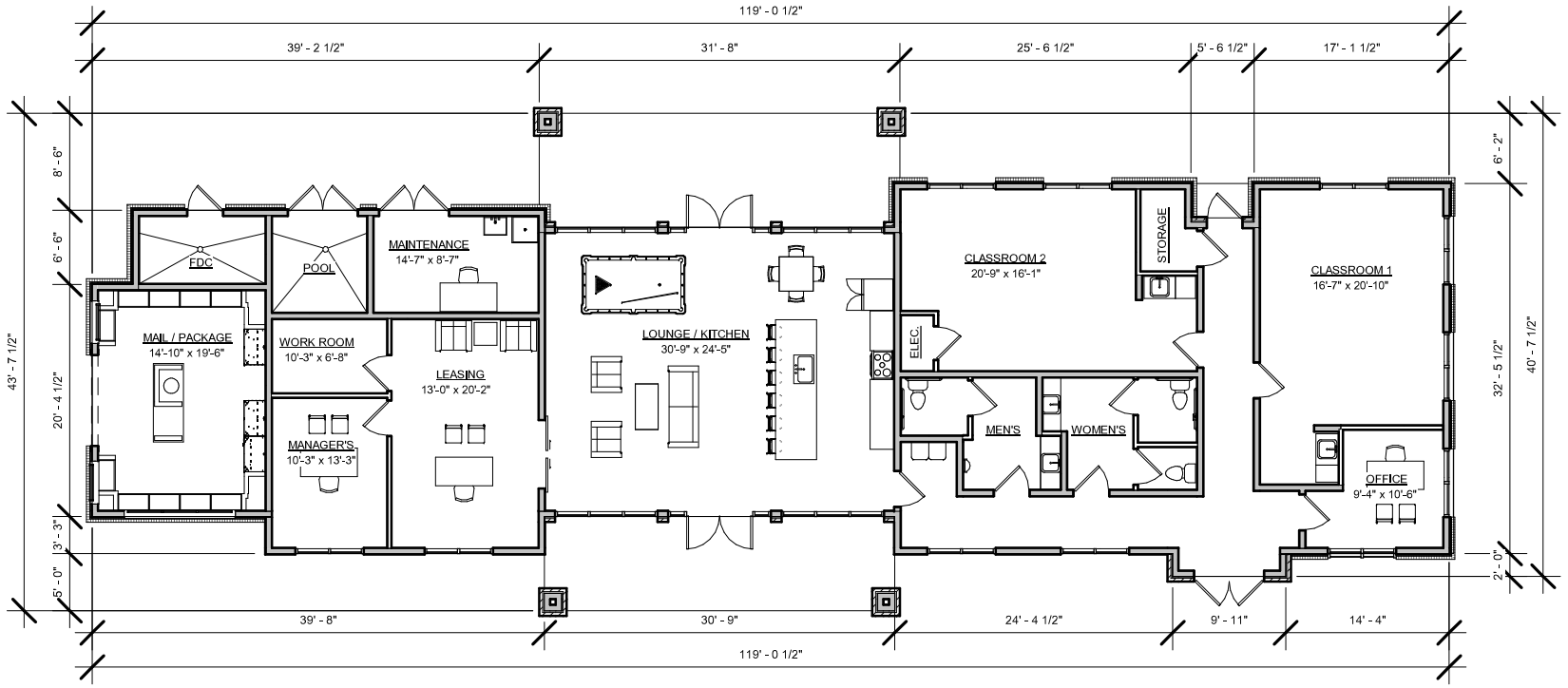
Included in 11 total surface HC parking spaces

DATE:
02/14/2021

HEIGHTS AT CROWLEY ROAD

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1 CLUBHOUSE FLOOR PLAN

1/16" = 1'-0"

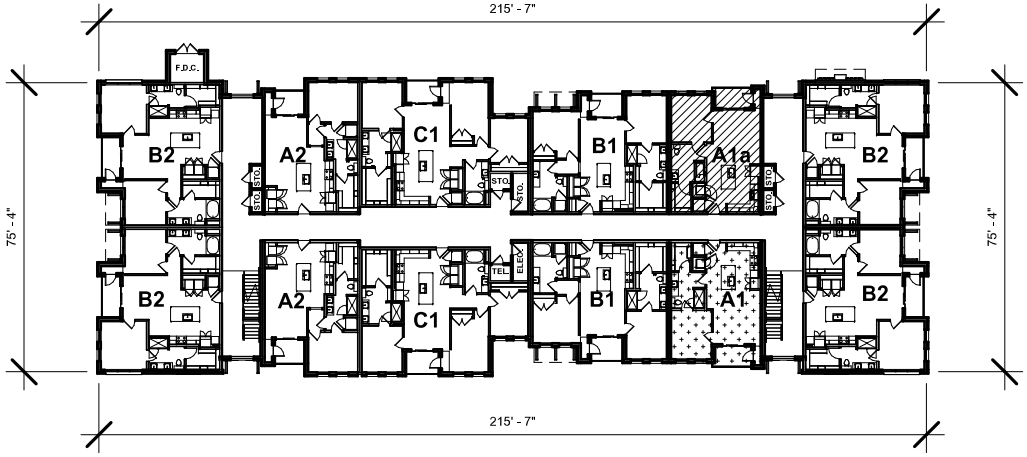
	AC	EMPLOYEE	RESIDENT
STORAGE	X	39 S.F.	N/A
MAIN., TELE., MECH., ELEC.		160 S.F.	N/A
OFFICES, WORK ROOM	X	354 S.F.	N/A
LEASING	X	N/A	284 S.F.
LOUNGE / KITCHEN	X	N/A	792 S.F.
CLASSROOM	X	N/A	801 S.F.
RESTROOMS	X	N/A	253 S.F.
MAIL / PACKAGE		N/A	312 S.F.
POOL / FDC		155 S.F.	N/A
CORRIDOR	X	N/A	333 S.F.
TOTAL		708 S.F.	2,775 S.F.
BLDG TOTAL		**3,483 S.F. (EXCLUDING PORCHES / PATIOS)**	

DATE:
02/14/2023

HEIGHTS AT CROWLEY ROAD

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25' 0 15' 25'

01 FIRST FLOOR PLAN - BUILDING #1

1" = 50'-0"

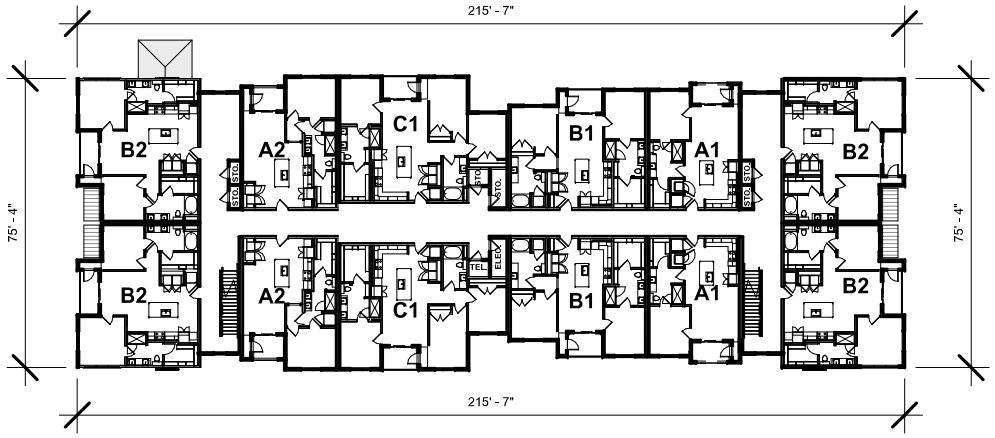
BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	11,658 SQ. FT.
PORCHES / PATIOS /BALCONIES & BALCONY STORAGE	882 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	136 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	133 SQ. FT.
BREEZEWAY / CORRIDORS:	2,282 SQ. FT.
STAIRS / ELEVATORS:	152 SQ. FT.
GROSS SQ. FT.:	15, 243 SQ. FT.
- HC ACCESSIBLE UNIT	- H / V: HEARING / VISION UNIT

DATE:
02/14/2023

HEIGHTS AT CROWLEY ROAD

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25' 0 15' 25'

02 SECOND FLOOR PLAN - BUILDING #1

1" = 50'-0"

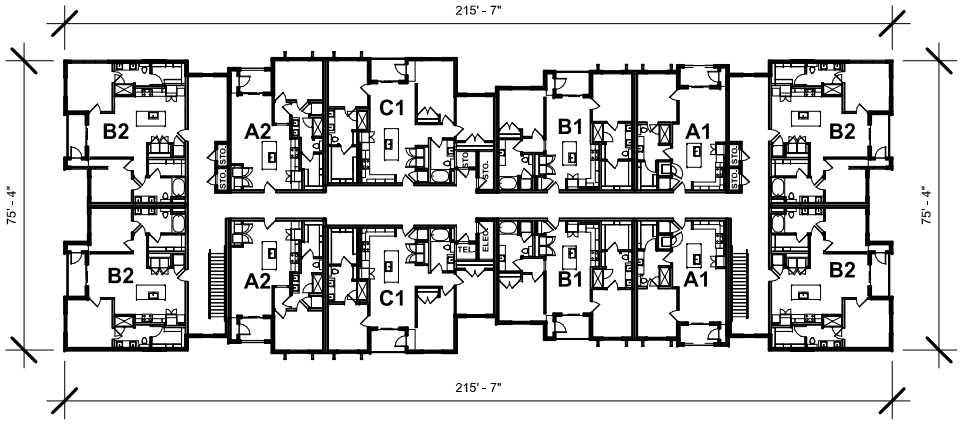
BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	11,658 SQ. FT.
PORCHES / PATIOS & BALCONIES:	882 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	136 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	64 SQ. FT.
BREEZEWAY / CORRIDORS:	2,282 SQ. FT.
STAIRS / ELEVATORS:	N/A
GROSS SQ. FT.:	15,022 SQ. FT.
- HC ACCESSIBLE UNIT	- H / V: HEARING / VISION UNIT

DATE:
02/14/2023

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25' 0 15' 25'

03 THIRD FLOOR PLAN - BUILDING #1

1" = 50'-0"

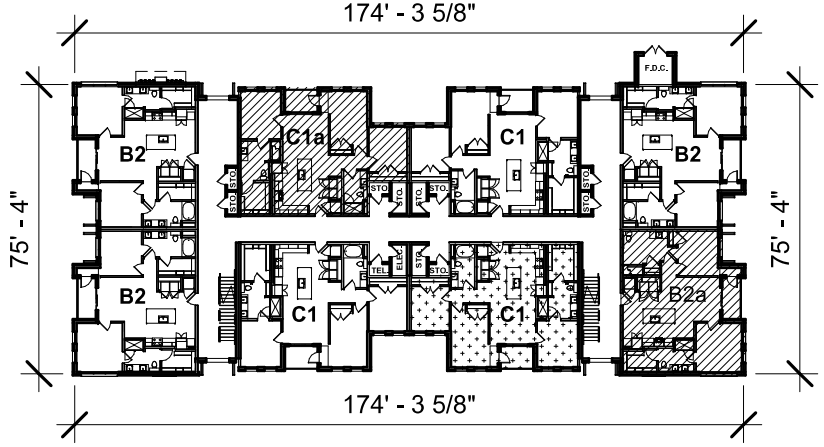
BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	11,658 SQ. FT.
PORCHES / PATIOS & BALCONIES:	882 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	136 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	64 SQ. FT.
BREEZEWAY / CORRIDORS:	2,282 SQ. FT.
STAIRS / ELEVATORS:	N/A
GROSS SQ. FT.:	15,022 SQ. FT.
- HC ACCESSIBLE UNIT	- H / V: HEARING / VISION UNIT

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HEIGHTS AT CROWLEY ROAD

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25' 0 15' 25'

1 FIRST FLOOR PLAN - BUILDING #2

1" = 50'-0"

BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	9,072 SQ. FT.
PORCHES / PATIOS / BALCONIES & BALCONY STORAGE:	572 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	224 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	120 SQ. FT.
BREEZEWAY / CORRIDORS:	1,913 SQ. FT.
STAIRS / ELEVATORS:	152 SQ. FT.
GROSS SQ. FT.:	12, 053 SQ. FT.
- HC ACCESSIBLE UNIT	- H / V: HEARING / VISION UNIT

DATE:
02/14/2023

HEIGHTS AT CROWLEY ROAD

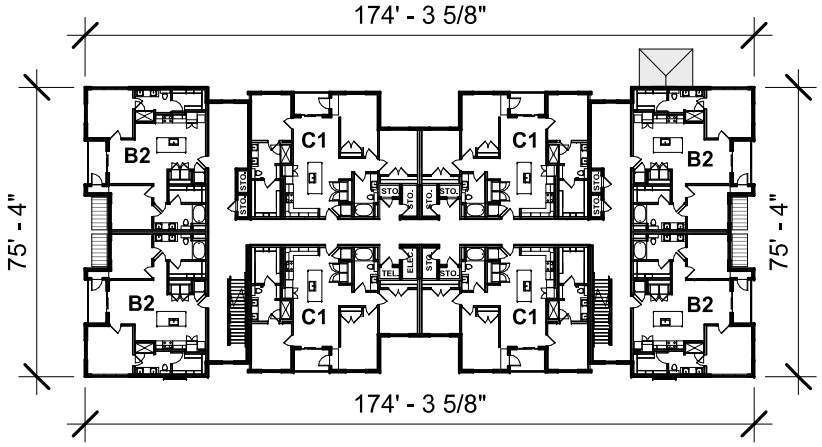
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HEIGHTS AT CROWLEY ROAD

Fort Worth, Texas



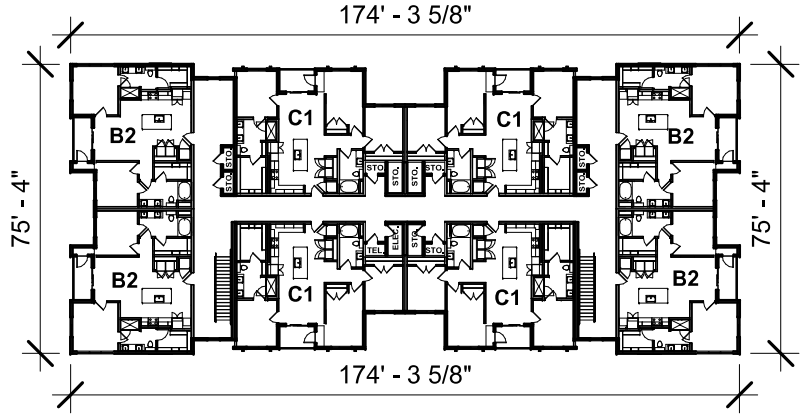
25' 0 15' 25'

1 SECOND FLOOR PLAN - BUILDING #2

1" = 50'-0"

BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	9,072 SQ. FT.
PORCHES / PATIOS & BALCONIES:	572 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	224 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	51 SQ. FT.
BREEZEWAY / CORRIDORS:	1,913 SQ. FT.
STAIRS / ELEVATORS:	N/A
GROSS SQ. FT.:	11,832 SQ. FT.
- HC ACCESSIBLE UNIT	- H / V: HEARING / VISION UNIT

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25' 0 15' 25'

1 THIRD FLOOR PLAN - BUILDING #2

1" = 50'-0"

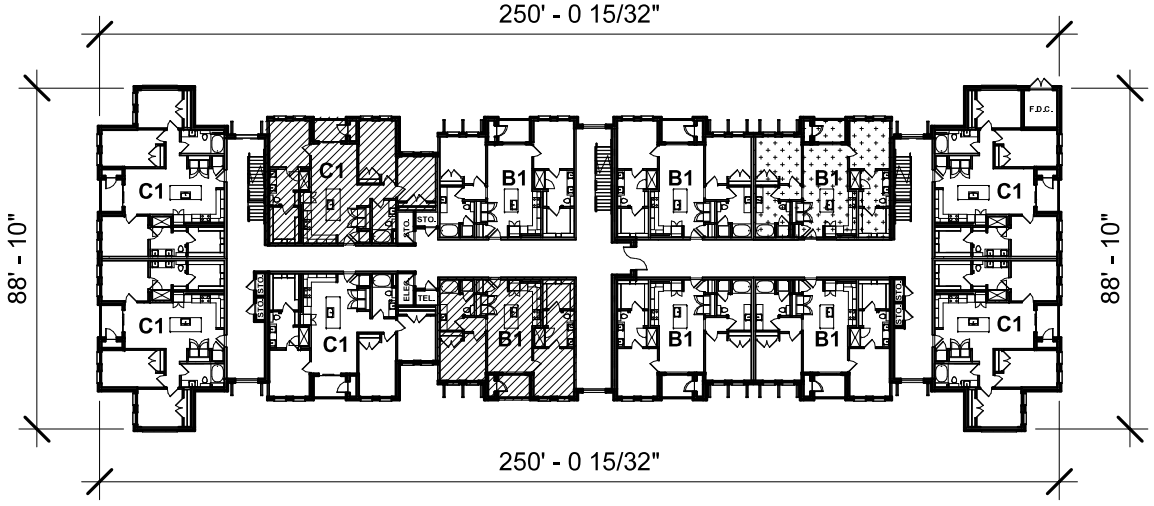
BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	9,072 SQ. FT.
PORCHES / PATIOS & BALCONIES:	572 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	224 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	51 SQ. FT.
BREEZEWAY / CORRIDORS:	1,913 SQ. FT.
STAIRS / ELEVATORS:	N/A
GROSS SQ. FT.:	11,832 SQ. FT.
- HC ACCESSIBLE UNIT	- H / V: HEARING / VISION UNIT

DATE:
02/14/2023

HEIGHTS AT CROWLEY ROAD

Fort Worth, Texas

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25' 0 15' 25'

1 FIRST FLOOR PLAN - BUILDING #3

1" = 50'-0"

BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	13,278 SQ. FT.
PORCHES / PATIOS & BALCONIES:	804 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	117 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	146 SQ. FT.
BREEZEWAY / CORRIDORS:	3,086 SQ. FT.
STAIRS / ELEVATORS:	223 SQ. FT.
GROSS SQ. FT.:	17,654 SQ. FT.

- HC ACCESSIBLE UNIT

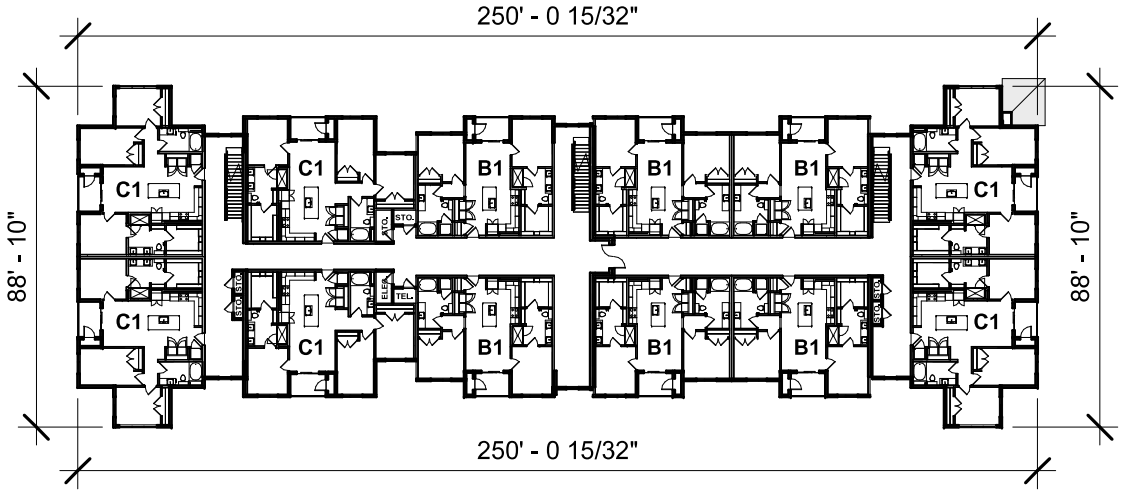
- H / V: HEARING / VISION UNIT

DATE: 02/14/2023

HEIGHTS AT CROWLEY ROAD

Fort Worth, Texas

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Project Management
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25' 0 15' 25'

1 SECOND FLOOR PLAN - BUILDING #3

1" = 50'-0"

BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	13,278 SQ. FT.
PORCHES / PATIOS & BALCONIES:	804 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	117 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	58 SQ. FT.
BREEZEWAY / CORRIDORS:	3,086 SQ. FT.
STAIRS / ELEVATORS:	N/A
GROSS SQ. FT.:	17,343 SQ. FT.

- HC ACCESSIBLE UNIT

- H / V: HEARING / VISION UNIT

DATE:
02/14/2023

HEIGHTS AT CROWLEY ROAD

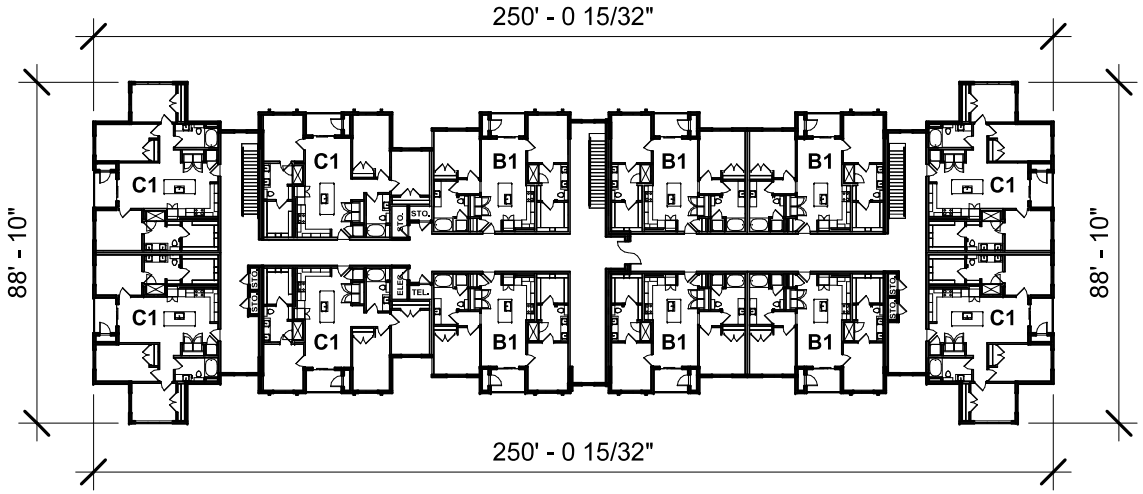
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DATE:
02/14/2023

HEIGHTS AT CROWLEY ROAD

Fort Worth, Texas



25' 0 15' 25'

1 THIRD FLOOR PLAN - BUILDING #3

1" = 50'-0"

BUILDING SQUARE FOOTAGE CHART:	
NET RENTABLE:	13,278 SQ. FT.
PORCHES / PATIOS & BALCONIES:	804 SQ. FT.
CLUBHOUSE:	N/A
STORAGE:	117 SQ. FT.
MECH / TELECOM / ELECTRICAL / FDC:	58 SQ. FT.
BREEZEWAY / CORRIDORS:	3,086 SQ. FT.
STAIRS / ELEVATORS:	N/A
GROSS SQ. FT.:	17,343 SQ. FT.

- HC ACCESSIBLE UNIT

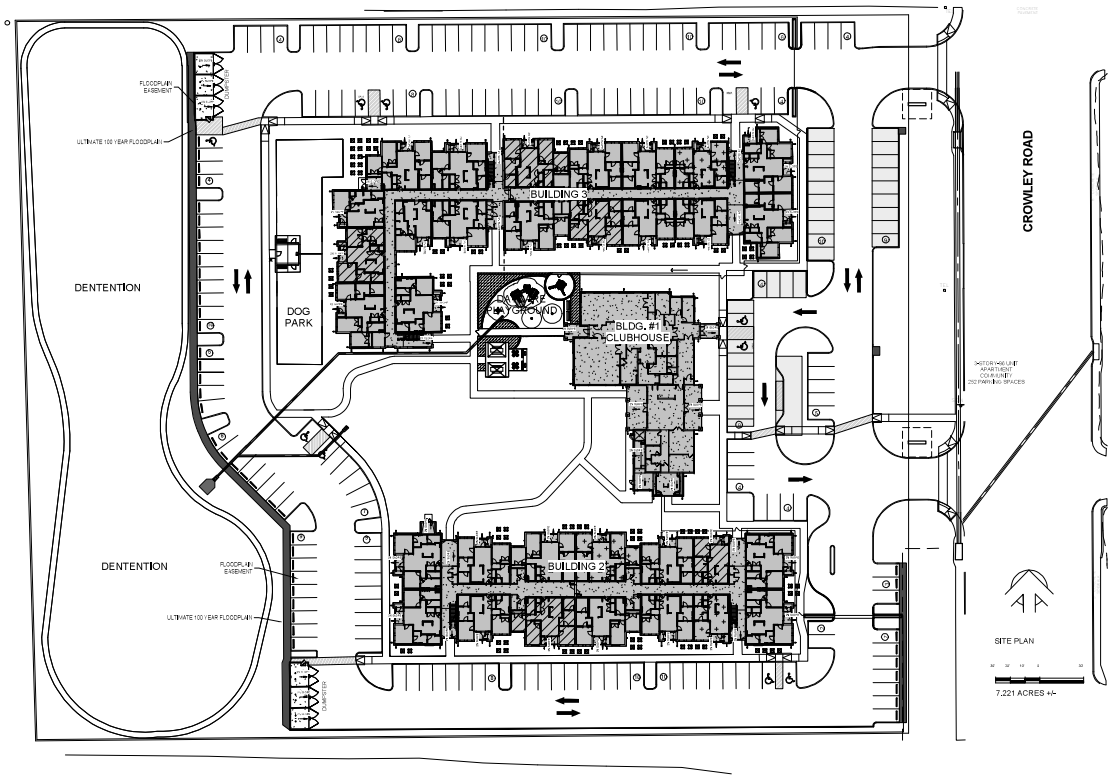
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GENERATION HOUSING PARTNERS

REVISED APPLICATION EXHIBITS:

REVISED DESIGN (ARCHITECURAL) PLANS



01 ARCHITECTURAL REFERENCE SITE PLAN
1" = 40'-0"

ARCHITECTURAL SITE PLAN GENERAL NOTES

1. THE ARCHITECTURAL DRAWINGS GRAPHICALLY INDICATE APPROXIMATE LOCATION OF BUILDINGS, PARKING AND DRIVES ONLY.
2. REFER TO LANDSCAPE ARCHITECT'S DRAWINGS FOR LANDSCAPING, SIDEWALKS & ACCESSIBLE ROUTES TO BUILDING PER REQUIREMENTS OF THE FAIR HOUSING GUIDELINES, VEHICULAR ACCESS CONTROL GATES, AND \ HANDICAP SPACES.
3. REFER TO CIVIL ENGINEER'S DRAWINGS FOR LEGAL DESCRIPTION, AND BUILDING LOCATIONS ON PROJECT SITE.
4. REFER TO CIVIL ENGINEER'S DRAWINGS FOR LOCATION OF REQUIRED RETAINING WALLS, AND ANY OTHER SITE FEATURES.
5. ALL DIMENSIONS INDICATED ON THIS PLAN ARE FOR REFERENCE ONLY. REFER TO CIVIL ENGINEERS' DRAWINGS FOR ALL DIMENSIONAL CONTROLS, GRADING, DRAINAGE & UTILITY WORK.
6. ALL SURFACE MATERIALS SHALL MEET CITY , STATE PUBLIC WORKS DEPARTMENT MINIMUM STANDARDS.
7. ALL LANDSCAPING SHALL BE PROVIDED IN ACCORDANCE WITH ALL STANDARDS AND REQUIREMENTS SET FORTH BY CITY, STATE.
8. ALL SIGNS, LIGHTING, LUMINARIES AND EXTERIOR SPEAKERS SHALL MEET CITY ORDINANCES.
9. ALL WORK IS TO BE PERFORMED IN ACCORDANCE WITH THE REQUIREMENTS OF THE APPROVED CIVIL DRAWINGS, THE 20xx INTERNATIONAL BUILDING CODE & OTHER REQUIREMENTS AND ORDINANCES OF THE CITY, STATE.
9. BUILDING IDENTIFICATION SIGNS AND DIRECTIONAL SIGNS SHALL BE IN ACCORDANCE WITH CITY AND FIRE REQUIREMENTS.
10. REFER TO MECHANICAL ENGINEER'S DRAWINGS FOR LOCATIONS OF ALL METERS, PANELS, CLEAN OUTS, TRANSFORMERS AND PARKING LOT LIGHTING.
11. PROVIDE HANDICAP RAMPS AT SIDEWALKS WHERE SHOWN AND AS REQUIRED BY CITY, STATE.
12. FIRE LANE STRIPING AND CONSTRUCTION TO BE PER CITY, STATE REQUIREMENTS.
13. REFER TO CIVIL DRAWINGS FOR DETENTION REQUIREMENTS IF ANY.
14. ALL PAVING, CURBS, AND SIDEWALKS TO BE BUILT AND DETAILED PER CITY, STATE MINIMUM STANDARDS.

BENCHMARK / ELEV. MARK
ELEVATION SPOT GRADE
EXISTING SPOT GRADE
ADA ACCESSIBLE
HC-ADA UNITS
SITE RAMP
NORTH ARROW

WALL TYPES LEGENDS

UL #U305	1HR-INTERIOR PARTITION WALL	WP #8109	1HR-BREEZEWAY WALL/UNIT WALL
UL #U305	1HR-INTERIOR CORRIDOR WALL	UL #U356	1HR-EXTERIOR BRICK WALL
UL #U341	1HR-INTERIOR TENANT WALL	UL #U356	1HR-EXTERIOR HARDI SIDING/PANEL WALL
UL #U311	1HR-INTERIOR WALL	UL #U356	1HR-EXTERIOR STONE VENEER WALL
UL #U301	2HR-STAIR WALL	UL #U459	1HR-EXTERIOR STUCCO WALL
UL #U301	2HR-STAIR WALL BRICK	UL #U423	1HR/2HR-INTERIOR METAL FRAMING WALL
WP #3820	2HR-STAIR/UNIT WALL	UL #U425	1HR/2HR-EXTERIOR METAL FRAMING WALL
		UL #U905	2HR-CMU BLOCK
UL #U336	2 HOUR FIREWALL (NOTE): 2 HOUR FIREWALL TO CONTINUE INTO ATTIC SPACE ABOVE PORCH. (DO NOT PENETRATE)		
2X6 WALL	BLOCKING	UL #P522	1HR-ROOF/CEILING
UL #L528 / FC #5516	1HR-FLOOR/CEILING	UL #M521	2HR-FLOOR/CEILING
UL #L556 / FC #5751	2HR-FLOOR/CEILING	FC #5406	1HR-FLOOR/CEILING

NOT ALL ULs LISTED WILL BE USED REFER TO DETAIL DRAWINGS FOR UL WALL DETAILS
REFER TO ELEVATIONS FOR TYPE OF EXTERIOR FINISH MATERIALS

SYMBOLS

SECTION TAG · DETAIL TAG · INTERIOR ELEVATION TAG · BUILDING ELEVATION TAG
WINDOW CALLOUT · DOOR CALLOUT · WALL TAG · KEYNOTE · FLOOR · EQUIPMENT TAG · REVISION TAG
CEILING FAN · FURR-DOWN · HC-ADA UNITS · ELEVATION SYMBOL · ELEVATION STEP · ELEVATION SLOPE · RADON

FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 2A10BC-CABINET BY LARSEN'S FSA-2408-R2 LARSEN- LOC OR EQUAL, RATED 1 HR (T.O. CABINET MOUNTED AT 50" A.F.F. LOCATED PER PLAN OR 75'-0" MAX.

FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 10 LBS-CLASS K WHERE A HAZARD IS PROTECTED BY AN AUTOMATIC FIRE PROTECTION SYSTEM. A PLACARD SHALL BE CONSPICUOUSLY PLACED NEAR THE EXTINGUISHER THAT STATES THAT THE FIRE PROTECTION SYSTEM SHALL BE ACTUATED PRIOR TO USING THE FIRE EXTINGUISHER.

VICINITY MAP

G2.00 ARCHITECTURAL SITE PLAN

HEIGHTS AT CROWLEY ROAD
Fort Worth, TX

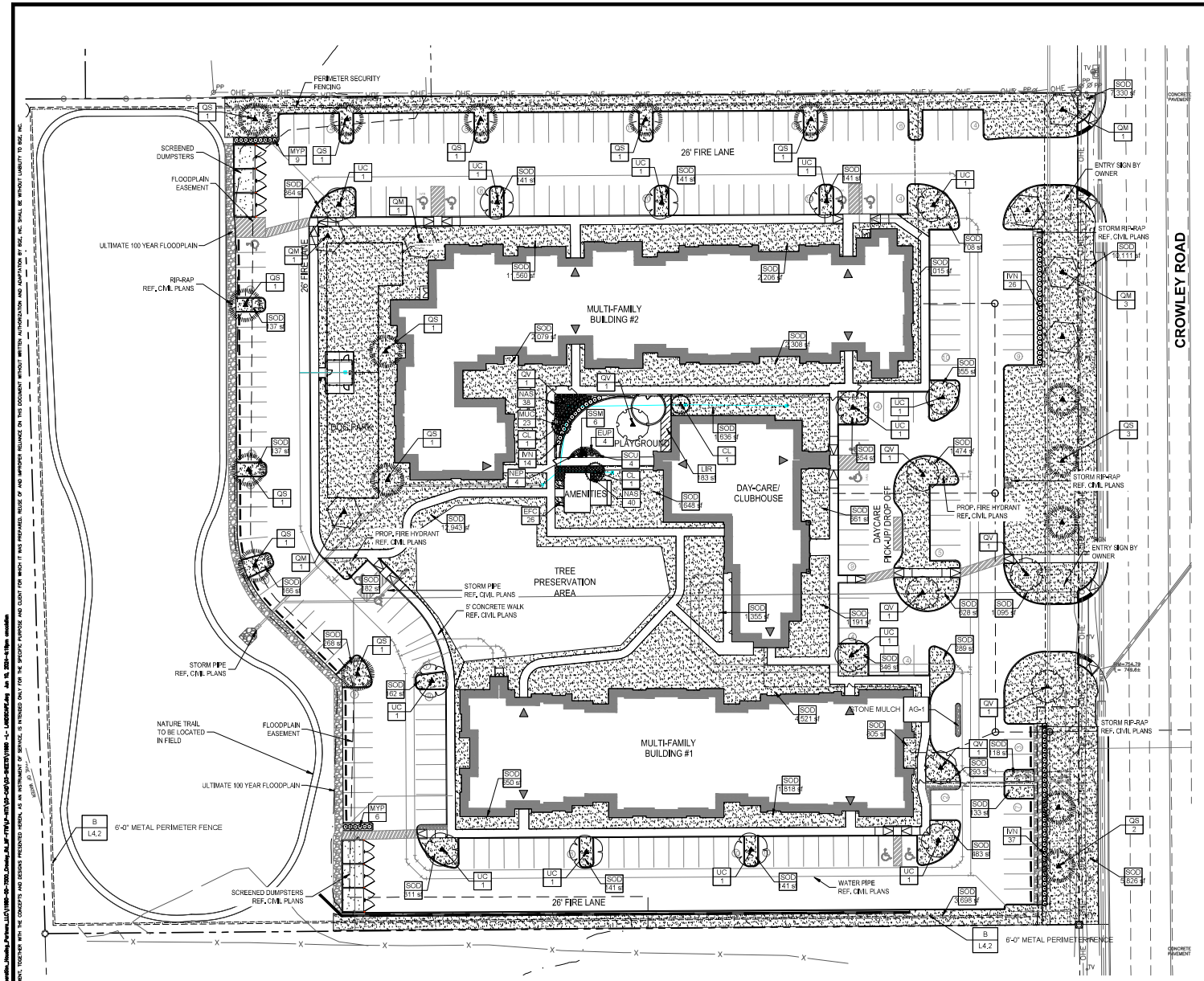
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SEAL
REGISTERED ARCHITECT
JOSEPH MICHAEL ARRIVE
STATE OF TEXAS
06/10/2024

REVISIONS

DRAWN BY	CHECKED BY
AAG	JMT

ISSUED FOR: CD
SUBMITTAL DATE: 06/10/2024
SCALE: As indicated
SHEET NO.: G2.00



0' 30' 60' 120'

SCALE: 1" = 30'

PLANT SCHEDULE

SYMBOL	CODE	QTY	BOTANICAL NAME
CANOPY TREES			
	QM	7	Quercus macrocarpa
	QS	16	Quercus shumardii
	QV	7	Quercus virginiana
	UC	13	Ulmus crassifolia
ORNAMENTAL TREES			
	CL	3	Chilopsis linearis
SHRUBS			
	EUP	4	Eupatorium greggii
	IVN	77	Ilex vomitoria 'Nana'
	MYP	15	Myrica pusilla
	NEP	4	Nepeta x 'Cat's Pajamas'
	SSM	6	Salvia x sylvestris 'May Night'
	SCU	4	Scutellaria suffrutescens
GRASSES			
	MUC	23	Muhlenbergia capillaris
	NAS	78	Nassella tenuissima
GROUND COVERS			
	EFC	26	Euonymus fortunei 'Coloratus'
	LIR	183 sf	Liriope gigantea
SOD			
	SOD	82,069 sf	Cynodon dactylon

Know what's below.
Call before you dig.
(@ least 48 hours prior to digging)

BGE, Inc.
777 Main St., Suite 1900
Fort Worth, TX 76102
Tel: 972-887-6130 • www.bgeinc.com
TBPE Registration No. F-1046
Contact: Ross Melton
Tel: 817-887-6131

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GENERATION HOUSING PARTNERS
Generation Housing Partners, LLC
17440 North Dallas Parkway, Suite 120
Dallas, Texas 75287

LANDSCAPE PLAN

THE HEIGHTS AT CROWLEY

7500 CROWLEY ROAD
TSPS CATEGORY 1A, CONDITION 2
S.M. & M.G. RAILROAD CO. SURVEY, ABST. # 1483
7.221 ACRES
CITY OF FORT WORTH
TARRANT COUNTY, TEXAS

THESE PLANS ARE ISSUED FOR THE PURPOSE OF PRELIMINARY REVIEW AND ARE NOT INTENDED FOR CONSTRUCTION. WHEN ISSUED IN FINAL FORM THEY WILL BE SEALED, SIGNED AND DATED.

RESPONSIBLE LANDSCAPE ARCHITECT:
CLINT MCCLELLEN, PLA
TEXAS REGISTRATION NO. 3879
BGE, INC.
TEXAS REGISTERED ENGINEERING FIRM F-1046
JUNE 10, 2024

REVISIONS

REV NO.	DATE	DESCRIPTION

DRAWN BY: NPS

CHECKED BY: CM

DATE: 6/10/24

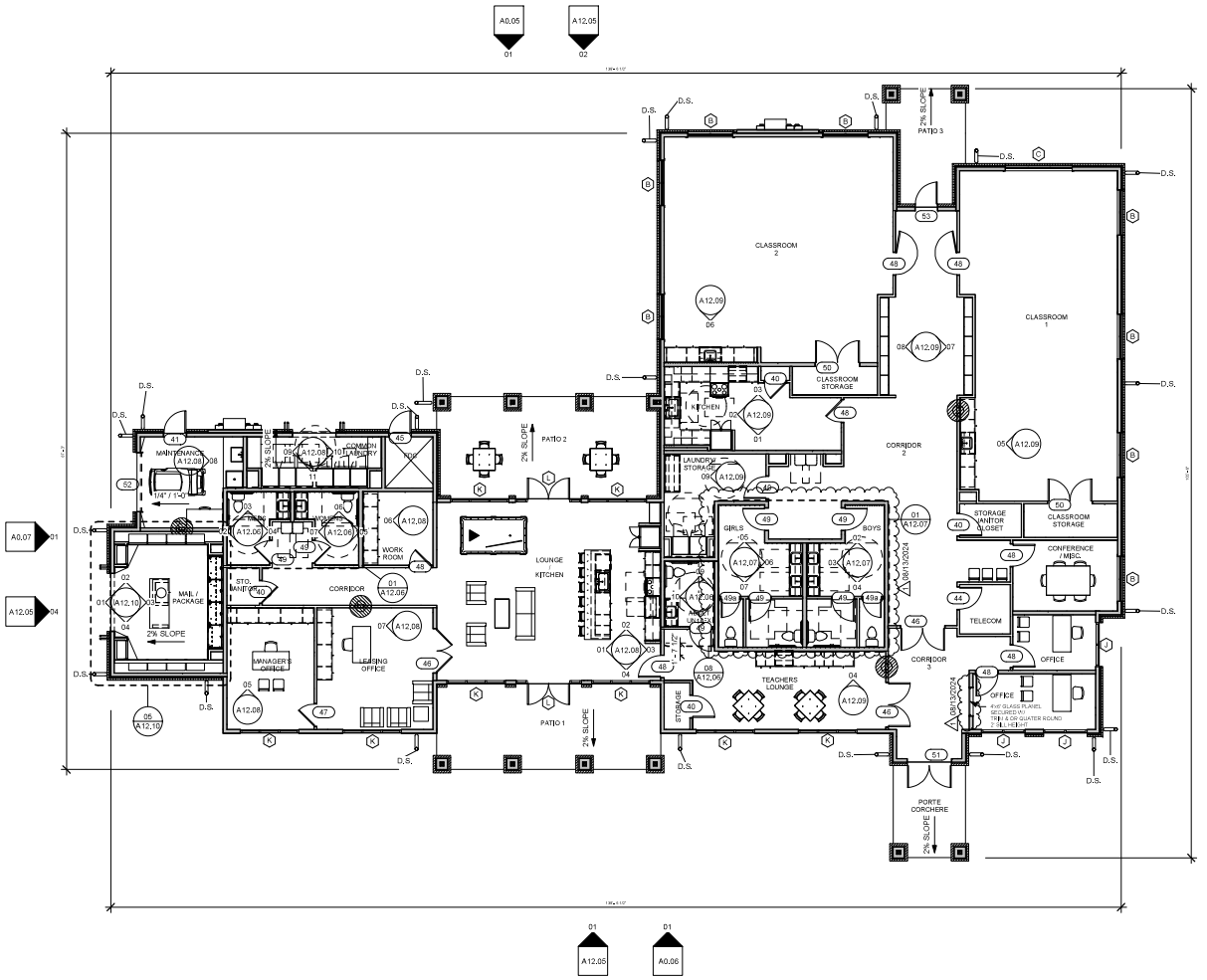
PROJECT NUMBER: 11980-00

Sheet No.

L2.01

LANDSCAPE PLAN

THIS DOCUMENT, TOGETHER WITH THE CONCEPTS AND DESIGNS PRESENTED HEREIN, AS AN INSTRUMENT OF SERVICE, IS INTENDED ONLY FOR THE SPECIFIC PURPOSE AND CLIENT FOR WHICH IT WAS PREPARED. REUSE OF AND IMPROPER RELIANCE ON THIS DOCUMENT WITHOUT WRITTEN AUTHORIZATION AND ADAPTATION BY BGE, INC. SHALL BE WITHOUT LIABILITY TO BGE, INC.



01 CLUBHOUSE FIRST FLOOR FINISH PLAN
1/8" = 1'-0"

BUILDING PLAN GENERAL NOTES

1. DETAILS ON THIS SHEET ARE TYPICAL UNLESS NOTED OTHERWISE.
2. REFER TO SHEET A8.06 FOR FLASHING AND WATERPROOFING NOTES, DIMENSIONS AND DETAILS.
3. SOME TOLERANCES BETWEEN MATERIAL ARE SHOWN ENLARGED FOR CLARITY.
4. SLOPE ALL FINISHED SURFACES OF PARTICES 1/4 INCH PER FOOT MAX TO DRAIN UNLESS OTHERWISE NOTED.
5. REFER TO ENLARGED PLANS FOR ADDITIONAL NOTES AND DIMENSIONS.
6. ALL EXTERIOR, INTERIOR BEARINGS, AND SEPERATION WALLS TO BE 1 HOUR RATED UNLESS OTHERWISE NOTED.
7. REFER TO CIVIL ENGINEERS DRAWINGS FOR SLAB ELEVATIONS.
8. REFER TO ELEVATIONS/MEP PLANS FOR EXTERIOR LIGHT LOCATIONS.
9. REFER TO STRUCTURAL ENGINEERS DRAWINGS FOR SHEAR WALL LOCATIONS.
10. REFER TO MEP PLANS FOR WATER SUPPLY TO SPRINKLER CLOSET.
11. SEE SHEET G1.04 FOR EXACT BLOCKING HEIGHT AND LOCATION.
12. REFER TO G1.05 FOR ADA SINK HEIGHT GUIDELINES (SINK TYPE SPECIFIC).
13. ALL UNIT ENTRY DOORS TO HAVE A MINIMUM 18 INCH CLEARANCE ON THE PULL SIDE OF THE DOOR.
14. 18 INCH HOLD AT TOILET TO BE HELD FROM FINISH MATERIALS.
15. FIRE SPRINKLER PIPES CROSSING BREEZEWAYS TO BE INSULATED AS REQUIRED PER CODE.
16. FIRE SPRINKLER IN ATTIC TO BE 'TENTED' AS REQUIRED PER/ FIRE MARSHAL CITY EMENTS.
17. DRYER EXHAUST VENTS TO BE LOCATED MINIMUM 36 INCHES AWAY FROM OPERABLE WINDOW OPENING.
18. FURR-DOWNS AT BATHROOM FOR 'PANCAKE/CASSETTE' TYPE HVAC UNITS TO BE OF NON-COMBUSTABLE CONSTRUCTION/ MATERIALS AS REQUIRED PER CODE OR BE UNIT TYPE THAT DOES NOT REQUIRE NON-COMBUSTABLE CONSTRUCTION.
19. CASED OPENINGS TO BE TRIMMED OUT TO MATCH DOORS.
20. ELECTRICAL OUTLETS AT BATHROOMS IN ADA UNITS TO BE INSTALLED HORIZONTALLY IF REQUIRED FOR CLEARANCE AT MEDICINE CABINETS AS NEEDED.
21. BLOCKING TO BE PROVIDED ON WALLS/ CABINETS FOR MOUNTING OF CONCEALED BRACKETS FOR COUNTERTOP SUPPORT.

DW = DISHWASHER	C,TILE = CERAMIC TILE	LIN = LINEN
W = WASHER	LVP= LAMINATED VINYL PLANK	MR = MACHINE ROOM
D = DRYER	LVT = LAMINATED VINYL TILE	JAN = JANITOR
WH = WATER HEATER	C'TOP = COUNTERTOP	TR =TRASH ROOM
REF = REFRIGERATOR	PAN = PANTRY	PWDR = POWDER ROOM
WD = WOOD FLOOR	FSC = FIRE SPRINKLER CLOSET	STOR = STORAGE

WALL TYPES LEGENDS

UL #U306	1HR-INTERIOR PARTITION WALL	WP #8109	1HR-BREEZEWAY WALL/UNIT WALL
UL #U305	1HR-INTERIOR CORRIDOR WALL	UL #U356	1HR-EXTERIOR BRICK WALL
UL #U341	1HR-INTERIOR TENANT WALL	UL #U356	1HR-EXTERIOR HARDI SIDING/PANEL WALL
UL #U311	1HR-INTERIOR WALL	UL #U356	1HR-EXTERIOR STONE VENEER WALL
UL #U301	2HR-STAIR WALL	UL #U459	1HR-EXTERIOR STUCCO WALL
UL #U301	2HR-STAIR WALL BRICK	UL #U423	1HR/2HR-INTERIOR METAL FRAMING WALL
WP #3820	2HR-STAIR/UNIT WALL	UL #U425	1HR/2HR-EXTERIOR METAL FRAMING WALL
		UL #U905	2HR-CMU BLOCK
UL #U336	2 HOUR FIREWALL (NOTE): 2 HOUR FIREWALL TO CONTINUE INTO ATTIC SPACE ABOVE PORCH. (DO NOT PENETRATE)		
2X6 WALL	BLOCKING	UL #P622	1HR-ROOF/CEILING
UL #L528	FC #5515 1HR-FLOOR/CEILING	UL #M521	2HR-FLOOR/CEILING
UL #L556	FC #5751 2HR-FLOOR/CEILING	FC #5406	1HR-FLOOR/CEILING

NOT ALL ULs LISTED WILL BE USED REFER TO DETAIL DRAWINGS FOR UL WALL DETAILS REFER TO ELEVATIONS FOR TYPE OF EXTERIOR FINISH MATERIALS

SYMBOLS

SECTION TAG · DETAIL TAG · INTERIOR ELEVATION TAG · BUILDING ELEVATION TAG

DOOR CALLOUT · WALL TAG · KEYNOTE · FLOOR · EQUIPMENT TAG · REVISION TAG

FURR-DOWN · HC-ADA UNITS · ELEVATION SYMBOL · ELEVATION STEP · ELEVATION SLOPE · RADON

FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 10 LBS-CLASS K (A PLACARD SHALL BE CONSPICUOSLY PLACARD NEAR THE FIRE EXTINGUISHER THAT STATES THAT THE FIRE PROTECTION SYSTEM SHALL BE ACTIVATED PRIOR TO USING THE FIRE EXTINGUISHER

FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 2A10BC-CABINET BY LARSEN'S FSAL-2405-R2 LARSEN- LOC OR EQUAL, RATED 1 HR (T.O. CABINET MOUNTED AT 50' A.F.F. , LOCATED PER PLAN OR 75-0" MAX.

GHP - THE HEIGHTS AT CROWLEY APARTMENTS - CLUBHOUSE GROSS AREA		
Name	Area	Net/Gross
CLUBHOUSE GROSS AREA	8523 SF	GROSS
COM Check Roof Area	9597 SF	

A12.01 FIRST FLOOR FINISH PLAN

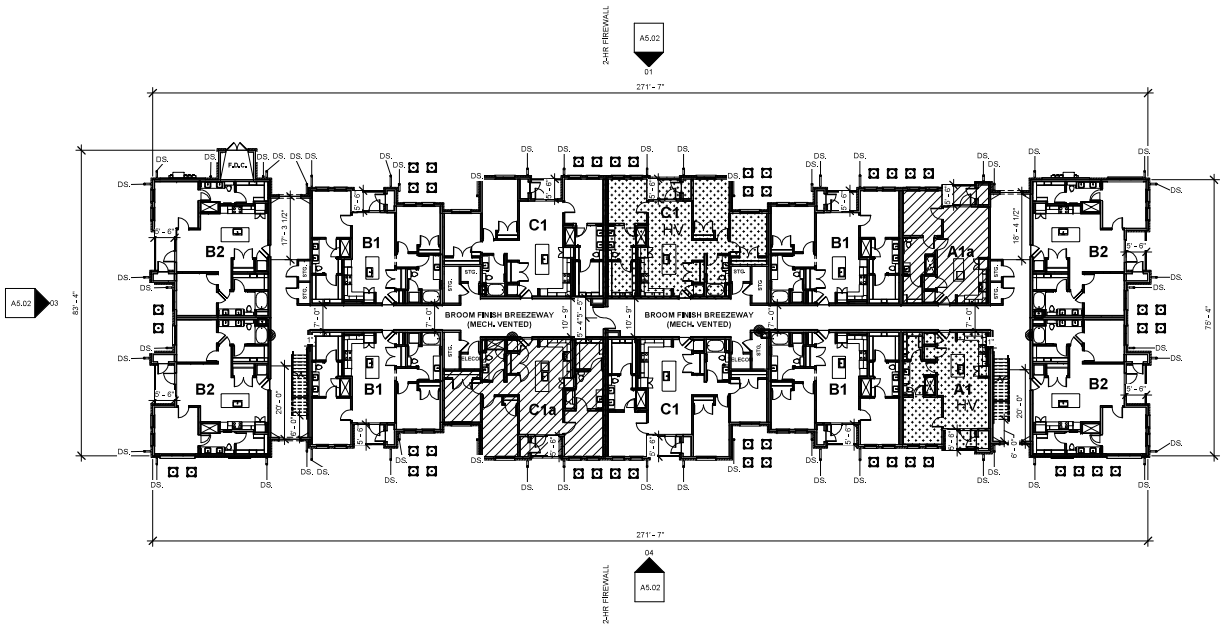
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REGISTERED ARCHITECT · JOHN MICHAEL TIMMONS · STATE OF TEXAS
06/10/2024

REVISIONS
RFP #3 08/13/2024

DRAWN BY: AAG · CHECKED BY: JMT
ISSUED FOR: CD
SUBMITTAL DATE: 06/10/2024 · SHEET NO.: A12.01
SCALE: As indicated



01 BUILDING 2 FIRST FLOOR PLAN
1/16" = 1'-0"

BUILDING PLAN GENERAL NOTES

1. DETAILS ON THIS SHEET ARE TYPICAL UNLESS NOTED OTHERWISE.
2. REFER TO SHEET A9.06 FOR FLASHING AND WATERPROOFING NOTES, DIMENSIONS AND DETAILS.
3. SOME TOLERANCES BETWEEN MATERIAL ARE SHOWN ENLARGED FOR CLARITY.
4. SLOPE ALL FINISHED SURFACES OF PARTICES 1/4 INCH PER FOOT MAX TO DRAIN UNLESS OTHERWISE NOTED.
5. REFER TO ENLARGED PLANS FOR ADDITIONAL NOTES AND DIMENSIONS.
6. ALL EXTERIOR, INTERIOR BEARINGS, AND SEPERATION WALLS TO BE 1 HOUR RATED UNLESS OTHERWISE NOTED.
7. REFER TO CIVIL ENGINEERS DRAWINGS FOR SLAB ELEVATIONS.
8. REFER TO ELEVATIONS/MEP PLANS FOR EXTERIOR LIGHT LOCATIONS.
9. REFER TO STRUCTURAL ENGINEERS DRAWINGS FOR SHEAR WALL LOCATIONS.
10. REFER TO MEP PLANS FOR WATER SUPPLY TO SPRINKLER CLOSET.
11. SEE SHEET G1.04 FOR EXACT BLOCKING HEIGHT AND LOCATION.
12. REFER TO G1.05 FOR ADA SINK HEIGHT GUIDELINES (SINK TYPE SPECIFIC).
13. ALL UNIT ENTRY DOORS TO HAVE A MINIMUM 18 INCH CLEARANCE ON THE PULL SIDE OF THE DOOR.
14. 18 INCH HOLD AT TOILET TO BE HELD FROM FINISH MATERIALS.
15. FIRE SPRINKLER PIPES CROSSING BREEZEWAYS TO BE INSULATED AS REQUIRED PER CODE.
16. FIRE SPRINKLER IN ATTIC TO BE 'TENTED' AS REQUIRED PER/ FIRE MARSHAL CITY REQUIREMENTS.
17. DRYER EXHAUST VENTS TO BE LOCATED MINIMUM 36 INCHES AWAY FROM OPERABLE WINDOW OPENING.
18. FURR-DOWNS AT BATHROOM FOR 'PANCAKE/CASSETTE' TYPE HVAC UNITS TO BE OF NON-COMBUSTABLE CONSTRUCTION/ MATERIALS AS REQUIRED PER CODE OR BE UNIT TYPE THAT DOES NOT REQUIRE NON-COMBUSTABLE CONSTRUCTION.
19. CASED OPENINGS TO BE TRIMMED OUT TO MATCH DOORS.
20. ELECTRICAL OUTLETS AT BATHROOMS IN ADA UNITS TO BE INSTALLED HORIZONTALLY IF REQUIRED FOR CLEARANCE AT MEDICINE CABINETS AS NEEDED.
21. BLOCKING TO BE PROVIDED ON WALLS/ CABINETS FOR MOUNTING OF CONCEALED BRACKETS FOR COUNTERTOP SUPPORT.
22. LIGHTING, PLUMBING, FIXTURES, APPLIANCES, AND MISCELLANEOUS HARDWARE ON PLANS FOR REFERENCE ONLY. REFER TO INTERIOR DESIGN SPECIFICATIONS AND OWNER APPROVED ITEMS PRIOR TO FINAL INSTALLATIONS.
23. ALL DOORS TO BE 8 FEET AT UNITS WITH A PLATE HEIGHT OF 10 FEET OR TALLER. REFER TO BUILDING PLAN, ELEVATIONS, AND SECTIONS FOR BUILDING PLATE HEIGHTS
24. ALL WET WALLS TO BE 2 X 6 INCH FRAMED WALLS.
25. CORRIDOR FLOOR JOINTS TO BE LOCATED AT EACH OFFSET JOINT SHOULD RUN STRAIGHT ACROSS ENTIRE CORRIDOR WIDTH.
26. ALL GARAGE WALLS TO HAVE 6 INCH HIGH AND 6 INCH WIDE STEM WALL. REFER TO STRUCTURAL.
27. WHERE THE 2 HOUR FIREWALL INTERSECTS THE EXTERIOR FACE OF THE BUILDING AT AN ANGLE LESS THAN 180 DEGREES, 4 LINEAR FEET IN EITHER DIRECTION MUST MEET UL ASSEMBLY FOR A 1 HOUR WALL EXPOSED TO FIRE ON BOTH SIDES, OPENINGS WITHIN THE 4 FOOT MUST BE 45 MINUTES FIRE RATED.

DW = DISHWASHER	C'TOP = COUNTERTOP
W = WASHER	PAN = PANTRY
D = DRYER	FSC = FIRE SPRINKLER CLOSET
WH = WATER HEATER	LIN = LINEN
REF = REFRIGERATOR	MR = MACHINE ROOM
WD = WOOD FLOOR	JAN = JANITOR
C-TILE = CERAMIC TILE	TR = TRASH ROOM
LVP= LAMINATED VINYL PLANK	PWDR = POWDER ROOM
LVT = LAMINATED VINYL TILE	STOR = STORAGE

WALL TYPES LEGENDS

- UL #U305 — 1HR-INTERIOR PARTITION WALL
- UL #U305 — 1HR-INTERIOR CORRIDOR WALL
- UL #U341 — 1HR-INTERIOR TENANT WALL
- UL #U311 — 1HR-INTERIOR WALL
- UL #U301 — 2HR-STAIR WALL
- UL #U301 — 2HR-STAIR WALL BRICK
- LWP #3820 — 2HR-STAIR/UNIT WALL
- UL #U336 — 2 HOUR FIREWALL (NOTE): 2 HOUR FIREWALL TO CONTINUE INTO ATTIC SPACE ABOVE PORCH. (DO NOT PENETRATE)
- 2X6 WALL — BLOCKING
- UL #L528 / FC #5516 — 1HR-FLOOR/CEILING
- UL #L556 / FC #5751 — 2HR-FLOOR/CEILING
- WP #8109 — 1HR-BREEZEWAY WALL/UNIT WALL
- UL #U356 — 1HR-EXTERIOR BRICK WALL
- UL #U356 — 1HR-EXTERIOR HARDI SIDING/PANEL WALL
- UL #U356 — 1HR-EXTERIOR STONE VENEER WALL
- UL #U459 — 1HR-EXTERIOR STUCCO WALL
- UL #U423 — 1HR/2HR-INTERIOR METAL FRAMING WALL
- UL #U426 — 1HR/2HR-EXTERIOR METAL FRAMING WALL
- UL #U905 — 2HR-CMU BLOCK
- UL #P522 — 1HR-ROOF/CEILING
- UL #M521 — 2HR-FLOOR/CEILING
- FC #5406 — 1HR-FLOOR/CEILING

NOT ALL ULs LISTED WILL BE USED REFER TO DETAIL DRAWINGS FOR UL WALL DETAILS
REFER TO ELEVATIONS FOR TYPE OF EXTERIOR FINISH MATERIALS

SYMBOLS

SECTION TAG · DETAIL TAG · INTERIOR ELEVATION TAG · BUILDING ELEVATION TAG

WINDOW CALLOUT · DOOR CALLOUT · WALL TAG · KEYNOTE · FLOOR · EQUIPMENT TAG · REVISION TAG

CEILING FAN · POINT DOWN · HC-ADA UNITS · H/V UNITS · ELEVATION SYMBOL · ELEVATION STEP · ELEVATION SLOPE · RADON

SLOPE

FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 10 LBS-CLASS K (A PLACARD SHALL BE CONSPICUOUSLY PLACARD NEAR THE FIRE EXTINGUISHER THAT STATES THAT THE FIRE PROTECTION SYSTEM SHALL BE ACTIVATED PRIOR TO USING THE FIRE EXTINGUISHER

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A1.21 BUILDING 2 FIRST FLOOR PLAN

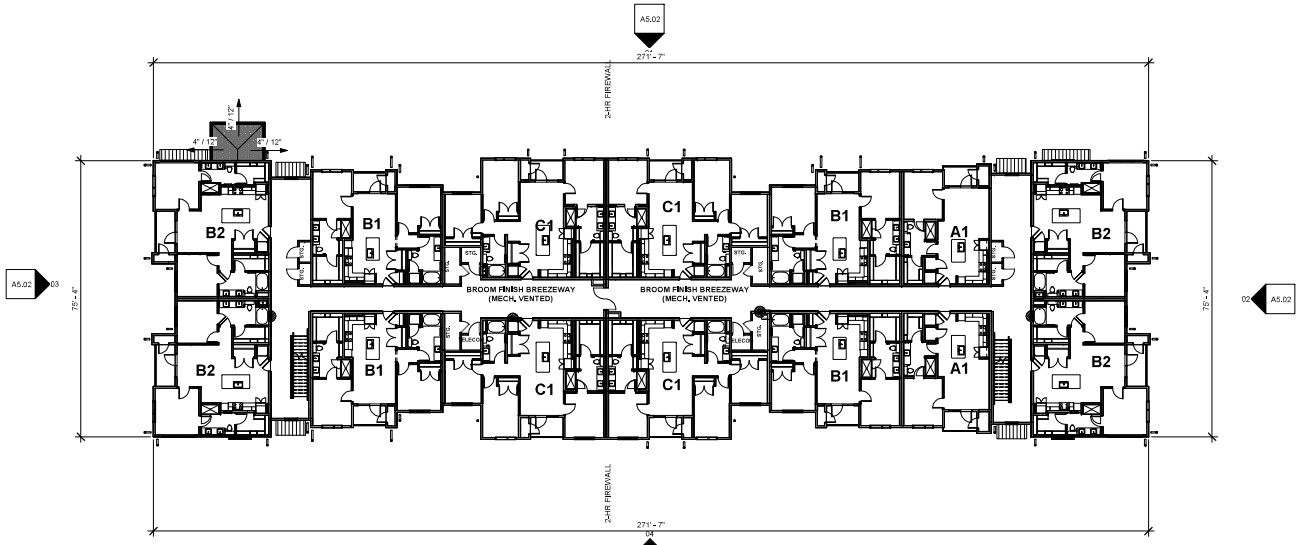
HEIGHTS AT CROWLEY ROAD
Fort Worth, TX

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2344 Highway 121 · Suite 100 · Bedford, Texas 76021 · www.ArriveAG.com
Ph 817.314.0584 · Fx 817.314.0694

REGISTERED ARCHITECT — BRIAN E. MITCHELL — 25011 — STATE OF TEXAS
06/10/2024

REVISIONS

DRAWN BY: AAG · CHECKED BY: JMT
ISSUED FOR: CD
SUBMITTAL DATE: 06/10/2024 · SHEET NO.: A1.21
SCALE: As indicated



02 BUILDING 2 SECOND FLOOR PLAN
1/16" = 1'-0"

BUILDING PLAN GENERAL NOTES

1. DETAILS ON THIS SHEET ARE TYPICAL UNLESS NOTED OTHERWISE.
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10. REFER TO MEP PLANS FOR WATER SUPPLY TO SPRINKLER CLOSET.
11. SEE SHEET G1.04 FOR EXACT BLOCKING HEIGHT AND LOCATION.
12. REFER TO G1.05 FOR ADA SINK HEIGHT GUIDELINES (SINK TYPE SPECIFIC).
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DW	= DISHWASHER	C'TOP	= COUNTERTOP
W	= WASHER	PAN	= PANTRY
D	= DRYER	FSC	= FIRE SPRINKLER CLOSET
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WALL TYPES LEGENDS

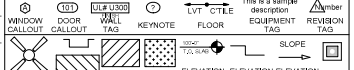
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UL #U301	2HR-STAIR WALL	UL #U459	1HR-EXTERIOR STUCCO WALL
UL #U301	2HR-STAIR WALL BRICK	UL #U423	1HR/2HR-INTERIOR METAL FRAMING WALL
WP #3820	2HR-STAIR/UNIT WALL	UL #U426	1HR/2HR-EXTERIOR METAL FRAMING WALL
		UL #U905	2HR-CMU BLOCK
UL #U336	2 HOUR FIREWALL (NOTE): 2 HOUR FIREWALL TO CONTINUE INTO ATTIC SPACE ABOVE PORCH. (DO NOT PENETRATE)		

	2X6 WALL		BLOCKING	UL #P522	1HR-ROOF/CEILING
UL #L526	FC #5515	1HR-FLOOR/CEILING		UL #M521	2HR-FLOOR/CEILING
UL #L556	FC #5751	2HR-FLOOR/CEILING		FC #5406	1HR-FLOOR/CEILING

NOT ALL ULs LISTED WILL BE USED REFER TO DETAIL DRAWINGS FOR UL WALL DETAILS
REFER TO ELEVATIONS FOR TYPE OF EXTERIOR FINISH MATERIALS

SYMBOLS





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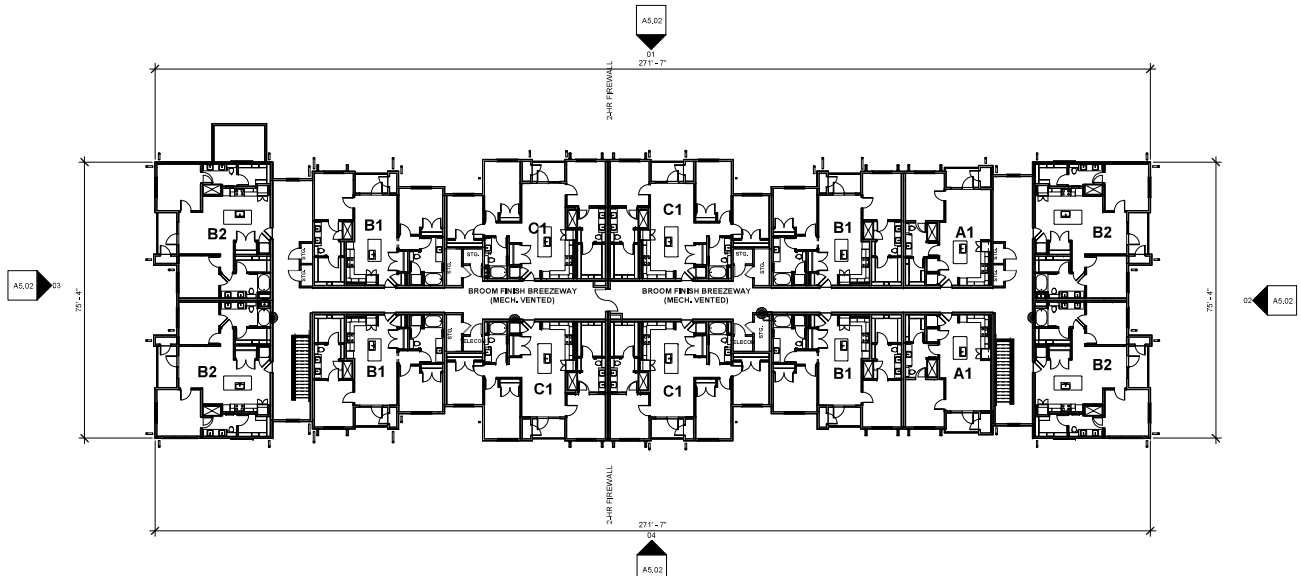
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A1.22 BUILDING 2 SECOND FLOOR PLAN



03 BUILDING 2 THIRD FLOOR PLAN
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2X6 WALL — BLOCKING

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SYMBOLS

SECTION TAG · DETAIL TAG · INTERIOR ELEVATION TAG · BUILDING ELEVATION TAG

WINDOW CALLOUT · DOOR CALLOUT · WALL TAG · KEYNOTE · FLOOR · EQUIPMENT TAG · REVISION TAG

CEILING FAN · PIPE DOWN · HC-ADA UNITS · HV UNITS · ELEVATION SYMBOL · ELEVATION STEP · SLOPE · RADON

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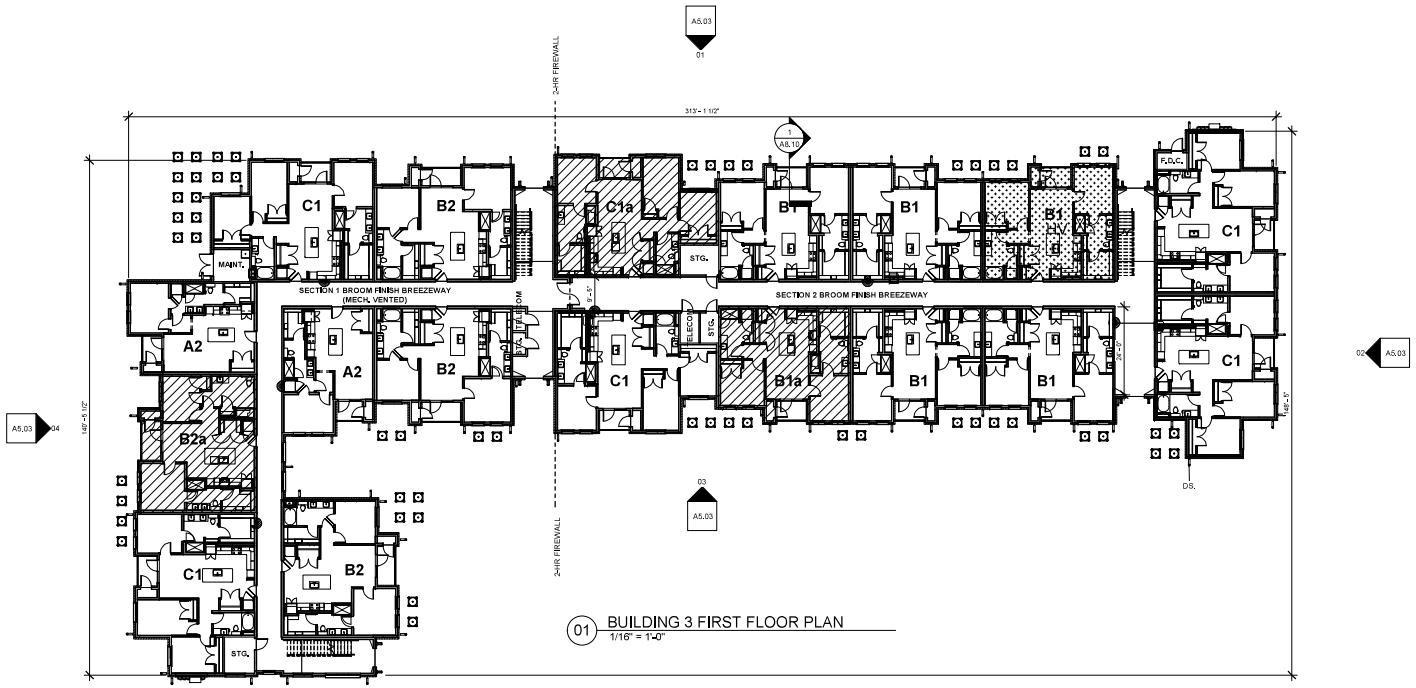
A1.23 BUILDING 2 THIRD FLOOR PLAN

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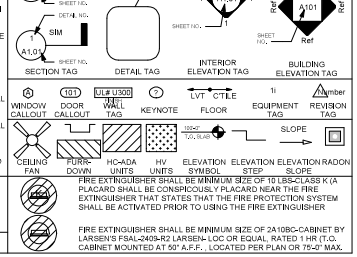
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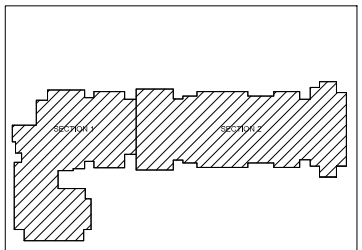
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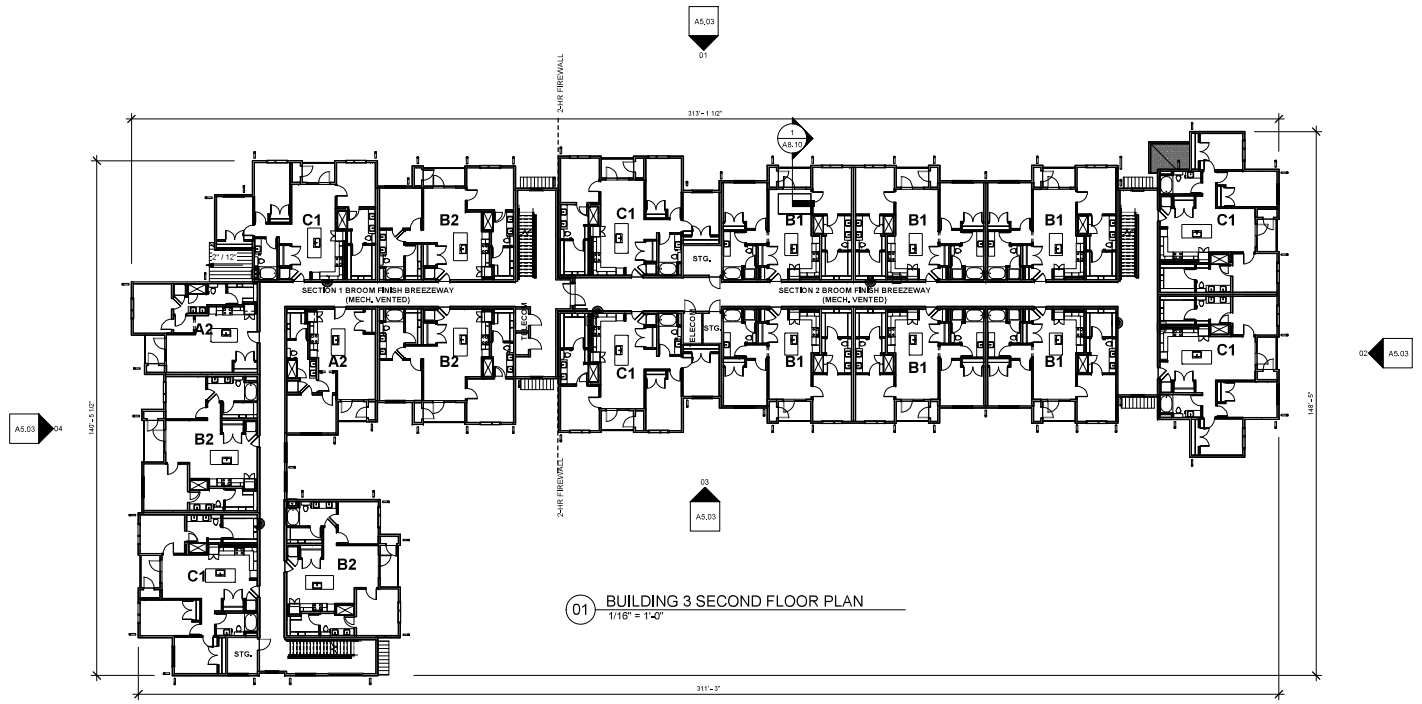
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26. ALL GARAGE WALLS TO HAVE 6 INCH HIGH AND 6 INCH WIDE STEM WALL. REFER TO STRUCTURAL.
27. WHERE THE 2 HOUR FIREWALL INTERSECTS THE EXTERIOR FACE OF THE BUILDING AT AN ANGLE LESS THAN 180 DEGREES, 4 LINEAR FEET IN EITHER DIRECTION MUST MEET UL ASSEMBLY FOR A 1 HOUR WALL EXPOSED TO FIRE ON BOTH SIDES, OPENINGS WITHIN THE 4 FOOT MUST BE 45 MINUTES FIRE RATED.

DW = DISHWASHER
W = WASHER
D = DRYER
WH = WATER HEATER
REF = REFRIGERATOR
WD = WOOD FLOOR
C.TILE = CERAMIC TILE
LVP= LAMINATED VINYL PLANK
LVT = LAMINATED VINYL TILE
C'TOP = COUNTERTOP
PAN = PANTRY
FSC = FIRE SPRINKLER CLOSET
LIN = LINEN
MR = MACHINE ROOM
JAN = JANITOR
TR =TRASH ROOM
PWDR = POWDER ROOM
STOR = STORAGE

WALL TYPES LEGENDS

- UL #U305 — 1HR-INTERIOR PARTITION WALL
- UL #U305 — 1HR-INTERIOR CORRIDOR WALL
- UL #U341 — 1HR-INTERIOR TENANT WALL
- UL #U311 — 1HR-INTERIOR WALL
- UL #U301 — 2HR-STAIR WALL
- UL #U301 — 2HR-STAIR WALL BRICK
- WP #3820 — 2HR-STAIR/UNIT WALL
- UL #U336 — 2 HOUR FIREWALL (NOTE): 2 HOUR FIREWALL TO CONTINUE INTO ATTIC SPACE ABOVE PORCH. (DO NOT PENETRATE)
- WP #8109 — 1HR-BREEZEWAY WALL/UNIT WALL
- UL #U356 — 1HR-EXTERIOR BRICK WALL
- UL #U356 — 1HR-EXTERIOR HARDI SIDING/PANEL WALL
- UL #U356 — 1HR-EXTERIOR STONE VENEER WALL
- UL #U459 — 1HR-EXTERIOR STUCCO WALL
- UL #U423 — 1HR/2HR-INTERIOR METAL FRAMING WALL
- UL #U426 — 1HR/2HR-EXTERIOR METAL FRAMING WALL
- UL #U905 — 2HR-CMU BLOCK

2X6 WALL — BLOCKING

- UL #L528 / FC #5515 — 1HR-FLOOR/CEILING
- UL #L556 / FC #5751 — 2HR-FLOOR/CEILING
- UL #P522 — 1HR-ROOF/CEILING
- UL #M521 — 2HR-FLOOR/CEILING
- FC #5406 — 1HR-FLOOR/CEILING

NOT ALL ULs LISTED WILL BE USED REFER TO DETAIL DRAWINGS FOR UL WALL DETAILS
REFER TO ELEVATIONS FOR TYPE OF EXTERIOR FINISH MATERIALS

SYMBOLS

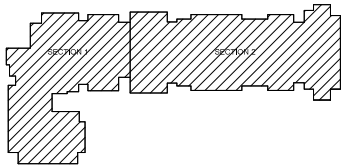
SECTION TAG · DETAIL TAG · INTERIOR ELEVATION TAG · BUILDING ELEVATION TAG

WINDOW CALLOUT · DOOR CALLOUT · WALL TAG · KEYNOTE · FLOOR · EQUIPMENT TAG · REVISION TAG

CEILING FAN · FURR-DOWN · HC-ADA UNITS · HV UNITS · ELEVATION SYMBOL · STEP · SLOPE · RADON

FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 10 LBS-CLASS K-(A PLACARD SHALL BE CONSPICUOUSLY PLACARD NEAR THE FIRE EXTINGUISHER THAT STATES THAT THE FIRE PROTECTION SYSTEM SHALL BE ACTIVATED PRIOR TO USING THE FIRE EXTINGUISHER

FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 2A10BC-CABINET BY LARSEN'S FSAL-2409-R2 LARSEN- LOC OR EQUAL, RATED 1 HR (T.O. CABINET MOUNTED AT 50" A.F.F., LOCATED PER PLAN OR 75'-0" MAX.



A1.32 BUILDING 3 SECOND FLOOR PLAN

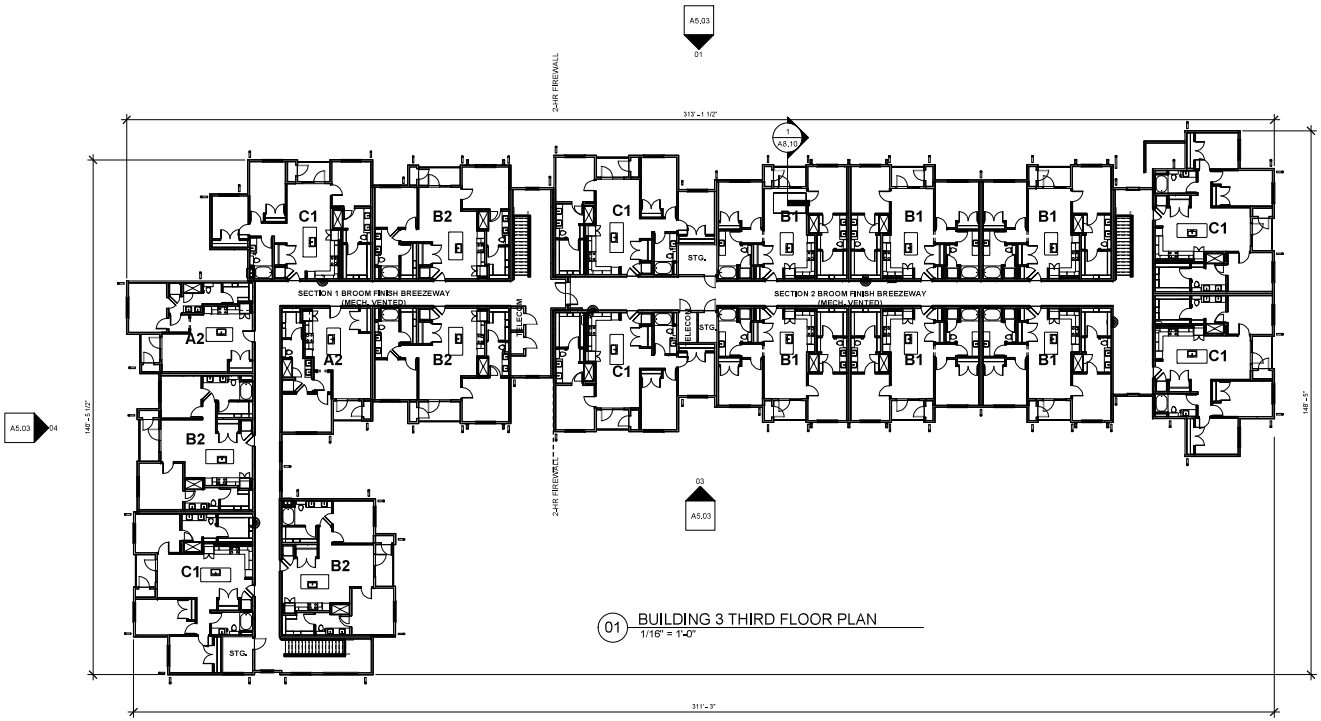
HEIGHTS AT CROWLEY ROAD
Fort Worth, TX

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2344 Highway 121 · Suite 100 · Bedford, Texas 76021 · www.ArriveAG.com
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06/10/2024

DRAWN BY	CHECKED BY
AAG	JMT
ISSUED FOR	
CD	
SUBMITTAL DATE	SHEET NO.
06/10/2024	A1.32
SCALE	
As indicated	

HEIGHTS AT CROWLEY ROAD
Fort Worth, TX



01 BUILDING 3 THIRD FLOOR PLAN
1/16" = 1'-0"

BUILDING PLAN GENERAL NOTES

1. DETAILS ON THIS SHEET ARE TYPICAL UNLESS NOTED OTHERWISE.
2. REFER TO SHEET A5.06 FOR FLASHING AND WATERPROOFING NOTES, DIMENSIONS AND DETAILS.
3. SOME TOLERANCES BETWEEN MATERIAL ARE SHOWN ENLARGED FOR CLARITY.
4. SLOPE ALL FINISHED SURFACES OF PARTICES 1/4 INCH PER FOOT MAX TO DRAIN UNLESS OTHERWISE NOTED.
5. REFER TO ENLARGED PLANS FOR ADDITIONAL NOTES AND DIMENSIONS.
6. ALL EXTERIOR, INTERIOR BEARINGS, AND SEPERATION WALLS TO BE 1 HOUR RATED UNLESS OTHERWISE NOTED.
7. REFER TO CIVIL ENGINEERS DRAWINGS FOR SLAB ELEVATIONS.
8. REFER TO ELEVATIONS/MEP PLANS FOR EXTERIOR LIGHT LOCATIONS.
9. REFER TO STRUCTURAL ENGINEERS DRAWINGS FOR SHEAR WALL LOCATIONS.
10. REFER TO MEP PLANS FOR WATER SUPPLY TO SPRINKLER CLOSET.
11. SEE SHEET G1.04 FOR EXACT BLOCKING HEIGHT AND LOCATION.
12. REFER TO G1.05 FOR ADA SINK HEIGHT GUIDELINES (SINK TYPE SPECIFIC).
13. ALL UNIT ENTRY DOORS TO HAVE A MINIMUM 18 INCH CLEARANCE ON THE PULL SIDE OF THE DOOR.
14. 18 INCH HOLD AT TOILET TO BE HELD FROM FINISH MATERIALS.
15. FIRE SPRINKLER PIPES CROSSING BREEZEWAYS TO BE INSULATED AS REQUIRED PER CODE.
16. FIRE SPRINKLER IN ATTIC TO BE 'TENTED' AS REQUIRED PER/ FIRE MARSHAL CITY REQUIREMENTS.
17. DRYER EXHAUST VENTS TO BE LOCATED MINIMUM 36 INCHES AWAY FROM OPERABLE WINDOW OPENING.
18. FURR-DOWNS AT BATHROOM FOR 'PANCAKE/CASSETTE' TYPE HVAC UNITS TO BE OF NON-COMBUSTABLE CONSTRUCTION/ MATERIALS AS REQUIRED PER CODE OR BE UNIT TYPE THAT DOES NOT REQUIRE NON-COMBUSTABLE CONSTRUCTION.
19. CASED OPENINGS TO BE TRIMMED OUT TO MATCH DOORS.
20. ELECTRICAL OUTLETS AT BATHROOMS IN ADA UNITS TO BE INSTALLED HORIZONTALLY IF REQUIRED FOR CLEARANCE AT MEDICINE CABINETS AS NEEDED.
21. BLOCKING TO BE PROVIDED ON WALLS/ CABINETS FOR MOUNTING OF CONCEALED BRACKETS FOR COUNTERTOP SUPPORT.
22. LIGHTING, PLUMBING, FIXTURES, APPLIANCES, AND MISCELLANEOUS HARDWARE ON PLANS FOR REFERENCE ONLY. REFER TO INTERIOR DESIGN SPECIFICATIONS AND OWNER APPROVED ITEMS PRIOR TO FINAL INSTALLATIONS.
23. ALL DOORS TO BE 8 FEET AT UNITS WITH A PLATE HEIGHT OF 10 FEET OR TALLER. REFER TO BUILDING PLAN, ELEVATIONS, AND SECTIONS FOR BUILDING PLATE HEIGHTS
24. ALL WET WALLS TO BE 2 X 6 INCH FRAMED WALLS.
25. CORRIDOR FLOOR JOINTS TO BE LOCATED AT EACH OFFSET JOINT SHOULD RUN STRAIGHT ACROSS ENTIRE CORRIDOR WIDTH.
26. ALL GARAGE WALLS TO HAVE 6 INCH HIGH AND 6 INCH WIDE STEM WALL. REFER TO STRUCTURAL.
27. WHERE THE 2 HOUR FIREWALL INTERSECTS THE EXTERIOR FACE OF THE BUILDING AT AN ANGLE LESS THAN 180 DEGREES, 4 LINEAR FEET IN EITHER DIRECTION MUST MEET UL ASSEMBLY FOR A 1 HOUR WALL EXPOSED TO FIRE ON BOTH SIDES, OPENINGS WITHIN THE 4 FOOT MUST BE 45 MINUTES FIRE RATED.

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WH = WATER HEATER
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WALL TYPES LEGENDS

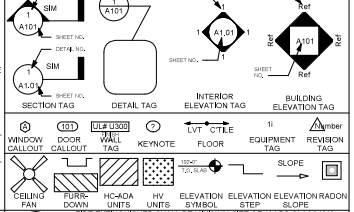
- UL #U305 — 1HR-INTERIOR PARTITION WALL
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- UL #U341 — 1HR-INTERIOR TENANT WALL
- UL #U311 — 1HR-INTERIOR WALL
- UL #U301 — 2HR-STAIR WALL
- UL #U301 — 2HR-STAIR WALL BRICK
- WP #3820 — 2HR-STAIR/UNIT WALL
- UL #U336 — 2 HOUR FIREWALL (NOTE): 2 HOUR FIREWALL TO CONTINUE INTO ATTIC SPACE ABOVE PORCH. (DO NOT PENETRATE)
- WP #8109 — 1HR-BREEZEWAY WALL/UNIT WALL
- UL #U356 — 1HR-EXTERIOR BRICK WALL
- UL #U356 — 1HR-EXTERIOR HARDI SIDING/PANEL WALL
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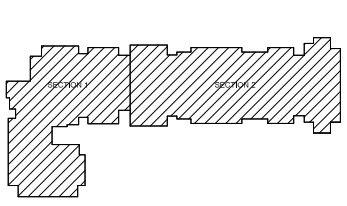
NOT ALL ULs LISTED WILL BE USED REFER TO DETAIL DRAWINGS FOR UL WALL DETAILS
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SYMBOLS



FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 10 LBS-CLASS K (A PLACARD SHALL BE CONSPICUOUSLY PLACARD NEAR THE FIRE EXTINGUISHER THAT STATES THAT THE FIRE PROTECTION SYSTEM SHALL BE ACTIVATED PRIOR TO USING THE FIRE EXTINGUISHER

FIRE EXTINGUISHER SHALL BE MINIMUM SIZE OF 2A10BC-CABINET BY LARSEN'S FSAL-2409-R2 LARSEN- LOC OR EQUAL, RATED 1 HR (T.O. CABINET MOUNTED AT 50" A.F.F. , LOCATED PER PLAN OR 75'-0" MAX.

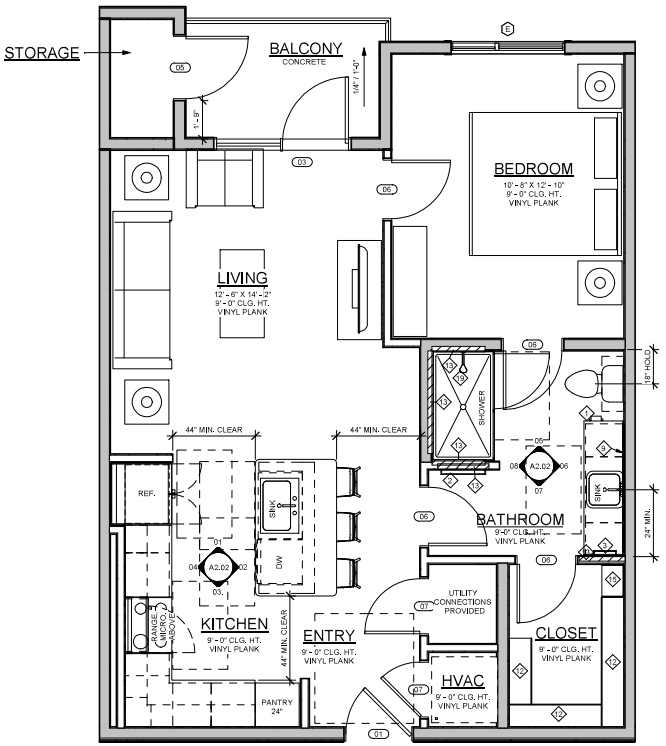


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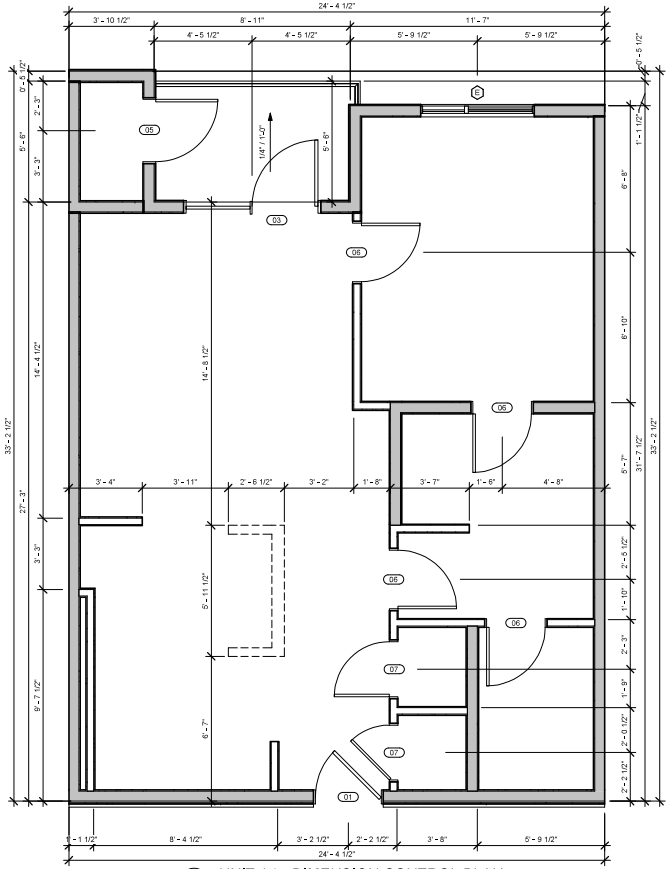
REGISTERED ARCHITECT
STATE OF TEXAS
06/10/2024

DRAWN BY	CHECKED BY
AAG	JMT
ISSUED FOR	
CD	
SUBMITTAL DATE	SHEET NO.
06/10/2024	A1.33
SCALE	
As indicated	

A1.33 BUILDING 3 THIRD FLOOR PLAN



01 UNIT A1 - FINISH FLOOR PLAN
3/8" = 1'-0"



02 UNIT A1 - DIMENSION CONTROL PLAN
3/8" = 1'-0"

UNIT A1	715 SF
UNIT A1 PATIO/BALCONY	73 SF
TOTAL UNIT SQUARE FOOTAGE:	788 SF

EQUIPMENT LEGEND AND NOTES

1. TOILET PAPER HOLDER MOUNTED AT 19" MIN. A.F.F.
2. 24" TOWEL BAR - MOUNTED TOP AT 44" - 48" A.F.F.
3. 12" TOWEL BAR - MOUNTED TOP AT 44" - 48" AF.F.
4. SHOWER CURTAIN ROD MOUNTED AT 74" A.F.F.
5. 24" CONCEALED MOUNTED GRAB BAR MOUNTED BETWEEN 36" - 48" A.F.F. @ PRE-FAB SHOWER. GRAB BAR TO BE CONTINUOUS, PER TSA/ADA
6. BUILD-IN FOLD-DOWN SHOWER SEAT TYPICAL MOUNTED AT 18" A.F.F.
7. 36" CONCEALED MOUNTED GRAB BAR MOUNTED BETWEEN 33" - 36" MAX. A.F.F.
8. 42" CONCEALED MOUNTED GRAB BAR MOUNTED CENTER BETWEEN 33" - 36" MAX. A.F.F.
9. 3/16" TEMPERED GLASS MIRROR TYP. REF. TO I.D. FOR SPEC. MOUNT BOTTOM OF REFLECTING EDGE @ 38" A.F.F.- SEE BATHROOM INT. ELEV. VIF.
10. FLUSH MOUNTED MEDICINE CABINET W/ BTM WOOD DOOR MOUNTED @ 40" A.F.F.
11. TYPICAL ROD AND SHELF MOUNTED AT 72" A.F.F. (48" A.F.F AT A.D.A. UNITS) WITH WOOD OR WIRE SHELF.
12. TYPICAL 2 RODS AND SHELF MOUNTED @ 84" A.F.F. AND @ 42" WITH SHELF
13. TYPICAL LOCATION OF BLOCKING FOR GRAB BARS SEE SHEET G1.04 FOR EXACT HEIGHT AND LOCATION
14. PAINTED WOOD OR WIRE SHELVES @12" STARTING BOTTOM SHELF @ 36" A.F.F. AND TOP SHELF @ 7'-0". REF. TO UNIT ELEVATIONS
15. PAINTED WOOD OR WIRE SHELVES WITH 12" SPACING STARTING BOTTOM SHELF @ 1'-0" A.F.F. AND TOP SHELF AT 7'-0 "A.F.F.
16. GLASS SHOWER DOOR MIN 30", MAX 7'-0" W/ GLASS ENCLOSURE TYP. 7'-0"
17. TYP. SHELF MOUNTED @ 66" (46" ADA) A.F.F. ABOVE WASHER REF. TO UNIT ELEVATIONS.
18. TYPICAL ROD AND SHELF LOCATED AT 48" & 54" MAX. A.F.F., TYP. (36" A.F.F. @ A.D.A UNITS)
19. SHOWER HEAD TO BE MOUNTED AT 74" A.F.F. (6'-2") AT TYPICAL/ADA UNITS. ADA UNITS TO BE EQUIPPED WITH ADJUSTABLE WAND.
20. TOWEL RING/HOOK - MOUNTED TOP AT 48" A.F.F.
21. TYPICAL 18" GRAB BAR MOUNTED VERTICALLY BOTTOM OF GRAB BAR TO BE MOUNTED 41" A.F.F.
22. SHAMPOO NICHE W/ BOTTOM OF LEDGE MOUNTED @ 2'-0" ABOVE TUB. 4'-0" ABOVE SHOWER PAN W/ ADDITIONAL WATERPROOFING @ WALL CORNER & PENETRATIONS.
23. TWO GLASS SHELVES ABOVE KITCHEN SINK MOUNTED AT 57" & 68"
24. 18" TOWEL BAR - MOUNTED TOP AT 44"-48"A.F.F.
25. VERTICAL BLOCKING ADJACENT TO SHOWER
26. 52" CONCEAL MOUNTED GRAB BAR MOUNTED 33" - 36", MAX. 6" FROM ADJ. WALLS. TYP. ADA UNITS
27. WALL MOUNTED EXHAUST FAN. REF. MEP & ELEVATIONS FOR LOCATIONS. COORDINATE W/ PLUMBING & WALL CONDITIONS

SEE SHEET G1.04 FOR ADDITIONAL INFORMATION.

NOTE:
54" MAX HT. A.F.F. TO WASHER & DRYER CONTROLS

REFER TO BUILDING PLAN FOR ALL WINDOW LOCATIONS.

UNIT PLAN GENERAL NOTE

1. DETAILS ON THIS SHEET ARE TYPICAL UNLESS NOTED OTHERWISE.
2. REFER TO SHEET A9.06 FOR FLASHING AND WATERPROOFING NOTES. DIMENSIONS AND DETAILS.
3. SOME TOLERANCES BETWEEN MATERIAL ARE SHOWN ENLARGED FOR CLARITY.
4. SLOPE ALL FINISHED SURFACES OF PARTICES 1/4 INCH PER FOOT MAX TO DRAIN UNLESS OTHERWISE NOTED.
5. REFER TO ENLARGED PLANS FOR ADDITIONAL NOTES AND DIMENSIONS.
6. ALL EXTERIOR, INTERIOR BEARINGS, AND SEPERATION WALLS TO BE 1 HOUR RATED UNLESS OTHERWISE NOTED.
7. REFER TO ELEVATIONS/MEP PLANS FOR EXTERIOR LIGHT LOCATIONS.
8. REFER TO G SHEETS FOR ADA SINK HEIGHT GUIDELINES (SINK TYPE SPECIFIC).
9. ALL UNIT ENTRY DOORS TO HAVE A MINIMUM 18 INCH CLEARANCE ON THE PULL SIDE OF THE DOOR.
10. 18 INCH HOLD AT TOILET TO BE HELD FROM FINISH MATERIALS.
11. FIRE SPRINKLER PIPES CROSSING BREEZEWAYS TO BE INSULATED AS REQUIRED PER CODE.
13. FIRE SPRINKLER IN ATTIC TO BE 'TENTED' AS REQUIRED PER/ FIRE MATERIAL.
14. DRYER EXHAUST VENTS TO BE LOCATED MINIMUM 36 INCHES AWAY FROM OPERABLE WINDOW OPENING.
15. FURR-DOWNS AT 'BATHROOM FOR 'PANCAKE/CASSETTE' TYPE HVAC UNITS TO BE OF NON-COMBUSTABLE CONSTRUCTION/ MATERIALS AS REQUIRED PER CODE OR BE UNIT TYPE THAT DOES NOT REQUIRE NON COMBUSTABLE CONSTRUCTION.
16. CASED OPENINGS TO BE TRIMMED OUT TO MATCH DOORS.
17. ELECTRICAL OUTLETS AT BATHROOMS IN ADA UNITS TO BE INSTALLED HORIZONTALLY IF REQUIRED FOR CLEARANCE AT MEDICINE CABINETS AS NEEDED.
18. BLOCKING TO BE PROVIDED ON WALLS/ CABINETS FOR MOUNTING OF CONCEALED BRACKETS FOR COUNTERTOP SUPPORT.
19. LIGHTING, PLUMBING, FIXTURES, APPLIANCES, AND MISCELLANEOUS HARDWARE ON PLANS FOR REFERENCE ONLY. REFER TO INTERIOR DESIGN SPECIFICATIONS AND OWNER APPROVED ITEMS PRIOR TO FINAL INSTALLATIONS.
20. ALL WET WALLS TO BE 2 X 6 INCH FRAMED WALLS.
21. ALL DOORS TO BE 4 INCHES CLEAR MIN. FROM HINGE SIDE OF DOOR TO WALL U.N.O.
22. ALL BLOCKING TO BE MINIMUM 2 X 6 INCHESAND INSTALLED PER ADA OR FHA STANDARDS AND TO BE FIELD VERIFIED BY CONTRACTOR.
23. ALL BLOCKING SHOWN IS A GRAPHICAL REPRESENTATION AND SHOULD FIRST AND FOREMOST COMPLY WITH ADA AND FHA STANDARDS, WHICHEVER IS MORE STRINGENT, (SEE G SHEETS)
24. TYPICAL BLOCKING IN SHOWERS, TUBS TO BE CONTINUOUS (WALL TO WALL).
25. BLOCKING TO BE PLACED TO SUPPORT FOLDING SEATS IN SHOWER STALLS PER ADA AND FHA WHERE APPLICABLE.
26. SUPPORT BRACKETS AND BLOCKING FOR SHELVES TO BE INSTALLED EVERY 3 FEET.

WALL TYPES LEGENDS

NOT ALL ULs LISTED WILL BE USED REFER TO DETAIL DRAWINGS FOR UL WALL DETAILS
REFER TO ELEVATIONS FOR TYPE OF EXTERIOR FINISH MATERIALS

- UL #U306 — 1HR-INTERIOR PARTITION WALL
- UL #U306 — 1HR-INTERIOR CORRIDOR WALL
- UL #U341 — 1HR-INTERIOR TENANT WALL
- UL #U311 — 1HR-INTERIOR WALL
- UL #U301 — 2HR-STAIR WALL
- UL #U301 — 2HR-STAIR WALL BRICK
- WP #3820 — 2HR-STAIR/UNIT WALL
- UL #U356 — 1HR-EXTERIOR BRICK WALL
- WP #8109 — 1HR-BREEZEWAY WALL/UNIT WALL
- UL #U356 — 1HR-EXTERIOR HARDI SIDING/PANEL WALL
- UL #U356 — 1HR-EXTERIOR STONE VENEER WALL
- UL #U459 — 1HR-EXTERIOR STUCCO WALL
- UL #U323 — 1HR/2HR-INTERIOR METAL FRAMING WALL
- UL #U325 — 1HR/2HR-EXTERIOR METAL FRAMING WALL
- UL #U905 — 2HR-CMU BLOCK
- UL #U336 — 2 HOUR FIREWALL (DO NOT PENETRATE)
- 3X6 WALL
- BLOCKING

SYMBOLS

SECTION TAG · DETAIL TAG · INTERIOR ELEVATION TAG · BUILDING ELEVATION TAG
WINDOW CALLOUT · DOOR CALLOUT · WALL TAG · KEYNOTE · FLOOR · EQUIPMENT TAG · REVISION TAG
CEILING FAN · FURR-DOWN · HC-ADA UNITS · ELEVATION SYMBOL · ELEVATION STEP · ELEVATION SLOPE · RADON

DW = DISHWASHER
W = WASHER
D = DRYER
WH = WATER HEATER
REF = REFRIGERATOR
WD. = WOOD FLOOR

C-TILE = CERAMIC TILE
LVP= LAMINATED VINYL PLANK
LVT = LAMINATED VINYL TILE
CTOP = COUNTERTOP
PAN = PANTRY
FSC = FIRE SPRINKLER CLOSET

LIN = LINEN
MR = MACHINE ROOM
JAN = JANITOR
TR = TRASH ROOM
PWDR = POWDER ROOM
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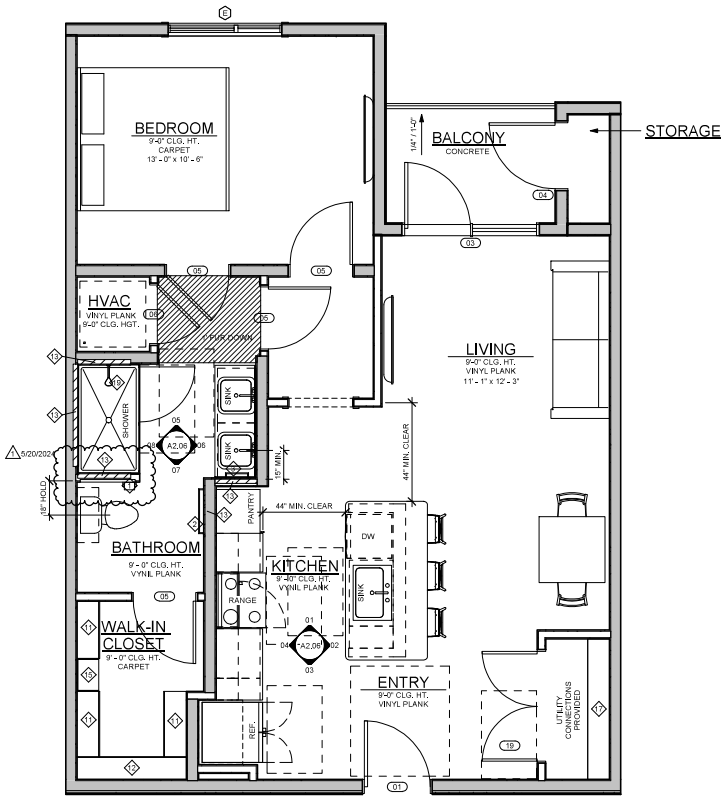
A2.01 UNIT A1 - PLAN

HEIGHTS AT CROWLEY ROAD
Fort Worth, TX

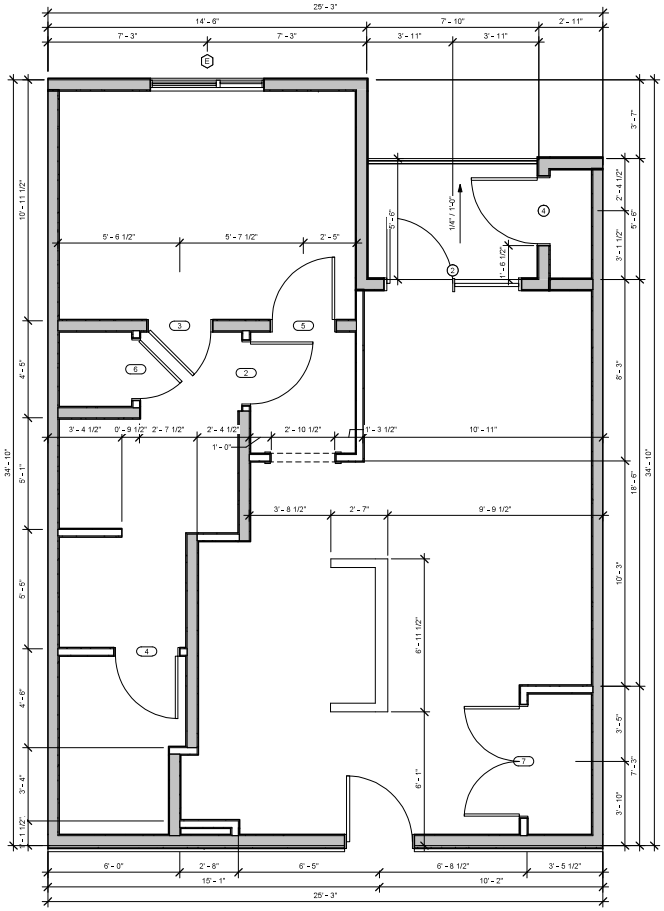
ARRIVE 1 ARCHITECTURE GROUP
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Ph 817.314.0584 · Fx 817.314.0694

REGISTERED ARCHITECT — STATE OF TEXAS — 06/10/2024

DRAWN BY	AAG
CHECKED BY	JMT
ISSUED FOR	CD
SUBMITTAL DATE	06/10/2024
SHEET NO.	A2.01
SCALE	As indicated



01 UNIT A2 - FINISH FLOOR PLAN
3/8" = 1'-0"



02 UNIT A2 - DIMENSION CONTROL PLAN
3/8" = 1'-0"

UNIT A2	782 SF	GROSS
PATIO/BALCONY	59 SF	GROSS
TOTAL UNIT SQUARE FOOTAGE:	841 SF	

EQUIPMENT LEGEND AND NOTES

1. TOILET PAPER HOLDER MOUNTED AT 19" MIN. A.F.F.
2. 24" TOWEL BAR - MOUNTED TOP AT 44" - 48" A.F.F.
3. 12" TOWEL BAR - MOUNTED TOP AT 44" - 48" AF.F.
4. SHOWER CURTAIN ROD MOUNTED AT 74" A.F.F.
5. 24" CONCEALED MOUNTED GRAB BAR MOUNTED BETWEEN 36" - 48" A.F.F. @ PREFAB SHOWER. GRAB BAR TO BE CONTINUOUS, PER TSA/ADA
6. BUILD-IN FOLD-DOWN SHOWER SEAT TYPICAL MOUNTED AT 18" A.F.F.
7. 36" CONCEALED MOUNTED GRAB BAR MOUNTED BETWEEN 33" - 36" MAX. A.F.F.
8. 42" CONCEALED MOUNTED GRAB BAR MOUNTED CENTER BETWEEN 33" - 36" MAX. A.F.F.
9. 3/16" TEMPERED GLASS MIRROR TYP. REF. TO I.D. FOR SPEC. MOUNT BOTTOM OF REFLECTING EDGE @ 38" A.F.F.- SEE BATHROOM INT. ELEV. VIF.
10. FLUSH MOUNTED MEDICINE CABINET W/ BTM WOOD DOOR MOUNTED @ 40" A.F.F.
11. TYPICAL ROD AND SHELF MOUNTED AT 72" A.F.F. (48" A.F.F AT A.D.A. UNITS) WITH WOOD OR WIRE SHELF.
12. TYPICAL 2 RODS AND SHELF MOUNTED @ 84" A.F.F. AND @ 42" WITH SHELF
13. TYPICAL LOCATION OF BLOCKING FOR GRAB BARS SEE SHEET G1.04 FOR EXACT HEIGHT AND LOCATION
14. PAINTED WOOD OR WIRE SHELVES @12" STARTING BOTTOM SHELF @ 36" A.F.F. AND TOP SHELF @ 7'-0". REF. TO UNIT ELEVATIONS
15. PAINTED WOOD OR WIRE SHELVES WITH 12" SPACING STARTING BOTTOM SHELF @ 1'-0" A.F.F. AND TOP SHELF AT 7'-0 "A.F.F.
16. GLASS SHOWER DOOR MIN 30", MAX 7'-0" W/ GLASS ENCLOSURE TYP. 7'-0"
17. TYP. SHELF MOUNTED @ 66" (46" ADA) A.F.F. ABOVE WASHER REF. TO UNIT ELEVATIONS.
18. TYPICAL ROD AND SHELF LOCATED AT 48" & 54" MAX. A.F.F., TYP. (36" A.F.F. @ A.D.A UNITS)
19. SHOWER HEAD TO BE MOUNTED AT 74" A.F.F. (6'-2") AT TYPICAL/ADA UNITS. ADA UNITS TO BE EQUIPPED WITH ADJUSTABLE WAND.
20. TOWEL RING/HOOK - MOUNTED TOP AT 48" A.F.F.
21. TYPICAL 18" GRAB BAR MOUNTED VERTICALLY BOTTOM OF GRAB BAR TO BE MOUNTED 41" A.F.F.
22. SHAMPOO NICHE W/ BOTTOM OF LEDGE MOUNTED @ 2'-0" ABOVE TUB. 4"-6" ABOVE SHOWER PAN W/ ADDITIONAL WATERPROOFING @ WALL CORNER & PENETRATIONS.
23. TWO GLASS SHELVES ABOVE KITCHEN SINK MOUNTED AT 57" & 68"
24. 18" TOWEL BAR - MOUNTED TOP AT 44"-48"A.F.F.
25. VERTICAL BLOCKING ADJACENT TO SHOWER
26. 52" CONCEAL MOUNTED GRAB BAR MOUNTED 33" - 36", MAX. 6" FROM ADJ. WALLS. TYP. ADA UNITS
27. WALL MOUNTED EXHAUST FAN. REF. MEP & ELEVATIONS FOR LOCATIONS. COORDINATE W/ PLUMBING & WALL CONDITIONS

SEE SHEET G1.04 FOR ADDITIONAL INFORMATION.

NOTE:
54" MAX HT. A.F.F. TO WASHER & DRYER CONTROLS

REFER TO BUILDING PLAN FOR ALL WINDOW LOCATIONS.

UNIT PLAN GENERAL NOTE

1. DETAILS ON THIS SHEET ARE TYPICAL UNLESS NOTED OTHERWISE.
2. REFER TO SHEET A9.06 FOR FLASHING AND WATERPROOFING NOTES. DIMENSIONS AND DETAILS.
3. SOME TOLERANCES BETWEEN MATERIAL ARE SHOWN ENLARGED FOR CLARITY.
4. SLOPE ALL FINISHED SURFACES OF PARTICES 1/4 INCH PER FOOT MAX TO DRAIN UNLESS OTHERWISE NOTED.
5. REFER TO ENLARGED PLANS FOR ADDITIONAL NOTES AND DIMENSIONS.
6. ALL EXTERIOR, INTERIOR BEARINGS, AND SEPERATION WALLS TO BE 1 HOUR RATED UNLESS OTHERWISE NOTED.
7. REFER TO ELEVATIONS/MEP PLANS FOR EXTERIOR LIGHT LOCATIONS.
8. REFER TO G SHEETS FOR ADA SINK HEIGHT GUIDELINES (SINK TYPE SPECIFIC).
9. ALL UNIT ENTRY DOORS TO HAVE A MINIMUM 18 INCH CLEARANCE ON THE PULL SIDE OF THE DOOR.
10. 18 INCH HOLD AT TOILET TO BE HELD FROM FINISH MATERIALS.
11. FIRE SPRINKLER PIPES CROSSING BREEZEWAYS TO BE INSULATED AS REQUIRED PER CODE.
13. FIRE SPRINKLER IN ATTIC TO BE 'TENTED' AS REQUIRED PER/ FIRE MATERIAL.
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15. FURR-DOWNS AT 'BATHROOM FOR 'PANCAKE/CASSETTE' TYPE HVAC UNITS TO BE OF NON-COMBUSTABLE CONSTRUCTION/ MATERIALS AS REQUIRED PER CODE OR BE UNIT TYPE THAT DOES NOT REQUIRE NON COMBUSTABLE CONSTRUCTION.
16. CASED OPENINGS TO BE TRIMMED OUT TO MATCH DOORS.
17. ELECTRICAL OUTLETS AT BATHROOMS IN ADA UNITS TO BE INSTALLED HORIZONTALLY IF REQUIRED FOR CLEARANCE AT MEDICINE CABINETS AS NEEDED.
18. BLOCKING TO BE PROVIDED ON WALLS/ CABINETS FOR MOUNTING OF CONCEALED BRACKETS FOR COUNTERTOP SUPPORT.
19. LIGHTING, PLUMBING, FIXTURES, APPLIANCES, AND MISCELLANEOUS HARDWARE ON PLANS FOR REFERENCE ONLY. REFER TO INTERIOR DESIGN SPECIFICATIONS AND OWNER APPROVED ITEMS PRIOR TO FINAL INSTALLATIONS.
20. ALL WET WALLS TO BE 2 X 6 INCH FRAMED WALLS.
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23. ALL BLOCKING SHOWN IS A GRAPHICAL REPRESENTATION AND SHOULD FIRST AND FOREMOST COMPLY WITH ADA AND FHA STANDARDS, WHICHEVER IS MORE STRINGENT, (SEE G SHEETS)
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25. BLOCKING TO BE PLACED TO SUPPORT FOLDING SEATS IN SHOWER STALLS PER ADA AND FHA WHERE APPLICABLE.
26. SUPPORT BRACKETS AND BLOCKING FOR SHELVES TO BE INSTALLED EVERY 3 FEET.

WALL TYPES LEGENDS

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REFER TO ELEVATIONS FOR TYPE OF EXTERIOR FINISH MATERIALS

- UL #U305 — 1HR-INTERIOR PARTITION WALL
- UL #U306 — 1HR-INTERIOR CORRIDOR WALL
- UL #U341 — 1HR-INTERIOR TENANT WALL
- UL #U311 — 1HR-INTERIOR WALL
- UL #U301 — 2HR-STAIR WALL
- UL #U301 — 2HR-STAIR WALL BRICK
- WP #3820 — 2HR-STAIR/UNIT WALL
- UL #U356 — 1HR-EXTERIOR BRICK WALL
- WP #8100 — 1HR-BREEZEWAY WALL/UNIT WALL
- UL #U356 — 1HR-EXTERIOR HARDI SIDING/PANEL WALL
- UL #U356 — 1HR-EXTERIOR STONE VENEER WALL
- UL #U459 — 1HR-EXTERIOR STUCCO WALL
- UL #U323 — 1HR/2HR-INTERIOR METAL FRAMING WALL
- UL #U325 — 1HR/2HR-EXTERIOR METAL FRAMING WALL
- UL #U905 — 2HR-CMU BLOCK
- UL #U336 — 2 HOUR FIREWALL (DO NOT PENETRATE)
- 3X6 WALL BLOCKING

SYMBOLS

SECTION TAG · DETAIL TAG · INTERIOR ELEVATION TAG · BUILDING ELEVATION TAG
WINDOW CALLOUT · DOOR CALLOUT · WALL TAG · KEYNOTE · FLOOR · EQUIPMENT TAG · REVISION TAG
CEILING FAN · FURR-DOWN · HC-ADA UNITS · ELEVATION SYMBOL · ELEVATION STEP · SLOPE · SLOPE · RADON

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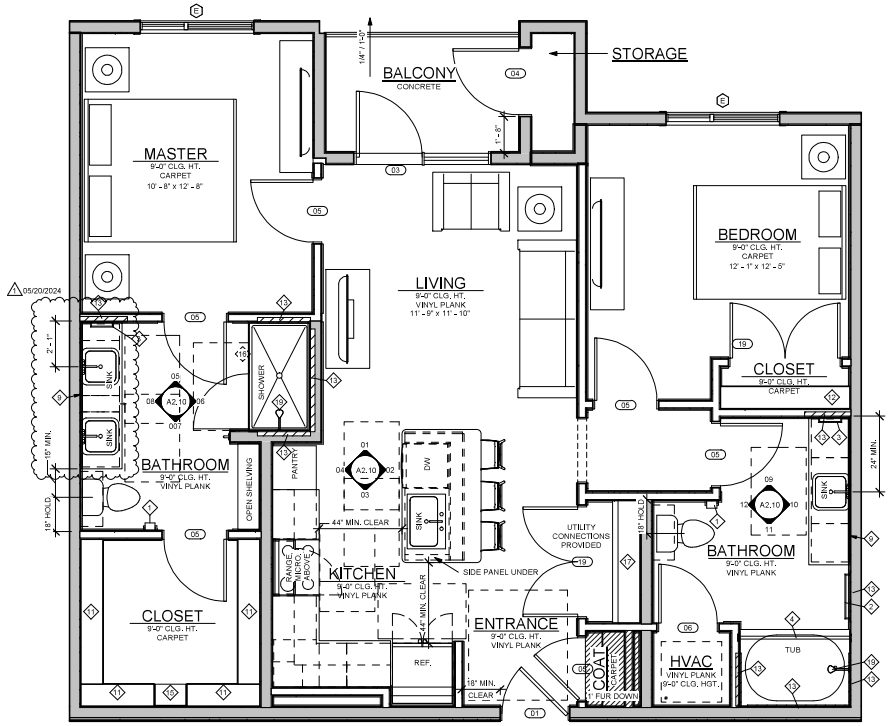
A2.05 UNIT A2 - PLAN

HEIGHTS AT CROWLEY ROAD
Fort Worth, TX

ARRIVE 1 ARCHITECTURE GROUP
Architecture
Planning
Project Management
2344 Highway 121 · Suite 100 · Bedford, Texas 76021 · www.ArriveAG.com
Ph 817.314.0584 · Fx 817.314.0694

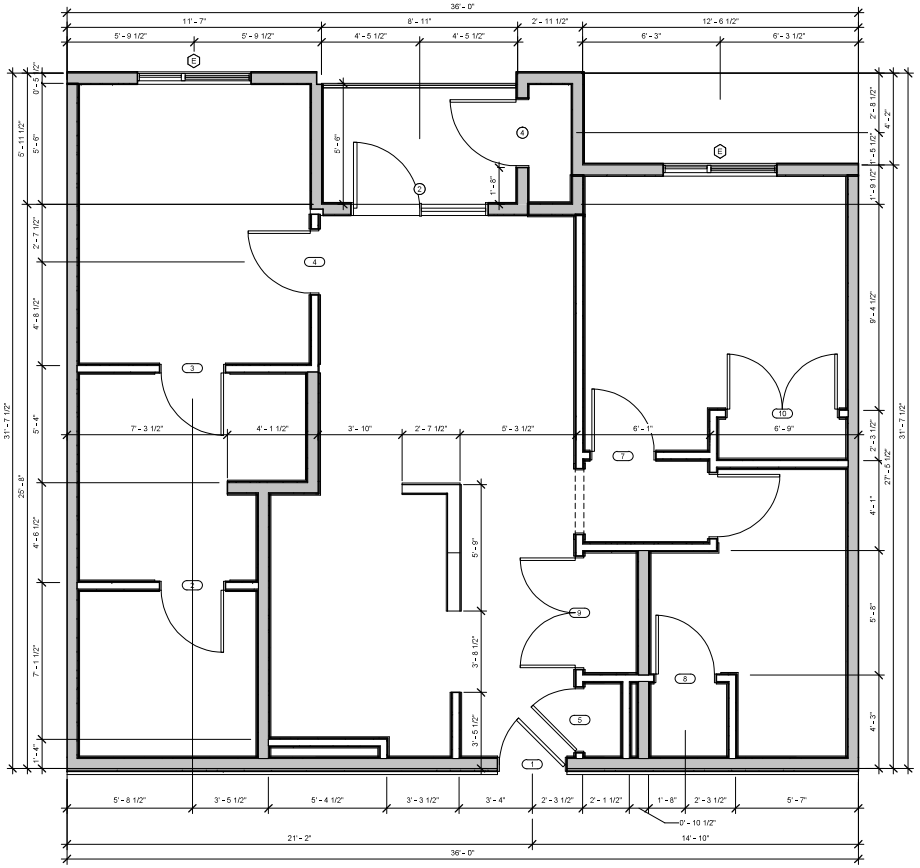
REGISTERED ARCHITECT — STATE OF TEXAS
06/10/2024

ISSUED FOR:	DATE:
HAS REVIEW	5/20/2024
DRAWN BY: AAG	CHECKED BY: JMT
ISSUED FOR: CD	
SUBMITTAL DATE: 06/10/2024	SHEET NO.: A2.05
SCALE: As indicated	



01 UNIT B1 FINISH FLOOR PLAN
3/8" = 1'-0"

UNIT B1	1016 SF	GROSS
UNIT B1 PATIO PATIO/BALCONY	66 SF	GROSS
TOTAL GROSS SQUARE FOOTAGE OF UNIT:	1082 SF	



02 UNIT B-1 DIMENSION CONTROL PLAN
3/8" = 1'-0"

EQUIPMENT LEGEND AND NOTES

1. TOILET PAPER HOLDER MOUNTED AT 19" MIN. A.F.F.
2. 24" TOWEL BAR - MOUNTED TOP AT 44" - 48" A.F.F.
3. 12" TOWEL BAR - MOUNTED TOP AT 44" - 48" AF.F.
4. SHOWER CURTAIN ROD MOUNTED AT 74" A.F.F.
5. 24" CONCEALED MOUNTED GRAB BAR MOUNTED BETWEEN 36" - 48" A.F.F. @ PRE-FAB SHOWER. GRAB BAR TO BE CONTINUOUS, PER TSA/ADA
6. BUILD-IN FOLD-DOWN SHOWER SEAT TYPICAL MOUNTED AT 18" A.F.F.
7. 36" CONCEALED MOUNTED GRAB BAR MOUNTED BETWEEN 33" - 36" MAX. A.F.F.
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9. 3/16" TEMPERED GLASS MIRROR TYP., REF. TO I.D. FOR SPEC. MOUNT BOTTOM OF REFLECTING EDGE @ 38" A.F.F.- SEE BATHROOM INT. ELEV. VIF.
10. FLUSH MOUNTED MEDICINE CABINET W/ BTM WOOD DOOR MOUNTED @ 40" A.F.F.
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12. TYPICAL 2 RODS AND SHELF MOUNTED @ 84" A.F.F. AND @ 42" WITH SHELF
13. TYPICAL LOCATION OF BLOCKING FOR GRAB BARS SEE SHEET G1.04 FOR EXACT HEIGHT AND LOCATION
14. PAINTED WOOD OR WIRE SHELVES @12" STARTING BOTTOM SHELF @ 36" A.F.F. AND TOP SHELF @ 7'-0". REF. TO UNIT ELEVATIONS
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- UL #U301 — 2HR-STAIR WALL BRICK
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- UL #U356 — 1HR-EXTERIOR BRICK WALL
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- UL #U336 — 2 HOUR FIREWALL (DO NOT PENETRATE)
- 3X6 WALL
- BLOCKING

SYMBOLS

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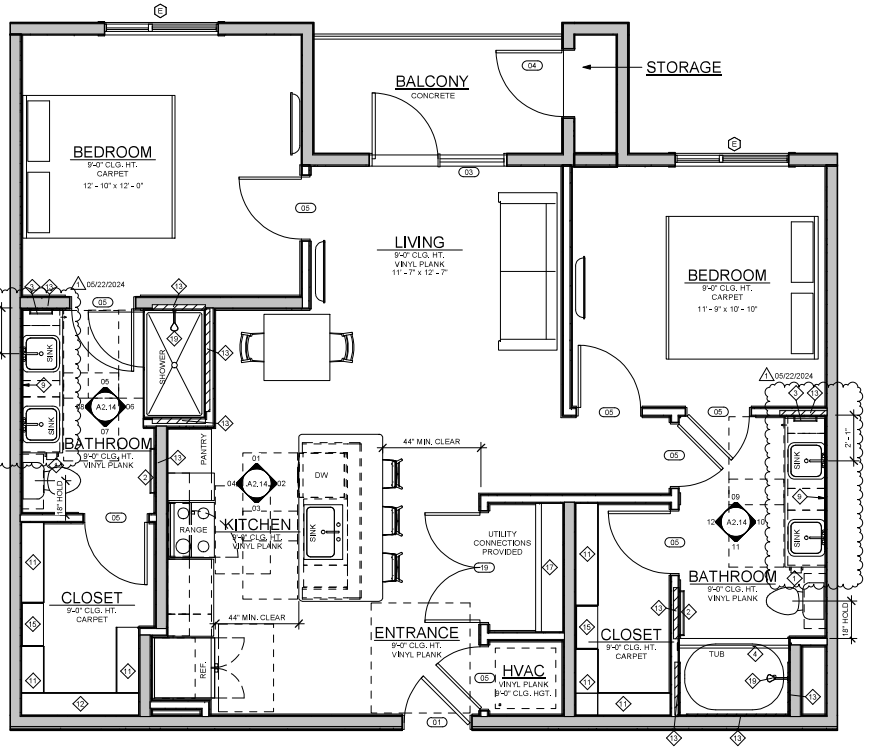
A2.09 UNIT B1 - PLAN

HEIGHTS AT CROWLEY ROAD
Fort Worth, TX

ARRIVE 1 ARCHITECTURE GROUP
Architecture
Planning
Project Management
2344 Highway 121 · Suite 100 · Bedford, Texas 76021 · www.Arrive1G.com
Ph 817.314.0584 · Fx 817.314.0694

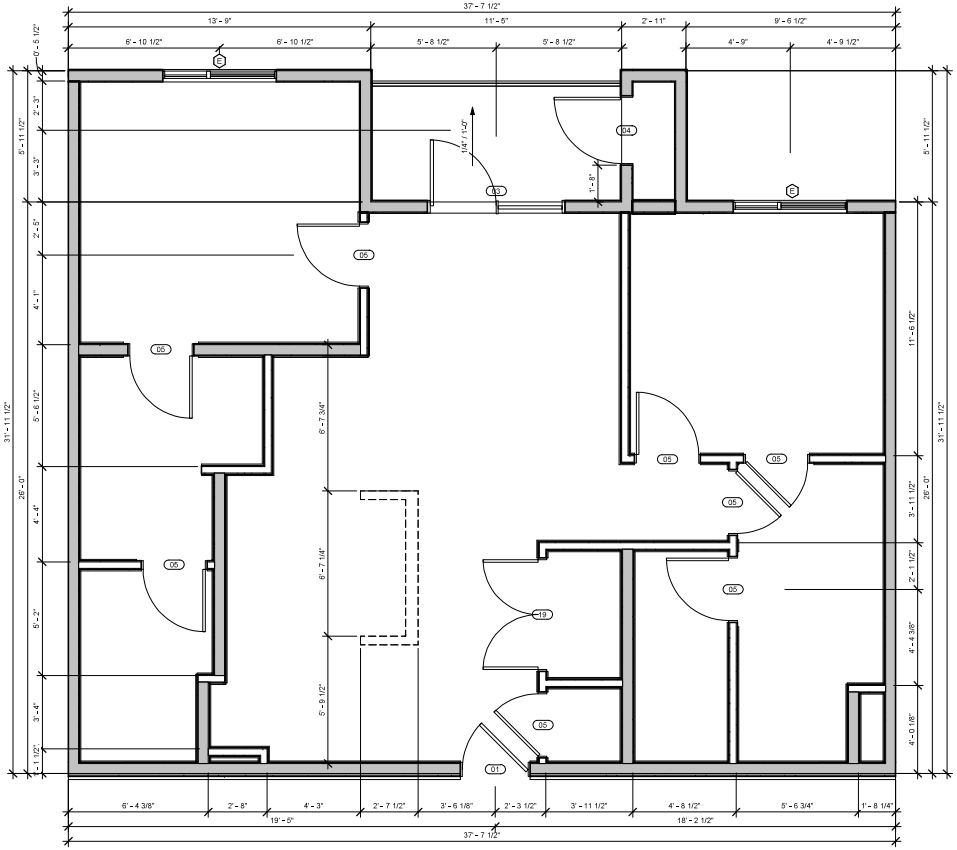
REGISTERED ARCHITECT — STATE OF TEXAS — 06/10/2024

ISSUED	05/20/2024
REVISED	
PERMIT REVIEW	
DRAWN BY	AAG
CHECKED BY	JMT
ISSUED FOR	CD
SUBMITTAL DATE	06/10/2024
SHEET NO.	A2.09
SCALE	As indicated



01 UNIT B2 FINISH FLOOR PLAN
3/8" = 1'-0"

UNIT B2	1060 SF	GROSS
UNIT B2 PATIO/BALCONY	80 SF	GROSS
TOTAL UNIT SQUARE FOOTAGE:	1140 SF	



02 UNIT B2 DIMENSION CONTROL PLAN
3/8" = 1'-0"

EQUIPMENT LEGEND AND NOTES

1. TOILET PAPER HOLDER MOUNTED AT 19" MIN. A.F.F.
2. 24" TOWEL BAR - MOUNTED TOP AT 44" - 48" A.F.F.
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- UL #U323 — 1HR/2HR-INTERIOR METAL FRAMING WALL
- UL #U326 — 1HR/2HR-EXTERIOR METAL FRAMING WALL
- UL #U905 — 2HR-CMU BLOCK
- UL #U336 — 2 HOUR FIREWALL (DO NOT PENETRATE)
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W = WASHER
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WH = WATER HEATER
REF = REFRIGERATOR
WD. = WOOD FLOOR
C-TILE = CERAMIC TILE
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C'TOP = COUNTERTOP
PAN = PANTRY
FSC = FIRE SPRINKLER CLOSET
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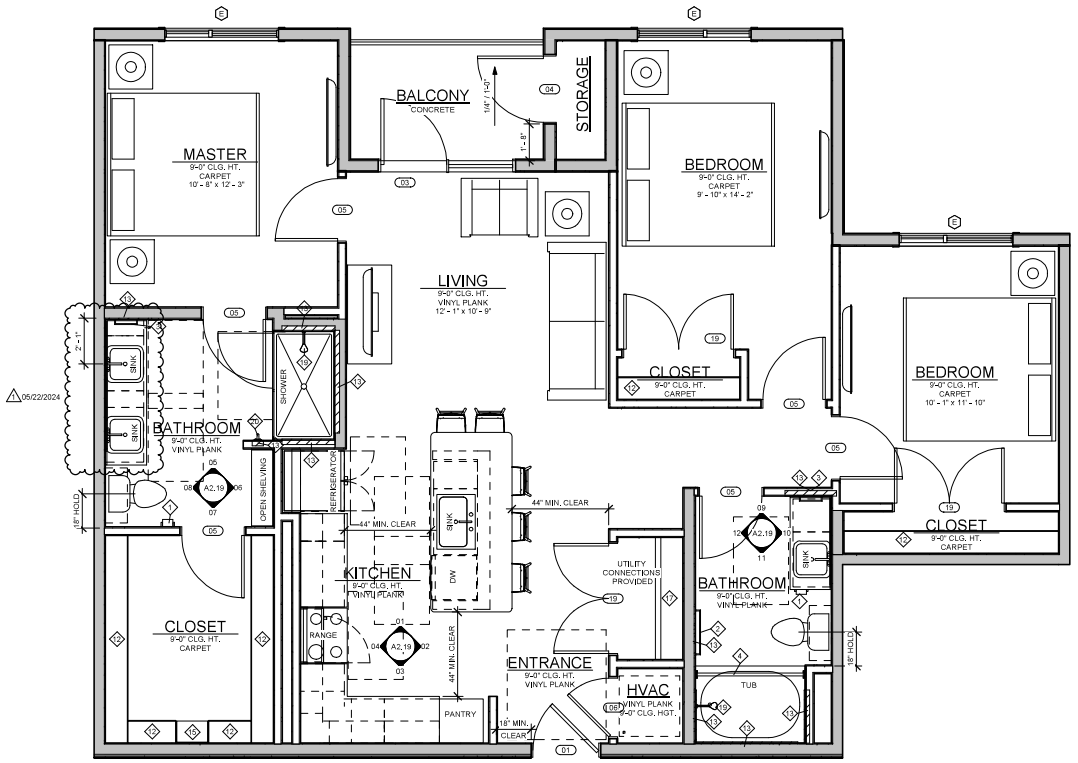
A2,13 UNIT B2 - PLANS

HEIGHTS AT CROWLEY ROAD
Fort Worth, TX

ARRIVE 1 ARCHITECTURE GROUP
Architecture
Planning
Project Management
2344 Highway 121 · Suite 100 · Bedford, Texas 76021 · www.ArriveAG.com
Ph 817.314.0584 · Fx 817.314.0694

REGISTERED ARCHITECT — STEPHEN J. MARTIN — 23744 — STATE OF TEXAS
06/10/2024

ISSUE/REVISION	05/22/2024
REVIEW	HAS REVIEW
DRAWN BY	AAG
CHECKED BY	JMT
ISSUED FOR	CD
SUBMITTAL DATE	06/10/2024
SHEET NO.	A2.13
SCALE	As indicated



01 UNIT C1 - FINISH FLOOR PLAN
3/8" = 1'-0"

UNIT C1	1207 SF	GROSS
UNIT C1 PATIO/BALCONY	66 SF	GROSS
TOTAL UNIT SQUARE FOOTAGE:	1273 SF	

EQUIPMENT LEGEND AND NOTES

1. TOILET PAPER HOLDER MOUNTED AT 19" MIN. A.F.F.
2. 24" TOWEL BAR - MOUNTED TOP AT 44" - 48" A.F.F.
3. 12" TOWEL BAR - MOUNTED TOP AT 44" - 48" AF.F.
4. SHOWER CURTAIN ROD MOUNTED AT 74" A.F.F.
5. 24" CONCEALED MOUNTED GRAB BAR MOUNTED BETWEEN 36" - 48" A.F.F. @ PRE-FAB SHOWER. GRAB BAR TO BE CONTINUOUS, PER TSA/ADA
6. BUILD-IN FOLD-DOWN SHOWER SEAT TYPICAL MOUNTED AT 18" A.F.F.
7. 36" CONCEALED MOUNTED GRAB BAR MOUNTED BETWEEN 33" - 36" MAX. A.F.F.
8. 42" CONCEALED MOUNTED GRAB BAR MOUNTED CENTER BETWEEN 33" - 36" MAX. A.F.F.
9. 3/16" TEMPERED GLASS MIRROR TYP., REF. TO I.D. FOR SPEC. MOUNT BOTTOM OF REFLECTING EDGE @ 38" A.F.F.- SEE BATHROOM INT. ELEV. VIF.
10. FLUSH MOUNTED MEDICINE CABINET W/ BTM WOOD DOOR MOUNTED @ 40" A.F.F.
11. TYPICAL ROD AND SHELF MOUNTED AT 72" A.F.F. (48" A.F.F AT A.D.A. UNITS) WITH WOOD OR WIRE SHELF.
12. TYPICAL 2 RODS AND SHELF MOUNTED @ 84" A.F.F. AND @ 42" WITH SHELF
13. TYPICAL LOCATION OF BLOCKING FOR GRAB BARS SEE SHEET G1.04 FOR EXACT HEIGHT AND LOCATION
14. PAINTED WOOD OR WIRE SHELVES @12" STARTING BOTTOM SHELF @ 36" A.F.F. AND TOP SHELF @ 7'-0". REF. TO UNIT ELEVATIONS
15. PAINTED WOOD OR WIRE SHELVES WITH 12" SPACING STARTING BOTTOM SHELF @ 1'-0" A.F.F. AND TOP SHELF AT 7'-0 "A.F.F.
16. GLASS SHOWER DOOR MIN 30", MAX 7'-0" W/ GLASS ENCLOSURE TYP. 7'-0"
17. TYP. SHELF MOUNTED @ 66" (46" ADA) A.F.F. ABOVE WASHER REF. TO UNIT ELEVATIONS.
18. TYPICAL ROD AND SHELF LOCATED AT 48" & 54" MAX. A.F.F., TYP. (36" A.F.F. @ A.D.A UNITS)
19. SHOWER HEAD TO BE MOUNTED AT 74" A.F.F. (6'-2") AT TYPICAL/ADA UNITS. ADA UNITS TO BE EQUIPPED WITH ADJUSTABLE WAND.
20. TOWEL RING/HOOK - MOUNTED TOP AT 48" A.F.F.
21. TYPICAL 18" GRAB BAR MOUNTED VERTICALLY BOTTOM OF GRAB BAR TO BE MOUNTED 41" A.F.F.
22. SHAMPOO NICHE W/ BOTTOM OF LEDGE MOUNTED @ 2'-0" ABOVE TUB. 4"-6" ABOVE SHOWER PAN W/ ADDITIONAL WATERPROOFING @ WALL CORNER & PENETRATIONS.
23. TWO GLASS SHELVES ABOVE KITCHEN SINK MOUNTED AT 57" & 68"
24. 18" TOWEL BAR - MOUNTED TOP AT 44"-48"A.F.F.
25. VERTICAL BLOCKING ADJACENT TO SHOWER
26. 52" CONCEAL MOUNTED GRAB BAR MOUNTED 33" - 36", MAX. 6" FROM ADJ. WALLS. TYP. ADA UNITS
27. WALL MOUNTED EXHAUST FAN, REF. MEP & ELEVATIONS FOR LOCATIONS. COORDINATE W/ PLUMBING & WALL CONDITIONS

SEE SHEET G1.04 FOR ADDITIONAL INFORMATION.

NOTE:
54" MAX HT. A.F.F. TO WASHER & DRYER CONTROLS

REFER TO BUILDING PLAN FOR ALL WINDOW LOCATIONS.

UNIT PLAN GENERAL NOTE

1. DETAILS ON THIS SHEET ARE TYPICAL UNLESS NOTED OTHERWISE.
2. REFER TO SHEET A9.06 FOR FLASHING AND WATERPROOFING NOTES. DIMENSIONS AND DETAILS.
3. SOME TOLERANCES BETWEEN MATERIAL ARE SHOWN ENLARGED FOR CLARITY.
4. SLOPE ALL FINISHED SURFACES OF PARTICES 1/4 INCH PER FOOT MAX TO DRAIN UNLESS OTHERWISE NOTED.
5. REFER TO ENLARGED PLANS FOR ADDITIONAL NOTES AND DIMENSIONS.
6. ALL EXTERIOR, INTERIOR BEARINGS, AND SEPERATION WALLS TO BE 1 HOUR RATED UNLESS OTHERWISE NOTED.
7. REFER TO ELEVATIONS/MEP PLANS FOR EXTERIOR LIGHT LOCATIONS.
8. REFER TO G SHEETS FOR ADA SINK HEIGHT GUIDELINES (SINK TYPE SPECIFIC).
9. ALL UNIT ENTRY DOORS TO HAVE A MINIMUM 18 INCH CLEARANCE ON THE PULL SIDE OF THE DOOR.
10. 18 INCH HOLD AT TOILET TO BE HELD FROM FINISH MATERIALS.
11. FIRE SPRINKLER PIPES CROSSING BREEZEWAYS TO BE INSULATED AS REQUIRED PER CODE.
13. FIRE SPRINKLER IN ATTIC TO BE 'TENTED' AS REQUIRED PER/ FIRE MATERIAL.
14. DRYER EXHAUST VENTS TO BE LOCATED MINIMUM 36 INCHES AWAY FROM OPERABLE WINDOW OPENING.
15. FURR-DOWNS AT 'BATHROOM FOR 'PANCAKE/CASSETTE' TYPE HVAC UNITS TO BE OF NON-COMBUSTABLE CONSTRUCTION/ MATERIALS AS REQUIRED PER CODE OR BE UNIT TYPE THAT DOES NOT REQUIRE NON COMBUSTABLE CONSTRUCTION.
16. CASED OPENINGS TO BE TRIMMED OUT TO MATCH DOORS.
17. ELECTRICAL OUTLETS AT BATHROOMS IN ADA UNITS TO BE INSTALLED HORIZONTALLY IF REQUIRED FOR CLEARANCE AT MEDICINE CABINETS AS NEEDED.
18. BLOCKING TO BE PROVIDED ON WALLS/ CABINETS FOR MOUNTING OF CONCEALED BRACKETS FOR COUNTERTOP SUPPORT.
19. LIGHTING, PLUMBING, FIXTURES, APPLIANCES, AND MISCELLANEOUS HARDWARE ON PLANS FOR REFERENCE ONLY. REFER TO INTERIOR DESIGN SPECIFICATIONS AND OWNER APPROVED ITEMS PRIOR TO FINAL INSTALLATIONS.
20. ALL WET WALLS TO BE 2 X 6 INCH FRAMED WALLS.
21. ALL DOORS TO BE 4 INCHES CLEAR MIN. FROM HINGE SIDE OF DOOR TO WALL U.N.O.
22. ALL BLOCKING TO BE MINIMUM 2 X 6 INCHESAND INSTALLED PER ADA OR FHA STANDARDS AND TO BE FIELD VERIFIED BY CONTRACTOR.
23. ALL BLOCKING SHOWN IS A GRAPHICAL REPRESENTATION AND SHOULD FIRST AND FOREMOST COMPLY WITH ADA AND FHA STANDARDS, WHICHEVER IS MORE STRINGENT, (SEE G SHEETS)
24. TYPICAL BLOCKING IN SHOWERS, TUBS TO BE CONTINUOUS (WALL TO WALL).
25. BLOCKING TO BE PLACED TO SUPPORT FOLDING SEATS IN SHOWER STALLS PER ADA AND FHA WHERE APPLICABLE.
26. SUPPORT BRACKETS AND BLOCKING FOR SHELVES TO BE INSTALLED EVERY 3 FEET.

WALL TYPES LEGENDS

NOT ALL ULs LISTED WILL BE USED REFER TO DETAIL DRAWINGS FOR UL WALL DETAILS
REFER TO ELEVATIONS FOR TYPE OF EXTERIOR FINISH MATERIALS

- UL #U306 — 1HR-INTERIOR PARTITION WALL
- UL #U306 — 1HR-INTERIOR CORRIDOR WALL
- UL #U341 — 1HR-INTERIOR TENANT WALL
- UL #U311 — 1HR-INTERIOR WALL
- UL #U301 — 2HR-STAIR WALL
- UL #U301 — 2HR-STAIR WALL BRICK
- WP #3820 — 2HR-STAIR/UNIT WALL
- UL #U356 — 1HR-EXTERIOR BRICK WALL
- WP #8109 — 1HR-BREEZEWAY WALL/UNIT WALL
- UL #U356 — 1HR-EXTERIOR HARDI SIDING/PANEL WALL
- UL #U356 — 1HR-EXTERIOR STONE VENEER WALL
- UL #U459 — 1HR-EXTERIOR STUCCO WALL
- UL #U323 — 1HR/2HR-INTERIOR METAL FRAMING WALL
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A2.17 UNIT C1 - PLAN

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REGISTERED ARCHITECT — STATE OF TEXAS — 06/10/2024

ISSUE DATE:	05/22/2024
REVISION:	HAS REVIEW
DRAWN BY:	AAG
CHECKED BY:	JMT
ISSUED FOR:	CD
SUBMITTAL DATE:	06/10/2024
SHEET NO.:	A2.17
SCALE:	As indicated

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1387 **Agenda Date:** 4/9/2026 **Agenda #:** 4.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Palo Verde Senior Apartments (HTC #25013)

RECOMMENDED ACTION

WHEREAS, Palo Verde Senior Apartments (the Development) received an award of 9% Housing Tax Credits (HTCs) for the construction of 75 multifamily units for the elderly in Corpus Christi, Nueces County;

WHEREAS, Corpus Christi Huntwick Avenue LP (the Applicant) requests approval for a material amendment to the Application for a change to the architectural design, which also includes an increase to the number of units from 75 to 80, a reduction of 3,657 square feet (25.83%) to Common Area, and an increase to the Net Rentable Area (NRA);

WHEREAS, Board approval is required for a significant modification of the architectural design of the Development, a modification of the number of units or bedroom mix of units, and a reduction of 3% or more in the square footage of the units or common areas as directed in Tex. Gov't Code §2306.6712(d)(2), (4), and (5) and 10 TAC §10.405(a)(4)(B), (D), and (E), and the Applicant has complied with the amendment requirements therein;

WHEREAS, Board approval of this amendment does not constitute a waiver of any of the rules or statutes applicable to the 2025 HTC Application, including but not limited to the accessibility requirements stated in Chapter 1, Subchapter B; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or change the amount of the tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Palo Verde Senior Apartments 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

Palo Verde Senior Apartments received a 9% HTC award in 2025 to construct 75 affordable units for the elderly in Corpus Christi, Nueces County. In a letter dated February 3, 2026, Sallie

Burchett, representative for the Applicant, requested approval for changes to the architectural design, increasing the total number of units by 6.67%, from 75 to 80. The five additional units will be market rate units. The revised unit mix will consist of 41 one-bedroom units and 39 two-bedroom units instead of the originally proposed 38 one-bedroom units and 37 two-bedroom units. This change resulted in an increase in the net rentable area from 54,250 square feet at Application to 57,750 square feet, which is an increase of 6.45% or 3,500 square feet, and a reduction of 25.83% or 3,657 square feet in the Common Area, from 14,156 square feet to 10,499 square feet. It should also be noted that the Applicant received approval from the City of Corpus Christi Development Services Department to reduce the number of parking spaces to a ratio of 0.875 spaces per dwelling unit, or a total of 70 parking spaces. Originally, it was anticipated that 148 parking spaces would be provided.

The Applicant states the reason for the requested changes is that the contractor bids were much higher than anticipated and the design documents revealed inefficiencies in design. The Applicant explained that, despite best efforts during the pre-development phase, they were unable to anticipate the increases in cost. The overabundance of non-rentable area, along with the contractor bids, proved the proposed design was infeasible. Therefore, the developer and designer created a simpler architectural design that maintains the original projected financial feasibility. Adding the market rate units and reducing the common area was a cost-effective way for the Development to be feasible.

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 architectural design plans will continue to meet accessibility requirements. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the selection of the Application in the competitive round. However, due to the increase from 75 to 80 units, the Development must now provide seven points of common amenities instead of the four points required originally.

Staff recommends approval of the amendment request as presented herein.

powered by Legistar™

Real Estate Analysis Division
March 13, 2026

Addendum to Underwriting Report

TDHCA Application #: **25013** Program(s): **9% HTC**

Palo Verde Senior Apartments

Address/Location: 5501 Huntwick Ave

City: Corpus Christi County: Nueces Zip: 78413

	APPLICATION HISTORY
Report Date	**PURPOSE**
03/13/26	**Amendment**
07/11/25	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**
FHTC (9% Credit)	$1,948,110				**$1,948,110**						

CONDITIONS STATUS

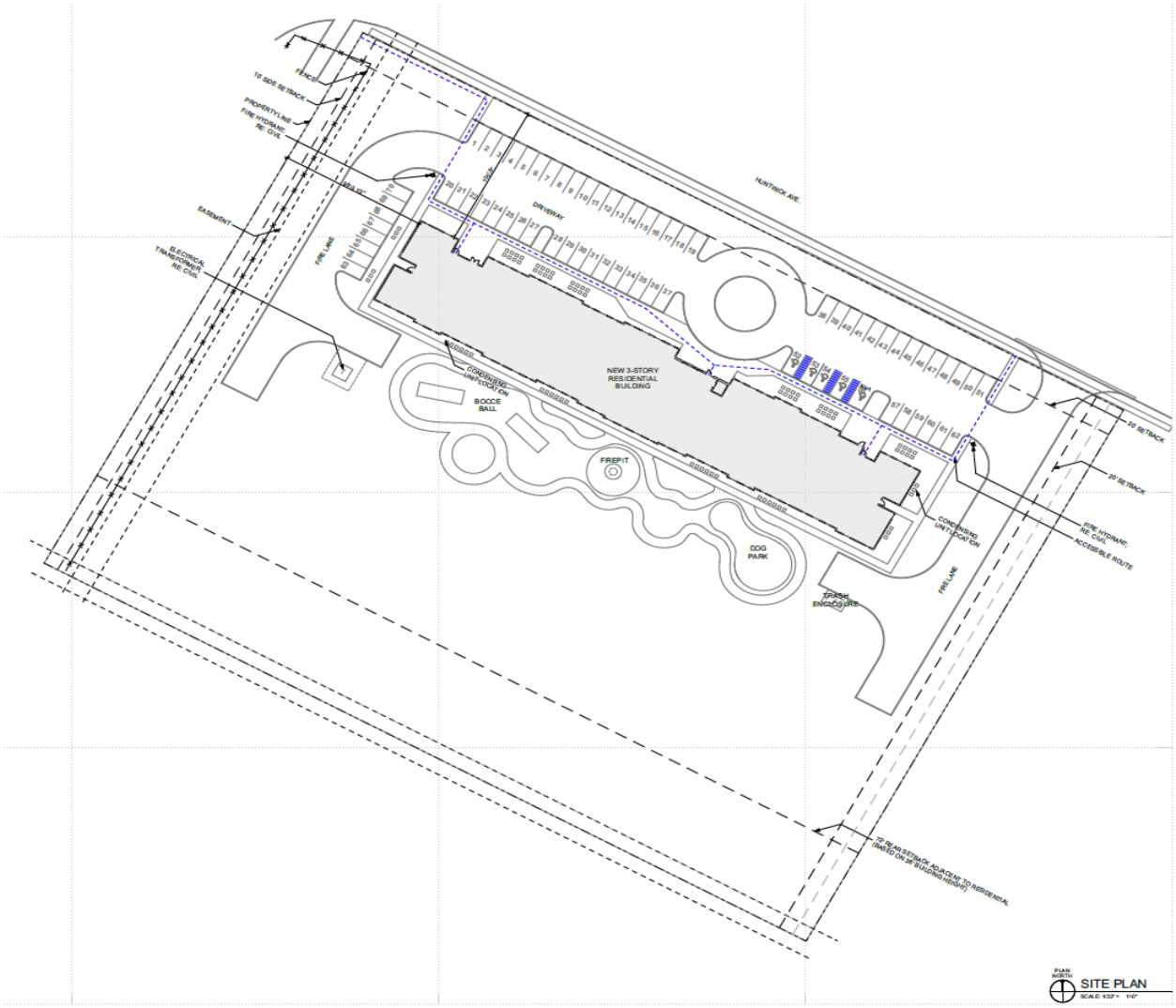
- Receipt and acceptance by 10% Test:
  - o: Formal approval for $1,000,000 loan from City of Corpus Christi clearly stating all terms, conditions and source of funding.

  Status: Cleared 11/5/2025
- Receipt and acceptance by 10% Test:
  - o: **NEW CONDITION**: Formal approval for $2,000,000 loan from City of Corpus Christi clearly stating all terms, conditions and source of funding.

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
50% of AMI	50% of AMI	15
60% of AMI	60% of AMI	52

DEVELOPMENT SUMMARY

SITE PLAN



Parking

The applicant has received approval from the City of Corpus Christi Development Services Department to reduce the number of parking spaces to a ratio of 0.875 spaces per dwelling unit, or a total of 70 parking spaces.

ANALYSIS

The Applicant submitted a request to modify the site plan, add 5 market units, and decrease the common area.

Operating Pro Forma

Updating rents to 2025 Housing Tax Credit limits results in a 1st year DCR of 1.23

Unit Mix changes have resulted in the following changes to the Applicant's Pro Forma:
$164k increase to effective gross annual income;
$42k increase to total expenses; and
$104k increase to Net Operating Income.

Water and Sewer utility payments have moved to the landlord's responsibility.
Tenant utility allowances have been reduced by:
1 bedrooms units down from $94 to $43
2 bedroom units down from $108 to $54

The applicant submitted a Rent Schedule that was not in compliance with §11.302 (d)(1)(A)(i). To correct this, the underwriter altered the Applicant's amendment from what they submitted to reflect the following following changes which reduced gross income by $9k:
1 bed market unit rent changed from $1200 to $1085
2 bed martket unit rent changed from $1500 to $1300

Development Cost

Total Development Costs increased $2.3M:
Building Costs increased $2M
Total Contractor Fees increased $300k

The amended DCS received included $60k in Soft Cost contingency that needed to be reclassified to Contingency. This issue was previous highlighted in the initial underwriting report.

Sources of Funds

Total Debt has increased from $5.1M to $7.7M. Citi Bank has increased their principal from $4.1M to $5.7M and the City of Corpus Christi has reportedly increased their principal from $1m to $2M.

Citi Bank has changed their terms from 6% with 35 years of amortization to 5.75% at 40 years. The City of Corpus Christi has reportedly changed from a 40 year amortization to none.

Underwriter recommends $1,948,110 in annual federal tax credits 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

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

LOCATION DATA	
CITY:	Corpus Christi
COUNTY:	Nueces
Area Median Income	$82,700
PROGRAM REGION:	10
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	SHTC	Match
Eff	-	0.0%	0	0	0	0
1	41	51.3%	0	0	0	0
2	39	48.8%	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	**80**	**100.0%**	**-**	**-**	**-**	**-**

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	93.75%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	722 sf

55% Average Income		20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	Income									
	# Units	-	8	-	15	52	-	-	5	**80**
	% Total	0.0%	10.0%	0.0%	18.8%	65.0%	0.0%	0.0%	6.3%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

FEDERAL 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%	$465	4	1	1	600	$465	$43	$422	$0	$0.70	$422	**$1,688**	**$1,688**	$422	$0.70	$0	$1,125	$1.88	$1,125
TC 50%	$775	7	1	1	600	$775	$43	$732	$0	$1.22	$732	**$5,124**	**$5,124**	$732	$1.22	$0	$1,125	$1.88	$1,125
TC 60%	$930	27	1	1	600	$930	$43	$887	$0	$1.48	$887	**$23,949**	**$23,949**	$887	$1.48	$0	$1,125	$1.88	$1,125
MR		3	1	1	600	$0	$43		NA	$1.81	$1,085	**$3,255**	**$3,255**	$1,085	$1.81	NA	$1,085	$1.81	$1,125
TC 30%	$558	4	2	1	850	$558	$54	$504	$0	$0.59	$504	**$2,016**	**$2,016**	$504	$0.59	$0	$1,300	$1.53	$1,300
TC 50%	$931	8	2	1	850	$931	$54	$877	$0	$1.03	$877	**$7,016**	**$7,016**	$877	$1.03	$0	$1,300	$1.53	$1,300
TC 60%	$1,117	25	2	1	850	$1,117	$54	$1,063	$0	$1.25	$1,063	**$26,575**	**$26,575**	$1,063	$1.25	$0	$1,300	$1.53	$1,300
MR		2	2	1	850	$0	$54		NA	$1.53	$1,300	**$2,600**	**$2,600**	$1,300	$1.53	NA	$1,300	$1.53	$1,300
TOTALS/AVERAGES:		**80**			**57,750**				**$0**	**$1.25**	**$903**	**$72,223**	**$72,223**	**$903**	**$1.25**	**$0**	**$1,209**	**$1.67**	**$1,210**

ANNUAL POTENTIAL GROSS RENT:	**$866,676**	**$866,676**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

	STABILIZED FIRST YEAR PRO FORMA																
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA					VARIANCE	
	Database		Regional Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI		%	$
POTENTIAL GROSS RENT						$1.25	$903	$866,676	**$711,000**	**$711,000**	$866,676	$903	$1.25			0.0%	$0
Late fees, pet deposits							$30.00	$28,800	27,000								
Total Secondary Income							$30.00			27,000	$28,800	$30.00				0.0%	$0
POTENTIAL GROSS INCOME								$895,476	$738,000	$738,000	$895,476					0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(67,161)	(55,350)	(55,350)	(67,161)	7.5% PGI				0.0%	-
EFFECTIVE GROSS INCOME								$828,315	$682,650	$682,650	$828,315					0.0%	$0
General & Administrative	$38,912	$486/Unit	$37,616	$470	2.17%	$0.31	$225	$18,000	$18,000	$40,616	$38,912	$486	$0.67	4.70%		-53.7%	(20,912)
Management	$39,587	4.2% EGI	$37,699	$471	4.04%	$0.58	$418	$33,463	$34,133	$34,133	$33,133	$414	$0.57	4.00%		1.0%	330
Payroll & Payroll Tax	$108,454	$1,356/Unit	$106,286	$1,329	9.92%	$1.42	$1,028	$82,200	$82,200	$82,200	$82,200	$1,028	$1.42	9.92%		0.0%	-
Repairs & Maintenance	$83,998	$1,050/Unit	$92,594	$1,157	5.53%	$0.79	$573	$45,818	$45,818	$48,750	$52,000	$650	$0.90	6.28%		-11.9%	(6,182)
Electric/Gas	$15,593	$195/Unit	$11,049	$138	1.94%	$0.28	$201	$16,040	$16,040	$15,184	$15,593	$195	$0.27	1.88%		2.9%	447
Water, Sewer, & Trash	$67,009	$838/Unit	$43,309	$541	8.47%	$1.21	$877	$70,160	$34,290	$34,290	$70,160	$877	$1.21	8.47%		0.0%	-
Property Insurance	$112,725	$1.95 /sf	$98,345	$1,229	5.24%	$0.75	$543	$43,425	$43,425	$43,425	$43,425	$543	$0.75	5.24%		0.0%	-
Property Tax (@ 50%) 2.1745	$35,921	$449/Unit	$23,414	$293	6.33%	$0.91	$655	$52,416	$47,255	$38,413	$35,921	$449	$0.62	4.34%		45.9%	16,495
Reserve for Replacements					2.41%	$0.35	$250	$20,000	$18,750	$18,750	$20,000	$250	$0.35	2.41%		0.0%	-
Supportive Services					0.48%	$0.07	$50	$3,960	$3,960	$3,960	$3,960	$50	$0.07	0.48%		0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.36%	$0.05	$37	$2,960	$2,960	$3,000	$3,000	$38	$0.05	0.36%		-1.3%	(40)
TOTAL EXPENSES					**46.90%**	**$6.73**	**$4,856**	**$388,442**	**$346,831**	**$362,720**	**$398,304**	**$4,979**	**$6.90**	**48.09%**		**-2.5%**	**$ (9,862)**
NET OPERATING INCOME ("NOI")					**53.10%**	**$7.62**	**$5,498**	**$439,873**	**$335,820**	**$319,930**	**$430,011**	**$5,375**	**$7.45**	**51.91%**		**2.3%**	**$ 9,862**
CONTROLLABLE EXPENSES							$2,903/Unit					$3,236/Unit					

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Citi Bank		1.18	1.21	364,495	5.75%	40	15.0	$5,700,000	$4,100,000	$4,100,000	$5,700,000	15.0	40.0	5.75%	$364,495	1.21	23.7%
CASH FLOW DEBT / GRANTS																	
City of Corpus Christi		1.18	1.21		0.00%	0	0.0	$500	$500	$500	$500	0.0	0.0	0.00%		1.21	0.0%
City of Corpus Christi - HOME Loan		1.18	1.21		3.00%	0	40.0	$2,000,000	$1,000,000	$1,000,000	$2,000,000	40.0	0.0	3.00%		1.21	8.3%
				$364,495		**TOTAL DEBT / GRANT SOURCES**		**$7,700,500**	**$5,100,500**	**$5,100,500**	**$7,700,500**			**TOTAL DEBT SERVICE**	**$364,495**	**1.21**	32.0%
NET CASH FLOW		$65,516	$75,378								**APPLICANT**	**NET OPERATING INCOME**		**$439,873**	**$75,378**	**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**
Boston Financial	LIHTC Equity	66.4%	$1,948,110	$0.82	$15,972,905	$15,972,905	$15,972,905	$15,972,905	$0.8199	$1,948,110	66.4%	$24,351	Applicant Request
Danco Communities	Deferred Developer Fees	1.6%	(16% Deferred)		$378,710	$599,415	$599,415	$599,415	(16% Deferred)		2.5%	**Total Developer Fee:**	**$2,409,353**
TOTAL EQUITY SOURCES		68.0%			$16,351,615	$16,572,320	$16,572,320	$16,351,614			68.0%		
TOTAL CAPITALIZATION					**$24,052,115**	**$21,672,820**	**$21,672,820**	**$24,052,114**				**15-Yr Cash Flow after Deferred Fee:**	**$1,297,352**

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			$31,250 / Unit	$2,500,000		$2,500,000	$2,500,000	$2,500,000	$31,250 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit	$0		$0	$0	$0	$ / Unit			$0	0.0%	$0
				$0		$0	$0	$0					0.0%	$0
Site Work		$1,490,315	$18,629 / Unit	$1,490,315		$1,490,315	$1,490,315	$1,490,315	$18,629 / Unit		$1,490,315		0.0%	$0
Site Amenities		$212,610	$2,658 / Unit	$212,610		$212,610	$212,610	$212,610	$2,658 / Unit		$212,610		0.0%	$0
Building Cost		$10,932,661	$189.31 /sf	$136,658/Unit	$10,932,661	$8,927,575	$8,960,501	$10,617,614	$132,720/Unit	$183.85 /sf	$10,617,614		3.0%	$315,047
Contingency		$580,220	4.59%	5.47%	$691,779	$686,745	$686,745	$691,779	5.61%	4.71%	$580,220		0.0%	$0
Contractor Fees		$1,529,449	11.57%	13.94%	$1,857,431	$1,576,014	$1,576,014	$1,821,724	14.00%	11.86%	$1,529,449		2.0%	$35,707
Soft Costs	$0	$1,664,650		$26,863 / Unit	$2,149,070	$2,149,070	$2,149,070	$2,149,070	$26,863 / Unit		$1,664,650	$0	0.0%	$0
Financing	$0	$1,220,000		$20,183 / Unit	$1,614,674	$1,530,992	$1,530,992	$1,614,674	$20,183 / Unit		$1,220,000	$0	0.0%	$0
Developer Fee	$0	$2,261,647	12.83%	13.58%	$2,409,353	$2,409,353	$2,409,353	$2,409,353	13.83%	13.06%	$2,261,647	$0	0.0%	$0
Reserves				3 Months	$194,221	$190,146	$190,146	$194,221	3 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$19,891,552**		$300,651 / Unit	**$24,052,114**	**$21,672,820**	**$21,705,747**	**$23,701,360**	$296,267 / Unit		**$19,576,504**	**$0**	**1.48%**	**$350,754**
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**	**$19,891,552**		$300,651/unit	**$24,052,114**	**$21,672,820**	**$21,705,747**	**$23,701,360**	$296,267/unit		**$19,576,504**	**$0**	**1.5%**	**$350,754**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$24,052,114**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$19,891,552	$0	$19,576,504
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$19,891,552	$0	$19,576,504
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$25,859,017	$0	$25,449,456
Applicable Fraction	93.75%	93.75%	94%	94%
TOTAL QUALIFIED BASIS	$0	$24,242,829	$0	$23,858,865
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,181,855	$0	$2,147,298
CREDITS ON QUALIFIED BASIS	$2,181,855		$2,147,298	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8199	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,181,855	$17,889,419	----	----	----
Needed to Fill Gap	$1,994,299	$16,351,614	----	----	----
Applicant Request	$1,948,110	$15,972,905	**$1,948,110**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		57,750 SF	$141.52	8,172,838
Adjustments				
Exterior Wall Finish	0.48%		0.68	$39,230
Elderly	9.00%		12.74	735,555
9-Ft. Ceilings	3.06%		4.33	250,089
Roof Adjustment(s)			2.08	120,000
Subfloor			(0.23)	(13,283)
Floor Cover			3.75	216,563
Enclosed Corridors	$129.27	10,821	24.22	1,398,841
Balconies	$47.40	480	0.39	22,752
Plumbing Fixtures	$2,180	0	0.00	0
Rough-ins	$810	160	2.24	129,600
Built-In Appliances	$4,405	80	6.10	352,400
Exterior Stairs	$4,250	0	0.00	0
Heating/Cooling			4.11	237,353
Storage Space	$129.27	0	0.00	0
Carports	$21.40	0	0.00	0
Garages	$41.00	0	0.00	0
Common/Support Area	$214.81	1,220	4.54	262,065
Elevators	$129,800	1	2.25	129,800
Other:			0.00	0
Fire Sprinklers	$4.60	69,791	5.56	321,039
SUBTOTAL			**214.28**	**12,374,841**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**214.28**	**$12,374,841**
Plans, specs, survey, bldg permits	3.10%		(6.64)	($383,620)
Contractor's OH & Profit	11.10%		(23.79)	(1,373,607)
NET BUILDING COSTS		$132,720/unit	$183.85/sf	$10,617,614

Long-Term Pro Forma

Palo Verde Senior Apartments, Corpus Christi, 9% HTC #25013

	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%	$828,315	$844,882	$861,779	$879,015	$896,595	$989,913	$1,092,944	$1,206,699	$1,332,293	$1,470,959	$1,624,058	$1,793,091
TOTAL EXPENSES	3.00%	$388,442	$399,761	$411,412	$423,406	$435,753	$503,158	$581,091	$671,207	$775,422	$895,956	$1,035,379	$1,196,667
NET OPERATING INCOME ("NOI")		**$439,873**	**$445,121**	**$450,367**	**$455,608**	**$460,842**	**$486,755**	**$511,853**	**$535,492**	**$556,871**	**$575,003**	**$588,679**	**$596,424**
EXPENSE/INCOME RATIO		46.9%	47.3%	47.7%	48.2%	48.6%	50.8%	53.2%	55.6%	58.2%	60.9%	63.8%	66.7%
MUST -PAY DEBT SERVICE													
Citi Bank		$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495
TOTAL DEBT SERVICE		$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495	$364,495
DEBT COVERAGE RATIO		1.21	1.22	1.24	1.25	1.26	1.34	1.40	1.47	1.53	1.58	1.62	1.64
ANNUAL CASH FLOW		**$75,378**	**$80,626**	**$85,872**	**$91,113**	**$96,347**	**$122,260**	**$147,358**	**$170,997**	**$192,376**	**$210,508**	**$224,184**	**$231,929**
Deferred Developer Fee Balance		$303,331	$222,705	$136,833	$45,720	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$50,627	$610,314	$1,297,352	$2,105,790	$3,025,996	$4,043,794	$5,139,417	$6,286,277

February 3, 2026

Ms. Jessica Perez
Asset Manager (Region 10)
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Via: jessica.perez@tdhca.texas.gov

Re: Palo Verde Senior Apartments, TDHCA #25013, Corpus Christi, TX

Dear Ms. Perez:

Please accept this formal request for a material amendment to #25013 Palo Verde Senior Apartments. During final construction documents and bidding the financial feasibility of the development revealed itself as problematic. The solution was to modify the architectural design which resulted in 5 additional units and less common area. These necessary modifications trigger this amendment request. The 5 additional market rate units coupled with the simplified design with less common area has no **net** financial impact to the development. The proposed modifications will make the project feasible within the current budget.

Changes Requested

The Applicant is requesting approval for the following material amendment components:

1) **Modification of number of units** | An additional 5 units were added since the time of application, bringing the total number of units to 80. The additional 5 units will be market rate.

2) **Significant modification of the architectural design**
   a. The increase in units results in a 3,500 square feet/**6.4% increase in NRA**. The change in NRA is shown below.
   b. The common area was altered to accommodate the increase in units, resulting in a reduction of common area that is approximately 3,657 square feet/**25.8% decrease from Application**. The change in common area is shown below.

Net Rentable Area Summary:

At Application	As Amended	Change	Change (%)
54,250 sq ft.	57,750 sq ft	+3,500 sq ft	6.4% increase

Common Area Summary:

At Application	As Amended	Change	Change (%)
14,156 sq ft.	10,499 sq ft	-3,657 sq ft	25.8% decrease

Reason the Change is Necessary & Good Cause for the Change

Following Application, the contractor bids were much higher than anticipated. The developer and designers created a simpler architectural design that maintains the original projected financial feasibility. The design allows for 5 additional units market rate units that maintain the Department's underwriting criteria. While the interior common area decreased, the amenities are substantive and worth more than twice as many points than required at full application. At Application the development needed 4 community amenity points. Due to the increase from 75 to 80 units, the development must provide 7 points of amenities, and it is providing 9.

Explanation of Foreseeable or Preventable Nature

At the time of Application, the Applicant planned for a quantity of 75 units and received input from several contractors regarding pricing. Full design documents revealed inefficiencies in design. The overabundance of non-rentable area and coupled with formal contractor bids proved infeasible as proposed. Despite best efforts during the pre-development phase, the developer was unable to anticipate the increases in costs. Adding market rate units and reducing common area is a creative and cost-effective route for development feasibility and results in no loss of quantity or quality for the affordable units.

Amendment Fee

The developer has submitted the $3,000 material amendment fee. Thank you for marshaling the amendment request through the system. Please feel free to contact me if you have any additional questions.

Sincerely,

Sallie Burchett
Consultant to the Project

Attachments
A – Amendment Request Form
B.1 – Architecture Plans: Building Floor Plans at Amendment
B.2 – Architecture Plans: Building Floor Plans at Application
C.1 – Architecture Plans: Unit Floor Plans at Amendment
C.2 – Architecture Plans: Unit Floor Plans at Application
D.1 – Common Area Calculation at Amendment
D.2 – Common Area Calculation at Application
E.1 – Rent Schedule
E.2 –Operating Expenses
E.3 –Proforma
E.4 – No Net Financial Impact

CITY OF CORPUS CHRISTI
DEVELOPMENT SERVICES

03/09/2026

The Danco Group
5501 Huntwick
Corpus Christi, TX

RE: Approval of Parking Variance Request
5501 Huntwick – Affordable Senior Housing Community

As per your request, please be advised that your request for a parking adjustment related to the proposed 80-unit affordable senior housing community at 5501 Huntwick has been approved. The parking requirement has been reduced to a ratio of **0.875 spaces per dwelling unit**, or a total of **70 parking spaces**, based on the information submitted to our offices.

Please let me know if you have any questions regarding this subject.

Kindest Regards,

Elena Buentello – Planner III/AICP
2406 Leopard Street
Land Development Division, Development Services Department
Corpus Christi, TX 78401

cc: Andrew Dimas, Assistant Director of Development Services

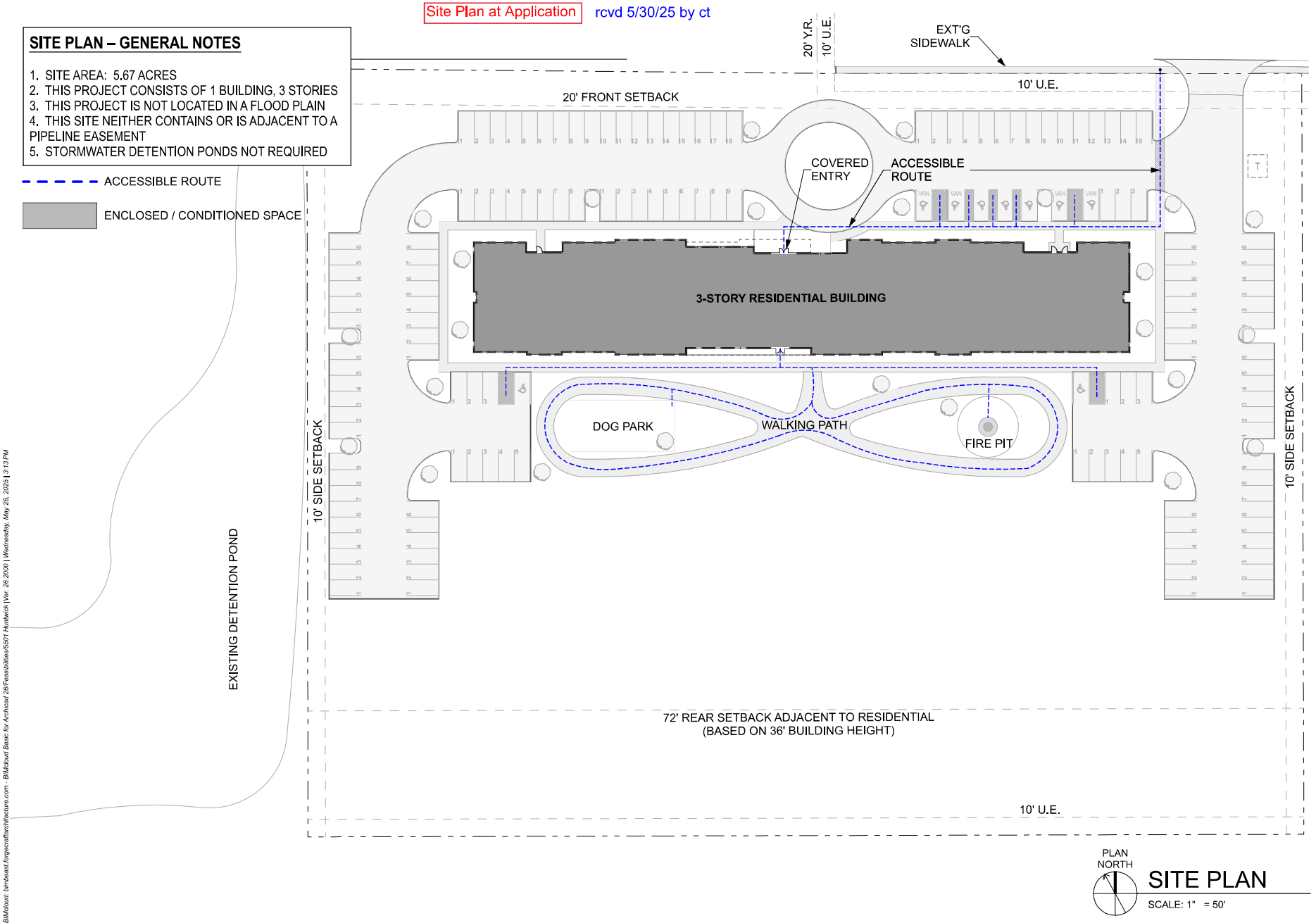
Site Plan at Application rcvd 5/30/25 by ct

SITE PLAN – GENERAL NOTES

1. SITE AREA: 5.67 ACRES
2. THIS PROJECT CONSISTS OF 1 BUILDING, 3 STORIES
3. THIS PROJECT IS NOT LOCATED IN A FLOOD PLAIN
4. THIS SITE NEITHER CONTAINS OR IS ADJACENT TO A PIPELINE EASEMENT
5. STORMWATER DETENTION PONDS NOT REQUIRED

ACCESSIBLE ROUTE

ENCLOSED / CONDITIONED SPACE



PLAN NORTH

SITE PLAN

SCALE: 1" = 50'

FORGE CRAFT
ARCHITECTURE + DESIGN
3601 S. Congress Ave, Suite G200
Austin, Texas 78704
512.872.6655
www.forgecraftarchitecture.com

PALO VERDE SENIOR APARTMENTS
5501 Huntwick Ave.
Corpus Christi, Texas USA

ISSUE: TCAP APPLICATION
DATE: 02/21/2025
PROJECT NUMBER: 2024-2008
SHEET TITLE: SITE PLAN

A2

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BIMcloud: bimbeast.forgecraftarchitecture.com - BIMcloud Basic for Archicad 26/Feasibilities/5501 Huntwick | Ver. 26.2000 | Wednesday, May 28, 2025 | 3:13 PM

SITE PLAN GENERAL NOTES

SITE PLAN - GENERAL NOTES

1. THE ARCHITECTURAL SITE PLANS DESCRIBE SITE FEATURES AS SHOWN WITHIN IMMEDIATE VICINITY OF BUILDING AREAS OUT TO THE ATTENDANT ROADS, FIRE ACCESS LANES AND GENERAL SITE CIRCULATION. REFERENCE CIVIL DRAWINGS FOR CONTINUATION OF SITE CONSTRUCTION BEYOND THE ARCHITECTURAL SITE PLANS.
2. COORDINATE CIVIL ENGINEERING SITE DEVELOPMENT PLANS, GRADING PLANS, WATER DETENTION AND WATER QUALITY, SITE DETAILS AND RELATED CONTRACT DOCUMENTS AGAINST ARCHITECTURAL SITE PLANS.
3. SITE FEATURES NOT DETAILED IN ARCHITECTURAL DRAWINGS SHALL BE AS PER CIVIL ENGINEERING SITE DETAILS, U.N.O.
4. COORDINATE SITE CONSTRUCTION WITH RELEVANT ENGINEERING REPORTS — SPECIFICALLY GEOTECHNICAL, ENVIRONMENTAL AND RELATED REPORTS — AS WELL AS CIVIL AND ARCHITECT CONTRACT DOCUMENTS.
5. DO NOT SCALE DRAWINGS. CONFIRM DIMENSIONS AS NOTED AGAINST EXISTING FIELD CONDITIONS AND NOTIFY ARCHITECT AND/OR ENGINEER OF DISCREPANCIES BEFORE WORK HAS COMMENCED.
6. CONTRACTOR SHALL FIELD VERIFY ALL EXISTING CONDITIONS AND DIMENSIONS ACROSS ALL DISCIPLINES DESCRIBING SITE WORK BEFORE COMMENCING WORK, NOTIFY ARCHITECT OF ANY DISCREPANCIES DETECTED IN THE DRAWINGS OR IN THE FIELD BEFORE COMMENCING WORK.
7. ALL SITE CONSTRUCTION SHALL UTILIZE THE APPROVED SITE SURVEY WITH ESTABLISHED BENCHMARKS PER CIVIL SITE DEVELOPMENT PLANS.
8. PROPOSED VERTICAL DIMENSIONS ARE MEASURED RELATIVE TO AN ESTABLISHED INTERNAL DATUM = 0'-0" AND ALSO IN ABSOLUTE SEA LEVEL ELEVATION.
9. FINISH FLOOR ELEVATIONS ARE MEASURED TO TOP OF STRUCTURAL SLAB. SITE RETAINING WALLS ARE MEASURED TO TOP OF FINISH WALL.
10. PROPOSED HORIZONTAL DIMENSIONS ARE MEASURED FROM FACE OF FINISH SURFACES, U.N.O.
11. STRUCTURAL SITE RETAINING WALLS ARE ENGINEERED AND DETAILED PER STRUCTURAL ENGINEERING DRAWINGS.
12. REFERENCE SITE ELECTRICAL DRAWINGS FOR POWER REQUIREMENTS AND SITE LIGHTING.
13. CONTRACTOR SHALL COORDINATE SIZE, EXCAVATION FOR AND PLACEMENT OF ANY REQUIRED CONDUIT FOR LINE OR LOW VOLTAGE POWER TO SITE LIGHTING OR OTHER SITE OR LANDSCAPE FEATURES.
14. ALL EXTERIOR POWER RECEPTACLES SHALL BE GFCI AND BE EXTERIOR-RATED AND FULLY WEATHERPROOF. COORDINATE CIRCUITRY TO HOUSE PANELS INSIDE ATTENDANT BUILDING.
15. TREES AND OTHER PLANTINGS SHOWN FOR REFERENCE ONLY. REFERENCE LANDSCAPE DRAWINGS FOR TREE REMOVAL, MITIGATION, AND LAYOUT.

SITE ACCESSIBILITY - GENERAL NOTES

1. REFERENCE SHEET G1.10: SITE AND BUILDING ACCESSIBILITY SHALL ADHERE TO TEXAS ACCESSIBILITY STANDARDS (TAS).
2. SITE ACCESSIBLE ROUTES SHALL COMPLY WITH TAS AND AS DESCRIBED IN THE DRAWINGS.
2. NO RUNNING SLOPE OF AN ACCESSIBLE ROUTE SHALL EXCEED 5% AS REQUIRED BY TAS.
3. NO CROSS SLOPE OF AN ACCESSIBLE ROUTE SHALL EXCEED 2% AS REQUIRED BY TAS.
4. ALL FINISH SURFACES OF AN ACCESSIBLE ROUTE SHALL FEATURE A SLIP-RESISTANT FINISH.
5. WALKING SURFACES THAT DO NOT EXCEED 1:20 SHALL NOT BE REQUIRED TO HAVE INTERMEDIATE LANDINGS, NOR HANDRAILS.
6. ALL RAMPS SHALL CONFORM TO TAS STANDARDS OF DESIGN AND CONSTRUCTION.
7. ALL HANDRAILS SHALL CONFORM TO IBC 2021, CHAPTER 16, SPECIFICALLY:
   1607.9.1: GUARDS SHALL BE DESIGNED TO RESIST A LINEAR LOAD OF 50 POUNDS PER LINEAR FOOT:
   a. IBC 1607.9.1.1: GUARDS SHALL RESIST A CONCENTRATED LOAD OF 200 POUNDS:
   b. IBC 1607.9.1.2: INTERMEDIATE RAILS, PICKETS AND POSTS SHALL BE DESIGNED TO RESIST A CONCENTRATED LOAD OF 50 POUNDS.

   ALL HANDRAILS SHALL BE EPOXY-PRIMED AND PAINTED WITH A COMPATIBLE EXTERIOR MARINE GRADE FINISH PAINT, BASIS-OF-DESIGN

REQUIRED PARKING

UNIT TYPE	# BEDROOMS	UNIT COUNT	SPACES PER UNIT	TOTAL SPACES
UNIT A	1	41	1.5	61.5
UNIT B1	2	6	2	12
UNIT B2	2	33	2	66
SUBTOTAL				139.5
VISITOR SPACES: 1 PER 5 UNITS				15
TOTAL MINIMUM REQUIRED PARKING				154.5

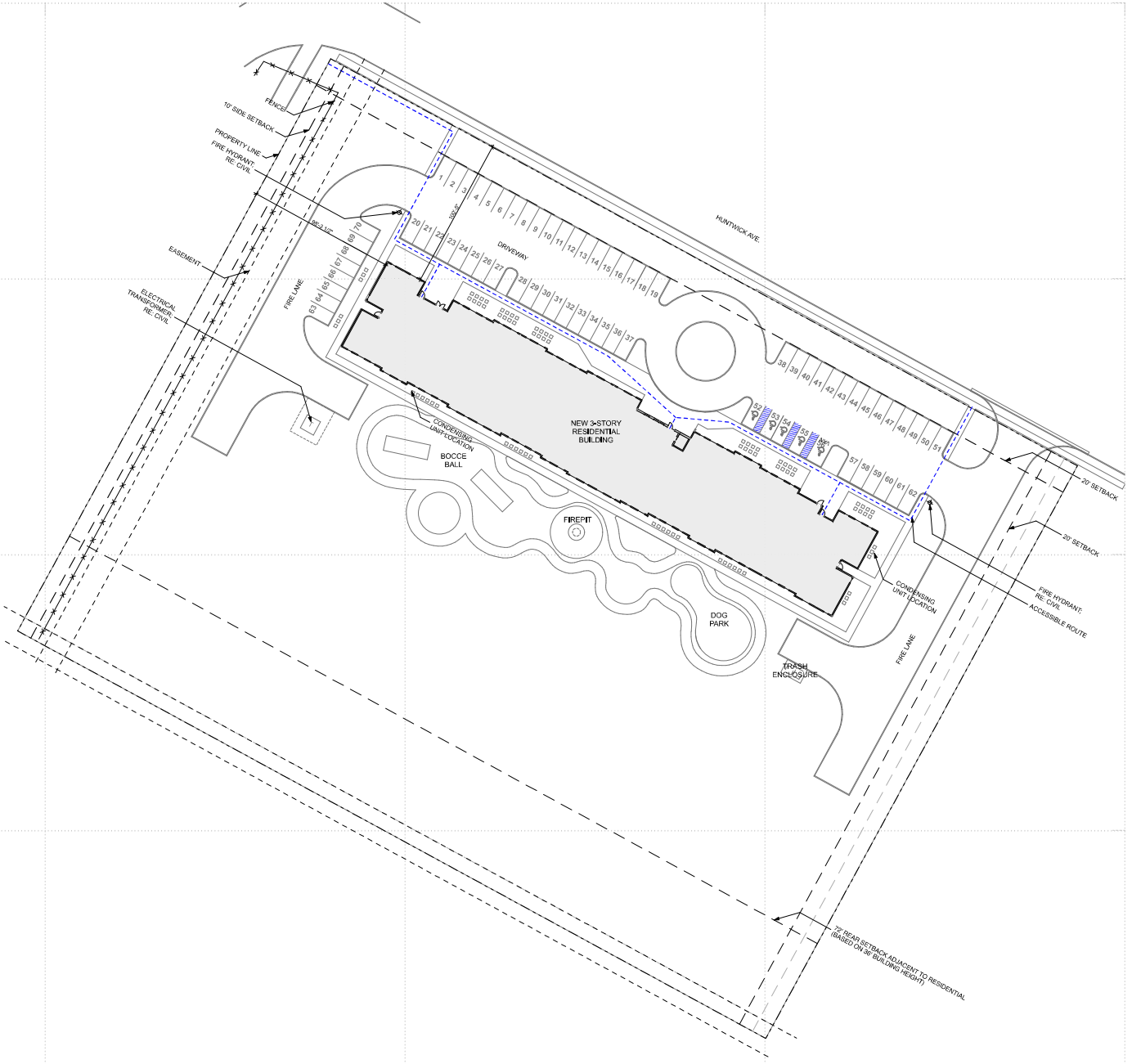
PARKING PROVIDED

ACCESSIBLE SPACES	5
STANDARD SPACES	65
COMPACT SPACES	0
TOTAL SPACES	70

PARKING PER FACILITY	DISTRIBUTION	% OF TOTAL
MAIN PARKING LOT	70	100.00%

ACCESSIBLE SPACES REQUIRED:	101-150 TOTAL SPACES
IBC TABLE 1106.1	3
TAS TABLE 208.2	3
ADAAG TABLE 208.2	3
TDHCA MIN. 1 ACCESSIBLE SPACE PER ACCESSIBLE UNIT	
MINIMUM REQUIRED	5
# OF VAN SPACES REQUIRED	1

ACC. SPACES PROVIDED	DISTRIBUTION	VAN SPACES
MAIN PARKING LOT	5	1
TOTAL	5	1



ACCESSIBLE ROUTE

PLAN NORTH

SITE PLAN

SCALE: 1/32" = 1'-0"

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Scott Ginder - Texas Architect
Registration # 21234

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Palo Verde Senior Apartments
5501 HUNTWICK AVE
CORPUS CHRISTI, TEXAS 78413

REV	DATE	DESCRIPTION

ISSUE:
100% DESIGN DEVELOPMENT
DATE:
01/19/2026
PROJECT NUMBER:
2024-2008
SHEET TITLE:
SITE PLAN
SHEET:
A0.00

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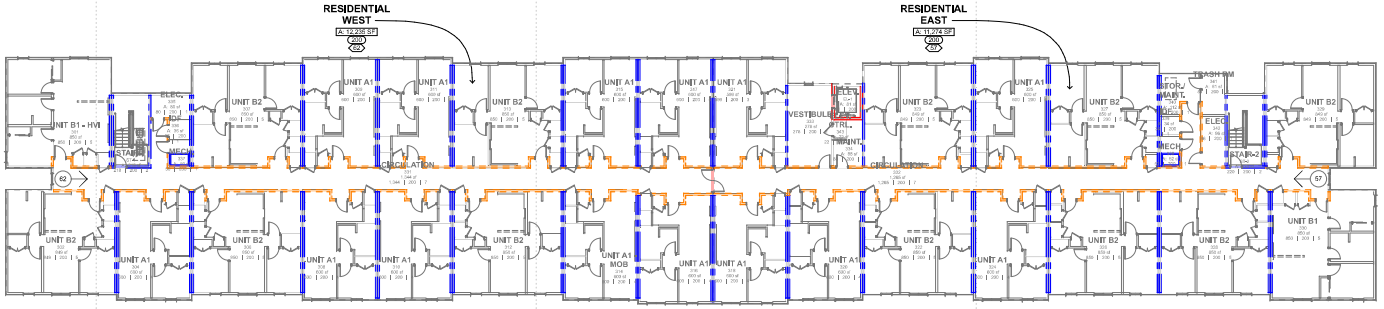
BIMcloud: forgecraft - BIMcloud Software as a Service/Palo Verde Senior Apartments/Palo Verde Senior Apartments | Ver. 26.1000 | Monday, January 19, 2026 | 6:51 PM

LIFE SAFETY LEGEND

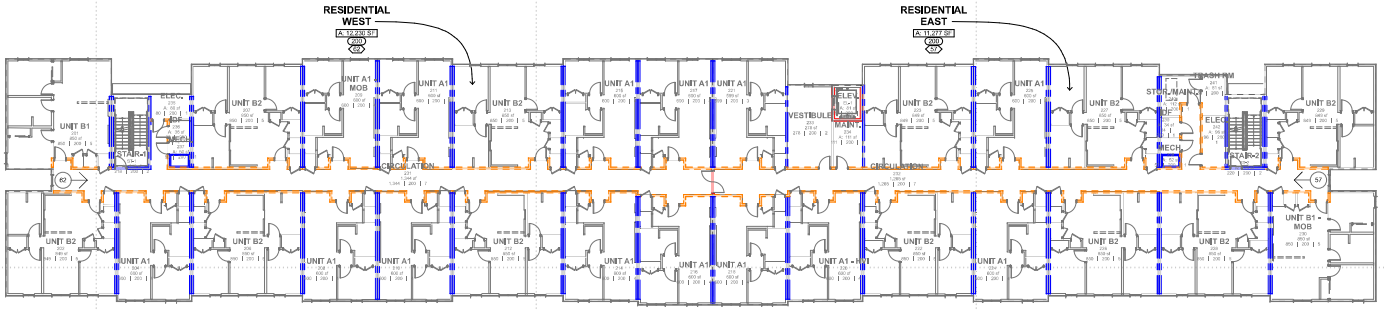
- 1/2-HR RATED ASSEMBLY
- 1-HR RATED ASSEMBLY
- 2-HR RATED ASSEMBLY
- COMMON PATH OF EGRESS TRAVEL (CPT)
- EXIT ACCESS ROUTE, DIRECTION OF TRAVEL (TD = MAX. TRAVEL DISTANCE)
- EXIT ACCESS ROUTE BETWEEN EXITS
- FIRE EXTINGUISHER CABINET
- EXIT SIGN
- LOUNGE / A: 1,784 SF / 100 / 178 — AREA, OCCUPANCY LOAD FACTOR, OCCUPANT LOAD
- 60 — NUMBER OF OCCUPANTS EGRESSING IN THIS DIRECTION

STAIR #1	OBJECT MARK
44"	STAIR WIDTH (INCHES)
146	STAIR CAPACITY
36"	DOOR WIDTH (INCHES)
180	DOOR CAPACITY
128	ACTUAL USE

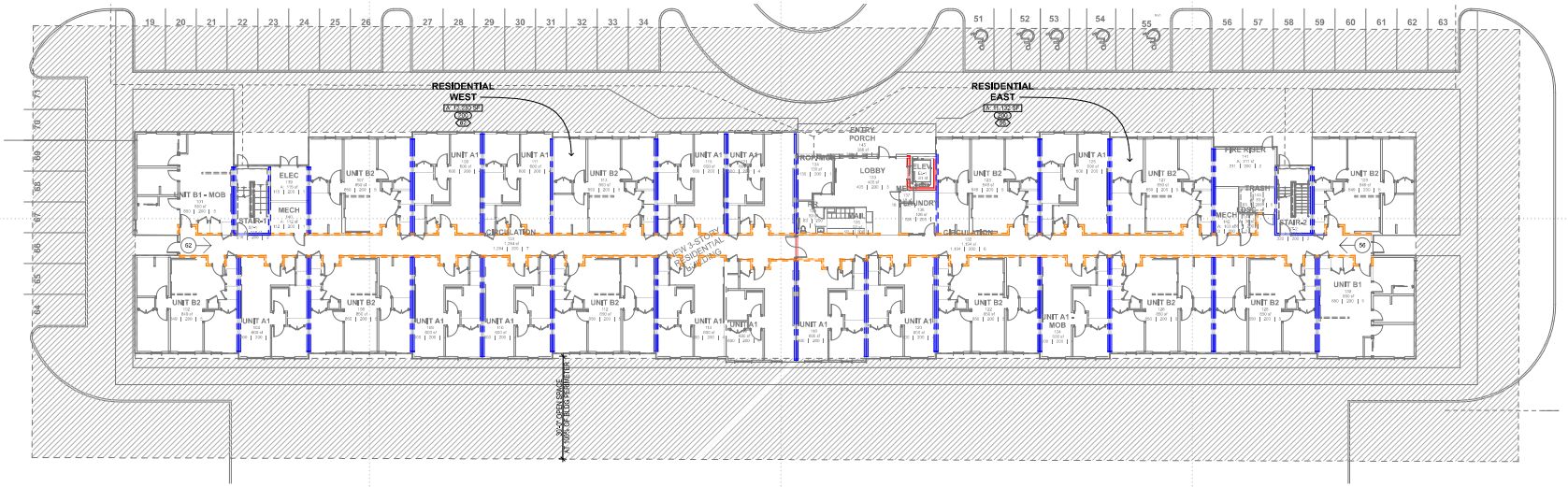
DOOR	OBJECT MARK
72"	DOOR WIDTH (INCHES)
330	DOOR CAPACITY
255	ACTUAL USE



3 LIFE SAFETY PLAN - LEVEL 03
SCALE: 1/16" = 1'-0"



2 LIFE SAFETY PLAN - LEVEL 02
SCALE: 1/16" = 1'-0"



1 LIFE SAFETY PLAN - LEVEL 01
SCALE: 1/16" = 1'-0"

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Registration # 21234

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Palo Verde Senior Apartments

5501 HUNTWICK AVE
CORPUS CHRISTI, TEXAS 78413

REV	DATE	DESCRIPTION

ISSUE:
100% DESIGN DEVELOPMENT

DATE:
01/19/2026

PROJECT NUMBER:
2024-2008

SHEET TITLE:
CODE INFO + LIFE SAFETY PLANS

SHEET:
G2.02

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D.1 Common Area at Amendment

Palo Verde Senior Common Area Calculations

	Previous Common area	Previous Not in common area	Updated Common Area	Updated Not in Common Area	
Level 1:					
Community Room	1203		N/A		
Laundry	338		126		
Lobby	902		405		
Mail Room	303		92		
Management Office	151		130		
Multipurpose room	364		N/A		
Pantry	73		N/A		
Restrooms	136		83		
Service Office	136		N/A		
Entry Porch				361	
Circulation	2827		2437		
Elevators	177		81		
Stair 1	201		218		
Stair 2	201		219		
Fire		228		211	
Maintenance		176		N/A	
MDF		79		116	
Mechanical		128		233	
LDSC				36	
Trash				83	
Level 2:					
Interior Corridors	2993		2557		
Elevators	177		81		
Stair 1	201		218		
Stair 2	201		219		
IDF		134		70	
Mechanical		278		102	
Storage		201		106	
MDF/Electrical				176	
Maintenance				108	
Vestibule			279		
Level 3:					
Interior Corridors	2993		2557		
Elevators	177		81		
Stair 1	201		218		
Stair 2	201		219		
IDF		134		70	
Mechanical		278		102	
Storage		201		106	
MDF/Electrical				176	
Elevator CTRL				22	
Maintenance				86	
Trash Room				75	
Vestibule			279		
	14156	1837	**10499**	2239	Not in common area
		15993		12738	Net area (TDHCA common area + other area not included in NRA)

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1392 **Agenda Date:** 4/9/2026 **Agenda #:** 5.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Pebble Hills Place (HTC #25016)

RECOMMENDED ACTION

WHEREAS, Pebble Hills Place (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2025 to construct 70 units of low-income housing for the elderly in El Paso, El Paso County;

WHEREAS, to maintain feasibility of the Development, GM Pebble Hills Place, Ltd. (the Applicant) requests approval for significant changes to the architectural design by modifying the number of bathrooms in the 28 two-bedroom units from two bathrooms to one bathroom and also include a reduction in the Common Area from 13,958 square feet to 12,198 square feet, representing a reduction of 1,760 square feet or 12.61% from the Common Area proposed at Application;

WHEREAS, Board approval is required for a reduction of 3% or more in the square footage of the Common Area and for a significant modification of the architectural design of the Development as directed in Tex. Gov't Code §2306.6712(d)(4) and (5) and 10 TAC §10.405(a)(4)(D) and (E), and the Applicant has complied with the amendment requirements therein;

WHEREAS, Board approval of this amendment does not constitute a waiver of any of the rules or statutes applicable to the 2025 HTC Application, including but not limited to the accessibility requirements stated in Chapter 1, Subchapter B; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the HTC amount awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Pebble Hills Place is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Pebble Hills Place received an award of 9% Housing Tax Credits in 2025 to construct 70 units of

multifamily housing for the elderly in El Paso, El Paso County. In a letter dated January 26, 2026 and revised March 12, 2026, Sallie Burchett, the Applicant's representative, requested approval for a modification of the architectural design to alter the number of bathrooms provided in the two-bedroom units, and for a reduction in the Common Area, together with notification of a 742 square feet (1.47%) decrease in Net Rentable Area (NRA), going from 50,526 square feet to 49,784 square feet.

The Application originally identified 42 one-bedroom/one-bathroom units of 623 square feet each and 28 two-bedroom/two-bathroom units of 870 square feet each, and 13,958 square feet of Common Area. The request states that, following Application, the Development altered the architectural designs to meet project feasibility metrics. In doing so, the original units featuring two bedrooms and two bathrooms are proposed to be two bedrooms with one bathroom, and the unit square footages decreased to 618 square feet for the one-bedroom units and 851 square feet for the two-bedroom units. The request further states that the reduction in Common Area was necessary to maintain the original unit count. This redesign results in a final Common Area of 12,198 square feet, a reduction of 12.61% or 1,760 square feet.

The proposed changes to the architectural design and to the Common Area square footage do not materially alter the Development in a negative manner and were not reasonably foreseeable or preventable by the Applicant at the time of Application. The Applicant has indicated that there was no net financial impact on the Development as a result of the proposed changes. Staff has determined that these changes do not affect the scoring of the Application or the funding award. The final recommended HTC amount will be determined upon finalization of the cost certification process.

Staff recommends approval of the amendment request as presented herein.

March 12, 2026

Ms. Karen Treadwell
Senior Asset Manager (Regions 9 & 13)
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Via: karen.treadwell@tdhca.texas.gov

Re: Pebble Hills Place, TDHCA #25016, El Paso, TX

Dear Ms. Treadwell:

Please accept this formal request for a material amendment to #25016 Pebble Hills Place. For full construction documents, the architecture design needed modifications that resulted in a request for an amendment. The amendment will not have a financial impact on the Development.

Changes Requested

The Applicant is requesting approval for the following material amendment components:

1) Significant modification of the architectural design | The unit designs were altered from 2 bed/2bath to 2 bed/1 bath.
2) Significant modification of the architectural design | The common area was altered, resulting in a reduction of common area that is approximately 1,760 square feet/12.6% less than at Application. The change in common area is shown below.

Common Area Summary:

At Application	As Amended	Change
13,958 sq ft.	12,198 sq ft	-1,760 sq ft

Reason the Change is Necessary & Good Cause for the Change

- Following Application, the Development has altered architecture designs to meet project feasibility metrics. In doing so, the original units featuring 2 beds and 2 baths are now planned for 2 beds and 1 bath and the common area was reduced. This was also necessary to keep the same number of units.

Explanation of Foreseeable or Preventable Nature

- At the time of Application, the Applicant planned for all units to contain 2 beds and 2 baths. Full engineering documents and tighter cost estimated revealed that the cost of 2 beds and 1 baths and reduced common area kept the development's budget and underwriting to maintain development feasibility.

Notification Item

Please note that there was a modest reduction in NRA. The NRA decreased from 50,526 square feet to 49,702 square feet. This is a net loss of 742 square feet or a 1.5% reduction. Because this is a decrease in NRA not more than 3% change, the Applicant does not need to request an amendment for the change in NRA and is instead notifying the Department. The change in NRA is shown on the table below.

NRA Summary:

Unit Name	Unit Quantity	Unit NRA at Application	Total NRA at Application	Unit NRA as Amended	Total NRA as Amended
1BR A1	39	623	24,297	618	24,102
1BR A2-UFAS	3	623	1,869	618	1,854
2BR B1	26	870	22,620	851	22,126
2BR B2 -UFAS	2	870	1,740	851	1,702
			50,526		**49,784**

Amendment Fee

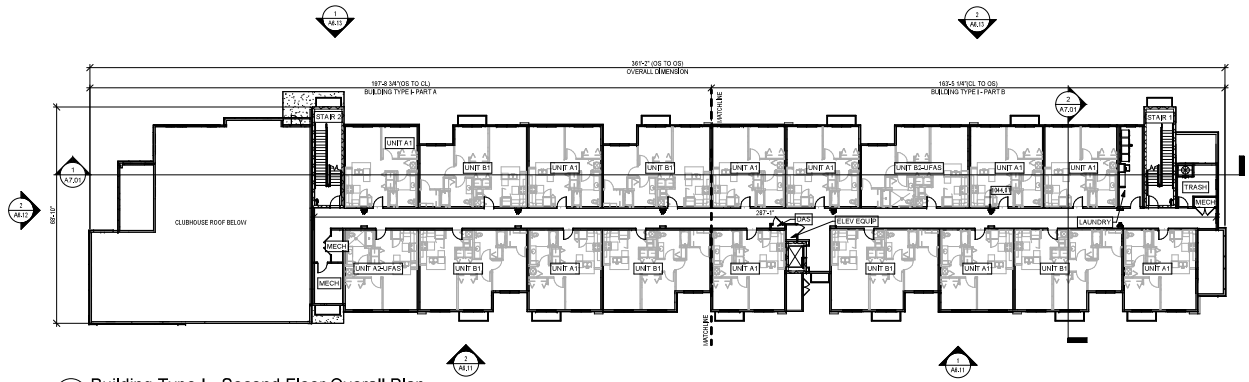
As required, we are submitting the $2,500 material amendment fee. Thank you for marshaling the amendment request through the system. Please feel free to contact me if you have any additional questions.

Sincerely,

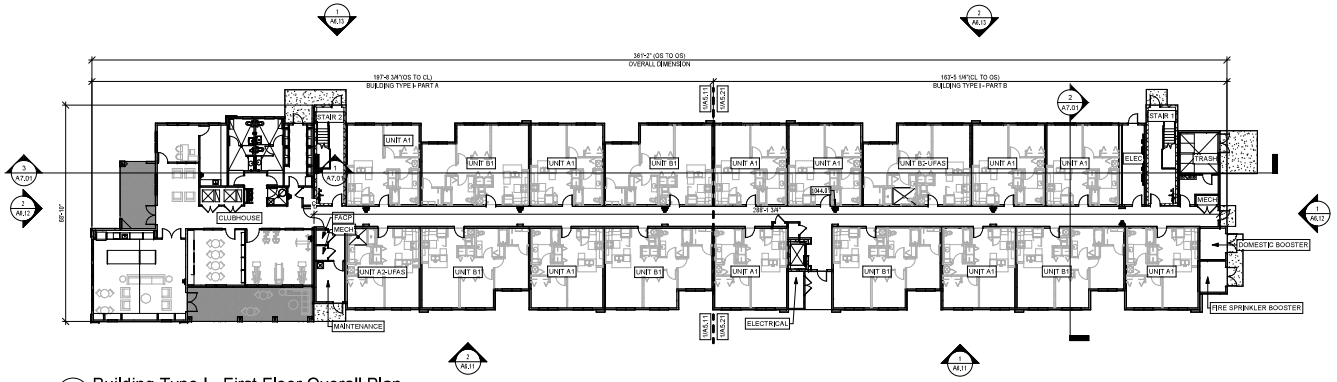
Sallie Burchett
Consultant to the Project

Attachments
A – Amendment Request Form
B.1 – Architecture Plans: Building Floor Plans at Amendment
B.2 – Architecture Plans: Building Floor Plans at Application
C.1 – Architecture Plans: Unit Floor Plans at Amendment
C.2 – Architecture Plans: Unit Floor Plans at Application
D.1 – Common Area Calculation at Amendment
D.2 – Common Area Calculation at Application
E – No Financial Impact Letter

B.1 At Amendment



2 Building Type I - Second Floor Overall Plan
1/16" = 1'-0"



1 Building Type I - First Floor Overall Plan
1/16" = 1'-0"

SHEET NOTES

A REFER TO SHEET A1.03 FOR GENERAL NOTES
B REFER TO SHEET A1.04 FOR CONSTRUCTION ASSEMBLIES
C REFER TO SHEETS A5.01 THRU A5.05 FOR UNIT PLANS
D REFER TO SHEETS A6.11 AND A6.21 FOR DOOR AND WINDOW SCHEDULES
E REFER TO STRUCTURAL DRAWINGS FOR BEARING AND SHEAR WALL LOCATIONS
F ALL EXTERIOR WALLS SHALL BE WA1, UNO
G ALL UNIT TO BREEZEWAY WALLS SHALL BE WA2, UNO
H ALL UNIT TO CORRIDOR WALLS SHALL BE WA2, UNO
J ALL INTERIOR BEARING / SHEAR WALLS SHALL BE WA5, UNO
K ALL INTERIOR NON-BEARING / NON-SHEAR WALLS SHALL BE WA1, UNO
L ALL EXTERIOR TENANT SEPARATION WALLS SHALL BE WA4 AND INTERIOR TENANT SEPARATION WALLS SHALL BE WA4, UNO
M OPENINGS INTO AND/OR THROUGH INTERIOR WALLS REQUIRED TO BE RATED AS BUILDING ELEMENTS AND NOT FOR SEPARATION SHALL BE PROTECTED BY WRAPPING CONTINUOUS FIRE-RATED GYPSUM BOARD INTO THROUGH OPENING, OR BY OTHER APPROVED FIRE PROTECTIVE, COORDINATE WITH MECHANICAL, ELECTRICAL, AND DOOR DETAIL DRAWINGS
N REFER TO SHEETS A5.10 AND A5.20 FOR ARCHITECTURAL SLAB PLANS WITH GROUND FLOOR SPOT ELEVATIONS. UPPER FLOOR SPOT ELEVATIONS ARE DEMOTED FROM TOP OF UNIT GYPSUM TOPPING. REFER TO SECTIONS AND DETAILS
P MAINTAIN UNIFORM MAX. 2% SLOPE WHERE SLOPES ARE INDICATED, UNO
Q REFER TO ENLARGED PLAN DETAILS FOR ADDITIONAL INFORMATION
R REFER TO SHEET A5.03 FOR COMMON & PUBLIC AREAS ACCESSIBILITY REQUIREMENTS DIAGRAMS

KEYNOTES

1064.31 FIRE EXTINGUISHER IN SEMI-RECESSED CABINET. REFER TO DETAILS / GENERAL NOTES / LEGEND FOR MOUNTING REQUIREMENTS

LEGEND

WA1 INDICATES SPECIFIC ASSEMBLY TYPE
FIRE EXTINGUISHER
FLOOR DRAIN

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Pebble Hills Place Apartments

El Paso, TX

Andrew Scott Roark
28286
TX

STATE OF FLORIDA · ANDREW SCOTT ROARK · REGISTERED ARCHITECT · AR97193

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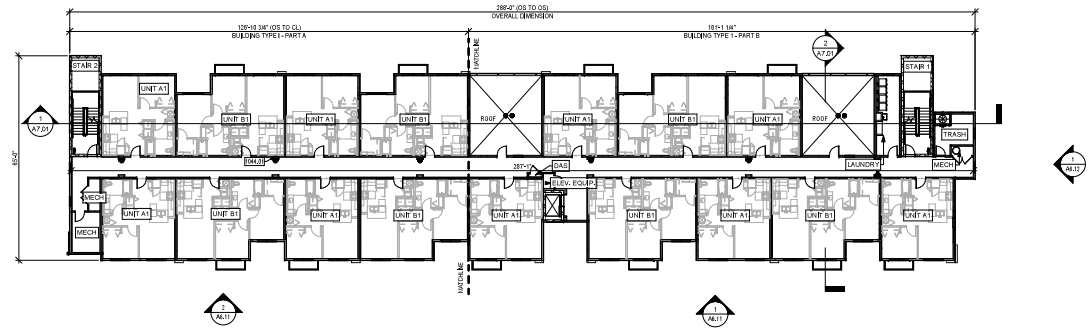
SHEET REVISIONS:

PROJECT NO: 4831

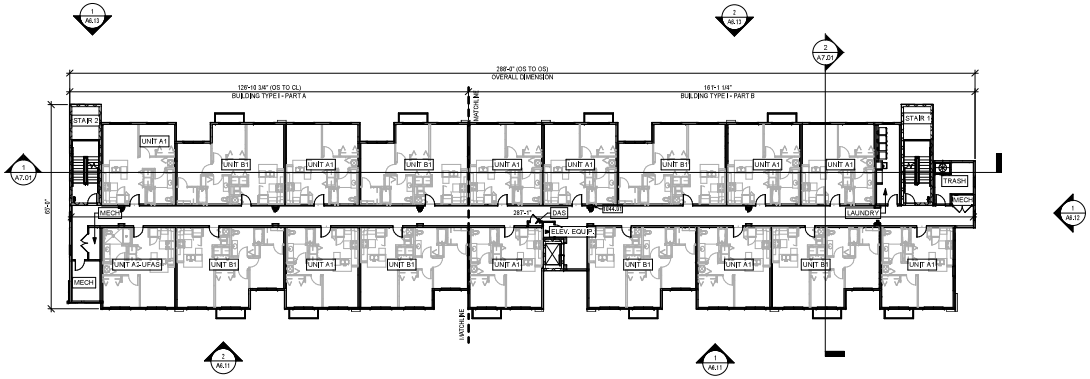
Overall - First and Second Floor Plan

A5.01

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2 Building Type I - Fourth Floor Overall Plan
1/16" = 1'-0"



1 Building Type I - Third Floor Overall Plan
1/16" = 1'-0"

SHEET NOTES

A REFER TO SHEET A1.03 FOR GENERAL NOTES
B REFER TO SHEET A1.04 FOR CONSTRUCTION ASSEMBLIES
C REFER TO SHEETS A5.01 THRU A5.05 FOR UNIT PLANS
D REFER TO SHEETS A6.11 AND A6.21 FOR DOOR AND WINDOW SCHEDULES
E REFER TO STRUCTURAL DRAWINGS FOR BEARING AND SHEAR WALL LOCATIONS
F ALL EXTERIOR WALLS SHALL BE VW41, UNO
G ALL UNIT TO BREEZEWAY WALLS SHALL BE VW42, UNO
H ALL UNIT TO CORRIDOR WALLS SHALL BE VW42, UNO
J ALL INTERIOR BEARING / SHEAR WALLS SHALL BE VW45, UNO
K ALL INTERIOR NON-BEARING / NON-SHEAR WALLS SHALL BE VW451, UNO
L ALL EXTERIOR TENANT SEPARATION WALLS SHALL BE VW44 AND INTERIOR TENANT SEPARATION WALLS SHALL BE VW454, UNO
M OPENINGS INTO AND/OR THROUGH INTERIOR WALLS REQUIRED TO BE RATED AS BUILDING ELEMENTS AND NOT FOR SEPARATION SHALL BE PROTECTED BY WRAPPING CONTINUOUS FIRE-RATED GYPSUM BOARD INTO THROUGH OPENING, OR BY OTHER APPROVED FIRE PROTECTIVE, COORDINATE WITH MECHANICAL, ELECTRICAL, AND DOOR DETAIL DRAWINGS
N REFER TO SHEETS A5.10 AND A5.20 FOR ARCHITECTURAL SLAB PLANS WITH GROUND FLOOR SPOT ELEVATIONS. UPPER FLOOR SPOT ELEVATIONS ARE DEMOTED FROM TOP OF UNIT GYPSUM TOPPING. REFER TO SECTIONS AND DETAILS
P MAINTAIN UNIFORM MAX. 2% SLOPE WHERE SLOPES ARE INDICATED, UNO
Q REFER TO ENLARGED PLAN DETAILS FOR ADDITIONAL INFORMATION
R REFER TO SHEET A5.03 FOR COMMON & PUBLIC AREAS ACCESSIBILITY REQUIREMENTS DIAGRAMS

KEYNOTES

1044.01 FIRE EXTINGUISHER IN SEMI-RECESSED CABINET. REFER TO DETAILS / GENERAL NOTES / LEGEND FOR MOUNTING REQUIREMENTS

LEGEND

INDICATES SPECIFIC ASSEMBLY TYPE
FIRE EXTINGUISHER
FLOOR DRAIN

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Pebble Hills Place Apartments

El Paso, TX

Andrew Scott Roark
28286
TX

STATE OF FLORIDA — ANDREW SCOTT ROARK — REGISTERED ARCHITECT — AR97193

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SHEET REVISIONS:

PROJECT NO: 4831

Overall - Third and Fourth Floor Plan

A5.02

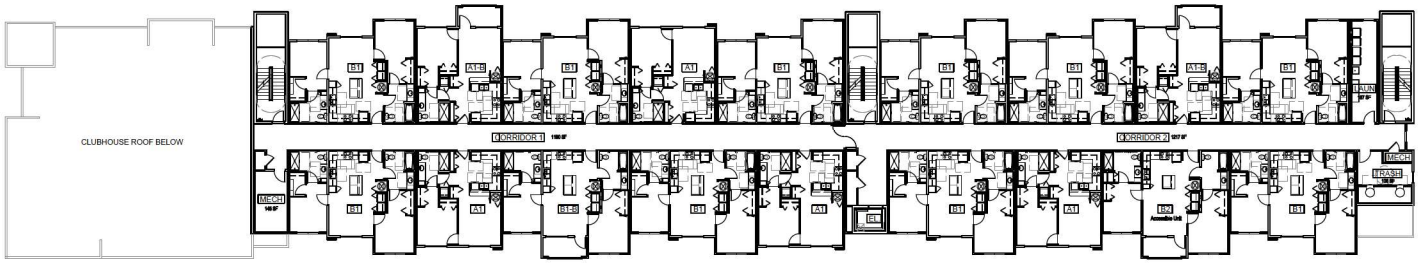
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B.2 At Application



4 Fourth Floor Plan

1/16" = 1' 0"



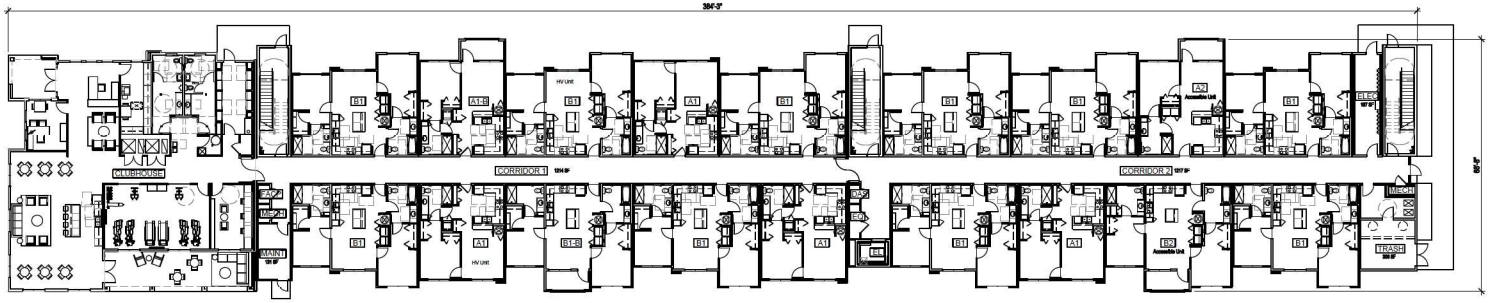
3 Third Floor Plan

1/16" = 1'-0"



2 Second Floor Plan

1/16" = 1'-0"



1 First Floor Plan

23,028 Gross SF, 22,142 A/C SF, 886 Exterior SF

1/16" = 1'-0"

Scale: 1 = 192

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Pebble Hills Place

El Paso, TX

02/19/2025

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Floor Plans

A5.01

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C.1 At Amendment

GENERAL CODE REQUIREMENTS

AUTHORITY HAVING JURISDICTION

EL PASO, TX — AUTHORITY HAVING JURISDICTION — (915) 212-0104

PROJECT INFORMATION

1	RESIDENTIAL BUILDING	4-STORY WOOD FRAME WITH EXTERIOR LOAD BEARING WALLS WITH 1-STORY SEPARATED CLUBHOUSE ATTACHED
1	PICNIC PAVILION	1-STORY MASONRY WALLS
1	DUMPSTER ENCLOSURE	1-STORY MASONRY WALLS

BUILDING CODES

TEXAS ACCESSIBILITY STANDARDS (TAS, 2012)
INTERNATIONAL BUILDING CODE (IBC, 2021)
INTERNATIONAL ENERGY CODE (IECC, 2015)
INTERNATIONAL MECHANICAL CODE (IMC, 2021)
INTERNATIONAL PLUMBING CODE (IPC 2021)
NATIONAL FIRE CODE (NFPA 1, 2021)
NATIONAL LIFE SAFETY CODE (NFPA 101, 2021)
NATIONAL ELECTRICAL CODE (NEC, 2020)
LOCAL ORDINANCES AS APPLICABLE

TEXAS WIND-BORNE DEBRIS REGION

TO THE BEST OF THE ARCHITECT'S KNOWLEDGE, THIS PROJECT IS NOT LOCATED IN A WIND-BORNE DEBRIS REGION AS DEFINED IN CHAPTER 2 OF THE IBC. REFER TO STRUCTURAL DRAWINGS FOR WIND LOADING REQUIREMENTS. OPENING PROTECTIONS ARE NOT REQUIRED TO COMPLY WITH IBC 1609.2.

ACCESSIBILITY REQUIREMENTS

IN BUILDINGS WITH FOUR OR MORE DWELLING UNITS AND AT LEAST ONE ELEVATOR, ALL UNITS AND ALL PUBLIC AND COMMON USE AREAS ARE SUBJECT TO THE DESIGN AND CONSTRUCTION REQUIREMENTS OF THE FAIR HOUSING ACT (FHA). IN BUILDINGS WITH FOUR OR MORE UNITS AND NO ELEVATOR, ALL GROUND FLOOR UNITS AND PUBLIC AND COMMON USE AREAS ARE SUBJECT TO FHA'S DESIGN AND CONSTRUCTION REQUIREMENTS, SUCH REQUIREMENTS ARE BASED ON THE FHA GUIDELINES, REVISED AS OF 1998. THESE UNITS ARE DESIGNATED "ADAPTABLE UNITS." HALL/STORY UNITS IN BUILDINGS WITHOUT ELEVATORS, CARRIAGE UNITS, AND UNITS IN BUILDINGS WITH LESS THAN FOUR UNITS ARE NOT COVERED.

SINCE THIS PROJECT IS REQUIRED TO COMPLY WITH ICC A117.1, 2009 EDITION, AS MANDATED BY THE LOCAL MUNICIPALITY, THE ARCHITECT OF RECORD HAS ELECTED TO DEPART FROM THE FHA DESIGN GUIDELINES AND DEMONSTRATE COMPLIANCE WITH ALL FAIR HOUSING ACT REQUIREMENTS BY UTILIZING THIS STANDARD, THE 2009 EDITION OF ICC A117.1 REPRESENTS A MORE CURRENT AND STRINGENT VERSION THAN THE ONE REFERENCED IN THE FHA GUIDELINES.

PER IBC 2021 EDITION, WHERE THERE ARE FOUR OR MORE DWELLING UNITS INTENDED TO BE OCCUPIED AS RESIDENCE IN A SINGLE STRUCTURE, EVERY DWELLING UNIT SHALL BE A TYPE B UNIT. SHALL ONLY A NUMBER OF UNITS OTHERWISE SUBJECT TO TYPE B REQUIREMENTS AS SET FORTH ABOVE SHALL INSTEAD BE DESIGNED AND CONSTRUCTED TO MEET ICC A117.1 REQUIREMENTS FOR TYPE A ADAPTABLE UNITS, AS REQUIRED BY THE APPLICABLE BUILDING CODE AND/OR STATE STATUTE, SHALL BE PROVIDED AS LISTED IN THESE DOCUMENTS. BUT NOT LESS THAN 2% OF THE TOTAL NUMBER OF UNITS. SUCH UNITS ARE DESIGNATED "TYPE A UNITS."

COMMON USE AREAS, ARE SPACES AND FACILITIES PROVIDED FOR THE EXCLUSIVE USE OF TENANTS AND THEIR GUESTS, THESE AREAS SHALL COMPLY WITH ICC/ANSI A117.1, 2009 EDITION, AND THE TEXAS ACCESSIBILITY STANDARDS (TAS), AS REQUIRED BY THE EL PASO MUNICIPAL CODE SECTION 18.30.120.

PLACES OF PUBLIC ACCOMMODATION AND COMMERCIAL FACILITIES SHALL COMPLY WITH THE AMERICANS WITH DISABILITIES ACT (ADA) 2010 STANDARDS FOR ACCESSIBLE DESIGN. ICC A117.1 REQUIREMENTS AS REQUIRED BY THE APPLICABLE BUILDING CODE, TEXAS ACCESSIBILITY STANDARDS (TAS) AND STATE STATUTE, WHEN THE REQUIREMENTS DIFFER, THE REQUIREMENTS PROVIDING A HIGHER LEVEL OF ACCESSIBILITY SHALL BE FOLLOWED. IF A STATE ACCESSIBILITY CODE IS LISTED IN THE CODE COMPLIANCE SECTION OF THESE DOCUMENTS AS MAY BE REQUIRED ON A PER STATE BASIS, THEN THE REQUIREMENTS PROVIDING A HIGHER LEVEL OF ACCESSIBILITY SHALL BE FOLLOWED.

TO THE BEST OF THE ARCHITECT'S KNOWLEDGE, SUCH AREAS WITHIN THE BUILDINGS DESCRIBED BY THESE DOCUMENTS INCLUDE:
PRIMARY CLUBHOUSE ENTRANCE, CLUBHOUSE LOBBY/FOYER, LEASING OFFICE, PUBLIC RESTROOMS, AND THE ACCESSIBLE ROUTE CONNECTING THE SAME.

TO THE BEST OF THE ARCHITECT'S KNOWLEDGE, THIS PROJECT IS ALSO SUBJECT TO THE DESIGN AND CONSTRUCTION REQUIREMENTS ISSUED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) UNDER SECTION 504 OF THE REHABILITATION ACT OF 1973 AND THEREFORE SHALL COMPLY WITH THE UNIFORM FEDERAL ACCESSIBILITY STANDARDS (UFAS). ADA, AND ADDITIONAL STATE ACCESSIBILITY CODE IF LISTED IN THE CODE COMPLIANCE SECTION OF THESE DOCUMENTS. WHEN THE REQUIREMENTS DIFFER, THE REQUIREMENTS PROVIDING A HIGHER LEVEL OF ACCESSIBILITY SHALL BE FOLLOWED.

A NUMBER OF UNITS OTHERWISE SUBJECT TO TYPE B REQUIREMENTS AS SET FORTH ABOVE SHALL ALSO BE DESIGNED AND CONSTRUCTED AS ACCESSIBLE UNITS COMPLYING WITH THE STANDARDS IN THE PARAGRAPH ABOVE FOR MOBILITY IMPAIRMENTS AS LISTED IN THESE DOCUMENTS, BUT NOT LESS THAN 5% OF THE TOTAL NUMBER OF UNITS. THESE UNITS ARE DESIGNATED "ACCESSIBLE UNITS." AS SUCH UNITS PROVIDE A HIGHER LEVEL OF ACCESSIBILITY THAN THE REQUIRED TYPE A UNITS, THEY MAY ALSO SATISFY THE REQUIREMENTS FOR TYPE A UNITS.

AN ADDITIONAL 2% OF UNITS COMPLYING WITH BOTH APPLICABLE STANDARDS FOR HEARING AND/OR VISUAL IMPAIRMENTS SHALL BE PROVIDED AS LISTED IN THESE DOCUMENTS, BUT NOT LESS THAN 2% OF THE TOTAL NUMBER OF UNITS. THESE UNITS ARE DESIGNATED "COMMUNICATION UNITS" AND SHALL BE SEPARATE OF THE REQUIRED ACCESSIBLE UNITS.

SEPARATELY AND IN ADDITION TO ALL REQUIREMENTS ABOVE, FEATURES MAY BE REQUIRED BY STATE, COUNTY AND/OR MUNICIPAL PROGRAM CRITERIA AS STATED ELSEWHERE IN THESE DOCUMENTS.

FIRESTOP QUALITY ASSURANCE

FOR NEW BUILDINGS THREE STORIES OR GREATER IN HEIGHT, THE FOLLOWING QUALITY ASSURANCE PROGRAM FOR THROUGH-STOP SYSTEMS, PENETRATIONS AND JOINTS SHALL BE PROVIDED: INSPECTIONS OF INSTALLED FIRE-STOP SYSTEMS SHALL BE PERFORMED BY A THIRD PARTY INSPECTOR IN ACCORDANCE WITH NFPA 1 FIRE CODE SECTION 12.2.2. PER ASTM E 2174 AND E2393 AS APPLICABLE. IN ACCORDANCE WITH ANJ REQUIREMENTS, THE THIRD PARTY INSPECTOR WILL BE CONTRACTED BY THE OWNER. REFER ALSO TO SPECIFICATIONS DIVISION 07, PENETRATION FIRESTOPPING.

APARTMENTS

CODE COMPLIANCE: BUILDING TYPE I

OCCUPANCY TYPE	RESIDENTIAL (GROUP R-2)
CONSTRUCTION TYPE	TYPE V-A
SEPARATED SPACES	2-HR SEPARATION BETWEEN R-2 & A-3 OCCURANCIES
FIRE SPRINKLER	SPRINKLERED (NFPA 13R SYSTEM PER IBC 903.2.1.2)

	ALLOWED	PROPOSED
AREA & HEIGHT LIMITATION		
BUILDING HEIGHT (IBC 504.3)	60'-0"	57'-6"
MAX NUMBER OF STORIES (IBC 504.4)	4 STORY	(4) STORY
MAX AREA PER FLOOR (IBC 506.2)	72,000 SF	16,956 SF

FIRE PROTECTION (IBC TABLE 601 & 602)		
STRUCTURAL FRAME	1 HR	1 HR
EXTERIOR BEARING WALLS	1 HR	1 HR
INTERIOR BEARING WALLS	1 HR	1 HR
EXTERIOR NON-BEARING WALLS	0 HR	0 HR
INTERIOR NON-BEARING WALLS	0 HR	0 HR
FLOOR CONSTRUCTION	1 HR	1 HR
ROOF CONSTRUCTION	1 HR	1 HR
DWELLING UNIT SEPARATION WALLS (IBC 708)	1 HR	1 HR
FLOOR / CEILING ASSEMBLY (IBC 711)	1 HR	1 HR
ROOF / CEILING ASSEMBLY (IBC 713.4)	1 HR	1 HR
ELEVATOR SHAFT ENCLOSURE (IBC 713.4)	2 HR	2 HR
EXIT ACCESS STAIRWAYS (IBC 713.4)	2 HR	2 HR
CORRIDORS (IBC 1020.1)	1 HR	1 HR

* SEE ALLOWABLE AREA MODIFICATION: BUILDING TYPE I

INTERIOR FINISHES: RESIDENTIAL AREAS GROUP R-2

GROUP R-2 (SPRINKLERED)

DESCRIPTION	IBC TABLE 803.13 (GROUP R-2) REQUIRED	NFPA TABLE A.10.2.2 NEW APARTMENT BUILDINGS REQUIRED	PROPOSED
EXITS	C	A	A
EXIT ACCESS CORRIDORS AND LOBBIES	C	A OR B	B
OTHER SPACES	C	A, B, OR C	C

LIFE SAFETY COMPLIANCE: RESIDENTIAL BUILDINGS

REFER TO SHEETS A1.J1 THROUGH A1.J2 FOR LIFE SAFETY PLANS

BUILDING AREA TABLE: RESIDENTIAL BUILDINGS

RESIDENTIAL BLDG TYPE	I
BLDGS ON SITE	1
# UNITS / BLDG TYPE	70

	A/C	NON-A/C	GROSS
FIRST FLOOR	13505 SF	1780 SF	15975 SF
SECOND FLOOR	13553 SF	634 SF	14192 SF
THIRD FLOOR	13553 SF	634 SF	14192 SF
FOURTH FLOOR	14368 SF	634 SF	15192 SF
BUILDING TOTAL		53,349 SF	
QUANTITY ON SITE		1	

NOTE 1: CHART DOES NOT INCLUDE CLUBHOUSE SF.

UNIT AREA TABLE

UNIT TYPE	UNIT NAME	UNIT AREA IN SF A/C	UNIT AREA IN SF NON-A/C	TOTAL UNIT AREA IN SF	UNIT TOTAL BY MIX
1 BED / 1 BATH	UNIT A1	618 SF	0 SF	618 SF	39
1 BED / 1 BATH	UNIT A1-FHAS	618 SF	0 SF	618 SF	3
2 BED / 1 BATH	UNIT B1	851 SF	0 SF	851 SF	26
2 BED / 1 BATH	UNIT B1-UFAS	851 SF	0 SF	851 SF	2
UNIT TYPE		UNIT TOTAL BY TYPE		% UNIT TYPE	
1 BED / 1 BATH		42		60.00%	
2 BED / 1 BATH		28		40.00%	
		70		100.00%	

NOTE 1: THIS INFORMATION SHALL NOT BE USED FOR CONDOMINIUM DOCUMENTS.
NOTE 2: UNIT AREAS LISTED ARE FROM OUTSIDE OF EXTERIOR WALL OR UNIT PERIMETER WALL AND TO THE CENTERLINE OF TENANT WALLS (WHERE APPLICABLE)

UNIT TYPE DIAGRAMS



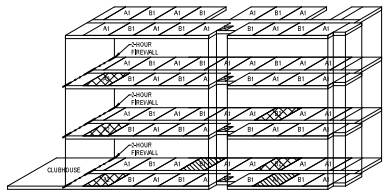
RESIDENTIAL BUILDING TYPE DIAGRAMS

BUILDING TYPE I

39	A1 - 1 BED / 1 BATH
3	A2 - 1 BED / 1 BATH
26	B1 - 2 BED / 1 BATH
2	B2 - 2 BED / 1 BATH
70	TOTAL UNITS

REQUIRED
5% ACCESSIBLE UNIT
PROVIDED
42 Total A Units = 42 x 5% = 3 A2 Units
28 Total B Units = 28 x 5%= 2 B2 Units

REQUIRED
2% VISUAL / HEARING IMPAIRED UNITS
PROVIDED
42 Total B Units = 42 x 2% = 1 A-Impaired Units
28 Total B Units = 28 x 2%= 1 B-Impaired Units



CLUBHOUSE

CODE COMPLIANCE: CLUBHOUSE BUILDING

OCCUPANCY TYPE	ASSEMBLY (GROUP A-3) WITH BUSINESS (GROUP B) NON-SEPARATED MIXED USE
CONSTRUCTION TYPE	TYPE V-A
FIRE SPRINKLER	NON-SPRINKLERED

PLUMBING FIXTURE COUNT: CLUBHOUSE

TOTAL OCCUPANTS: 134 OCCUPANTS (REFER TO SHEET A1.11 FOR OCCUPANCY CALCULATIONS)
ASSUMED 50% WOMEN: 67 OCCUPANTS
ASSUMED 50% MEN: 67 OCCUPANTS

FIXTURES COUNTS (IBC TABLE 403.1)	CLUBHOUSE (A3) REQUIRED	TOTAL PROPOSED
MEN'S RESTROOM FIXTURES		
WATER CLOSETS (1 PER 125)	1	2
LAVATORIES (1 PER 200)	1	2
WOMEN'S RESTROOM FIXTURES		
WATER CLOSETS (1 PER 65)	2	2
LAVATORIES (1 PER 200)	1	2
OTHER FIXTURES		
ELECTRIC WATER COOLER (1 PER 500)	1	W.C.O
SERVICE SINK	1	1

PLUMBING FIXTURE COUNT: UNISEX

CODE REFERENCE:
- MINIMUM NUMBER OF REQUIRED PLUMBING FIXTURES ARE CALCULATED BY IBC PLUMBING CODE SECTIONS 403.1
- SECTION 403.2.2 PLUMBING FIXTURE IN SINGLE-USER AS REQUIRED BY SECTION 1103.2.1 OF THE IBC, COUNT TOWARDS THE TOTAL FIXTURE NEEDED FOR A BUILDING. THESE ROOMS MUST BE IDENTIFIED AS AVAILABLE FOR ALL PERSONS, REGARDLESS OF SEX. THE TOTAL NUMBER OF FIXTURE CAN BE BASED ON THE REQUIRED SEPARATE FACILITIES OR A COMBINATION OF SINGLE-USER AND SEPARATE FACILITIES.

MENS WATER CLOSET TOTAL (2 UNISEX)
MENS LAVATORIES TOTAL (2 UNISEX)
WOMENS WATER CLOSET TOTAL (2 UNISEX)
WOMENS LAVATORIES TOTAL (2 UNISEX)

BUILDING AREA TABLE: CLUBHOUSE

	A/C	NON-A/C	GROSS
CLUBHOUSE	3395 SF	660 SF	4055 SF

ROOM AREA TABLE: CLUBHOUSE

NAME	AREA
CLUBROOM	794 SF
LIBRARY	399 SF
FITNESS	370 SF
RECEPTION	299 SF
MANAGER OFFICE	154 SF
WORK ROOM	171 SF
JAN.	36 SF
MECH.	62 SF
WOMEN	194 SF
MEN	197 SF
VEST.	123 SF
VERANDA	425 SF

LIFE SAFETY COMPLIANCE: CLUBHOUSE

REFER TO SHEETS A1.11 THROUGH A1.12 FOR LIFE SAFETY PLANS

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10/17/2025	100% DD Set
11/14/2025	90% Progress Set
12/10/2025	Permit Set

SHEET REVISIONS:

01/30/2026	1	ID, Coordination #1

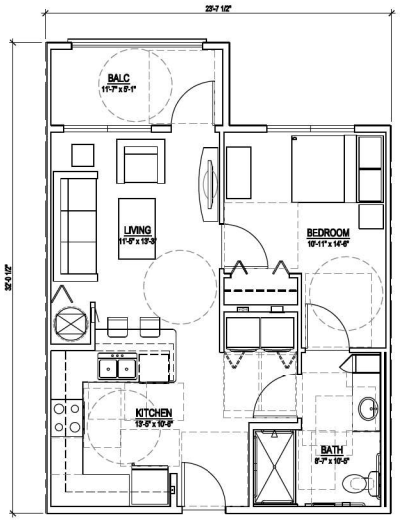
PROJECT NO: 4831

Code Compliance

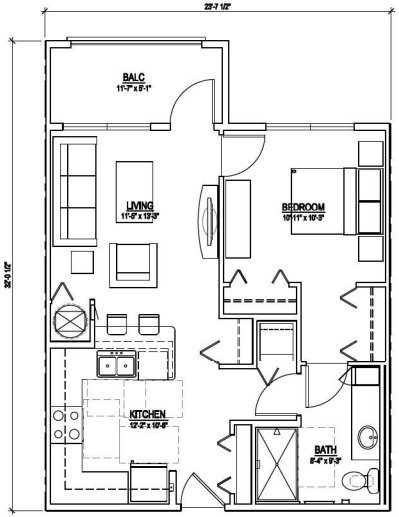
A1.02

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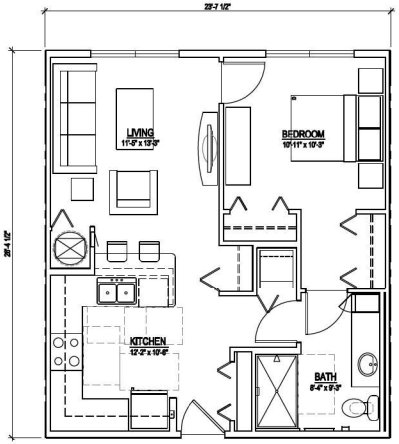
C.2 At Application



3 A2 - ACCESSIBLE -Balcony Unit
623 S.F. NRA, 694 S.F. Total 1/4" = 1'-0"



2 A1 Balcony Unit
623 S.F. NRA, 694 S.F. Total 1/4" = 1'-0"



1 A1 Unit
623 S.F. NRA 1/4" = 1'-0"

Scale: 1 = 48

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PROJECT NO. 4831

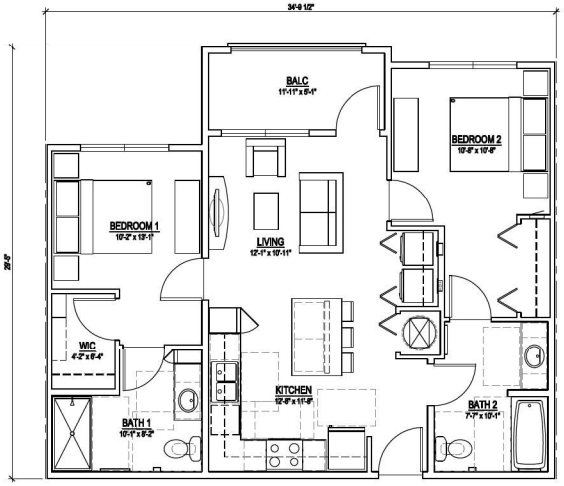
Unit Plans

A5.02

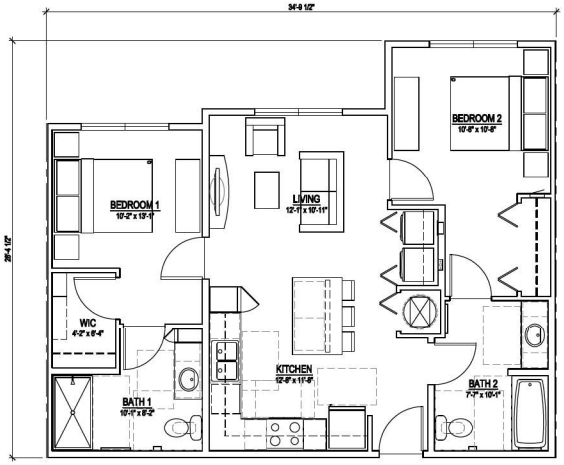
C.2 At Application



3 B2 - ACCESSIBLE - Balcony Unit
870 S.F. NRA, 941 S.F. Total 1/4" = 1'-0"



2 B1 Balcony Unit
870 NRA, 941 S.F. Total 1/4" = 1'-0"



1 B1 Unit
870 S.F. NRA 1/4" = 1'-0"

Scale: 1 = 48

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Unit Plans

A5.03

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D.1 At Amendment

Pebble Hills Common Area Calculations

	Previous Common area	Previous Not in common area	Updated Common Area	Updated Not In Common Area	
First Floor:					
Leasing/Reception	431		299		
Covered entry	161		N/A		
Managers Office	170		154		
Work Room	187		171		
Clubhouse Mechanical		81		82	
Janitor Closet		39		36	
Business Center/Library	229		309		
Fitness Room	537		370		
Club Room	958		794		
Veranda	452		425		
Women's Restroom	175		154		
Men's Restroom	175		157		
Hall	369		N/A		
Mail Room	276		123		
Maintenance Office		131		139	
1st Floor Corridors 1	1132		1955		
1st Floor Corridor 2	1103		N/A		
Electrical Room 1		173		219	
Electrical Room 2				64	
Trash	271		288		
FACP Closet		22		22	
DAS Closet		48		10	
Elevator Equipment		37		16	
Mech 1				22	
Mech 2				30	
Domestic Booster				92	
Fire Sprinkler				92	
Second Floor:					
Corridor 1	1108		1951		
Corridor 2	1071		N/A		
Laundry	173		219		
Trash	92		159		
Mechanical 1		177		136	
Mechanical 2		33		46	
Mechanical 3				30	
DAS				9	
Elev. Equipment				14	
Third Floor:					
Corridor 1	1108		1951		
Corridor 2	1071		N/A		
Laundry	173		219		
Trash	92		160		
Mechanical 1		177		127	
Mechanical 2		33		46	
Mechanical 3				30	
DAS				10	
Elev. Equipment				14	
4th Floor:					
Corridor 1	1108		1951		
Corridor 2	1071		N/A		
Laundry	173		229		
Trash	92		160		
Mechanical 1		177		127	
Mechanical 2		33		46	
Mechanical 3				30	
DAS				9	
Elev. Equipment				14	
	13958	1161	**12198**	1512	Not in common area
		14209		13710	Net area (TDHCA common area + other area not included in NRA)

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1393 **Agenda Date:** 4/9/2026 **Agenda #:** 6.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for The Ashbourne (HTC #25073)

RECOMMENDED ACTION

WHEREAS, The Ashbourne (Development) received an award of 9% Housing Tax Credits (HTCs) in 2025 for the new construction of 72 multifamily units for the general population in Houston, Harris County;

WHEREAS, the HTC Application received two points for agreeing to include a certified Historically Underutilized Business (HUB) in the ownership structure of the general partner and materially participating in the development and operation of the Development throughout the Compliance Period;

WHEREAS, the proposed HUB, Lapstone Holdings LLC, has elected to withdraw as a member of the General Partner and relinquish all rights and interest in the Development, and 9677 South Kirkwood Drive Propco, L.P. (the Applicant) is requesting approval to remove the requirement for participation by a HUB; and

WHEREAS, the requested change does not negatively affect the Development, impact the viability of the transaction, would not have affected the selection of the Application in the competitive round, or affect the amount of the tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment for The Ashbourne 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

The Ashbourne was approved for a 9% HTC award in 2025 for the construction of 72 units, all of which are designated as low-income units, of multifamily housing for the general population in Houston, Harris County. The HTC Application for the Development received two points because the Development was structured to include a Historically Underutilized Business (HUB) in the ownership structure that would have some combination of ownership interest in the general partner of the Applicant, cash flow from operations, and Developer Fee. The HUB is also required to materially participate in the development and operation of the Development

throughout the Compliance Period.

At closing of the equity financing and construction loan for the Development, the HUB was anticipated to be a 40% owner of the general partner. However, in a letter dated February 20, 2026, Will Sternlicht, representative for the Applicant, requested approval remove the requirement for participation by a historically underutilized business. Since the award of tax credits, the HUB has elected to withdraw as a member of the general partner and relinquish all rights and interests in the Development. The Applicant indicated that, because of changes to program structures and statewide practices that have shifted away from prioritizing historically underutilized business participation in the manner that existed at the time of the Application, the Applicant does not believe that bringing in a replacement historically underutilized business would provide meaningful benefit to the Development. With this proposed amendment, the proposed HUB would not be part of the ownership structure of the Development, and Impact Residential Development, L.L.C. will remain as the sole member and manager of the general partner. There are no new members being added.

In an Affidavit dated February 18, 2026, Jessica Mullins, Manager of Lapstone Holdings LLC, the proposed HUB, requested approval to remove the ongoing HUB participation requirement from the Application. The Affidavit also states that the HUB was not removed from its position and its decision to exit the ownership structure of the general partner, the partnership, and the Development is an action of its own volition.

Staff confirmed that the loss of the Sponsor Characteristics points would not have affected the award. The requested change does not materially alter the Development in a negative manner or impact the viability of the transaction. Because closing on this transaction has not occurred, a public hearing was not requested for this amendment.

Staff recommends approval of the material amendment as presented herein.

February 20, 2026

VIA HAND DELIVERY
Mr. Rosalio Banuelos
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 25073; The Ashbourne (the "**Property**")

Dear Mr. Banuelos:

Lapstone Holdings LLC, a Texas limited liability company (the "**HUB**"), is the anticipated 40% owner of 9677 South Kirkwood Drive Propco GP, L.L.C., a Delaware limited liability company (the "**General Partner**"), which is the sole general partner of 9677 South Kirkwood Drive Propco, L.P., a Delaware limited partnership (the "**Partnership**"), at the closing of the equity financing and construction loan for the development of the Property. The Partnership is the proposed owner and operator of the Property.

The Partnership submits this letter as a formal request for approval of a material amendment to its 2025 Housing Tax Credit Application in Region 6 (the "**Application**"), pursuant to 10 Texas Administrative Code §10.405, to remove the requirement for participation by a historically underutilized business.

Request for HUB Restriction Removal

The Application included a commitment to ownership participation by a historically underutilized business throughout the development and compliance periods, with the HUB fulfilling that obligation. Since the award of tax credits, however, the HUB has elected to withdraw as a member of the General Partner and relinquish all rights and interests in the Property.

Furthermore, the Partnership notes that the landscape for the promotion and incentives for participation by historically underutilized businesses in Texas has changed. TDHCA program structures and statewide practices have shifted away from prioritizing historically underutilized business participation in the manner that existed at the time of the Application. Considering these changes, the Partnership does not believe that bringing in a replacement historically underutilized business would provide meaningful benefit to the Property. Accordingly, the Partnership respectfully requests removal of the historically underutilized business participation requirement from the Application.

Scoring and Award Integrity

The Application received a total score of 171 points, inclusive of two (2) points attributable to the HUB participation commitment (the "**HUB Points**"). Without the HUB Points, the Application would have received a score of 169 points. Based on the scoring thresholds and award determinations applicable to the 2025 competitive cycle in Region 6, the Application would have received a tax credit award even without the HUB Points. Removal of the HUB Points would not have altered the ranking of the Application relative to other applicants in Region 6 for the 2025 competitive cycle. Accordingly, removal of the HUB requirement will not adversely affect the competitive selection process or the integrity of the award.

Good Cause; No Adverse Impact

The need for this amendment was not reasonably foreseeable at the time of Application. The HUB's decision to withdraw from the ownership structure of the Partnership occurred after the award of credits and was not known to, nor reasonably foreseeable by the applicant as the time the Application was submitted. This requested amendment will not result in any adverse financial impact to the Property and will not affect the Property's future operations, affordability restrictions, or compliance with applicable program requirements.

Acknowledgement of Material Amendment Process

The Partnership acknowledges that this request constitutes a material application amendment under 10 TAC §10.405 and will require approval by the Department's Governing Board. The Partnership further acknowledges and agrees to comply with all applicable procedural requirements, including providing a signed affidavit from the HUB and submitting the required amendment fee in the amount currently required by the Department, made payable to TDHCA.

A copy of the required HUB affidavit is attached and submitted concurrently with this request. Thank you for your consideration. Please do not hesitate to contact the undersigned if you have any questions or require further information.

Sincerely,

9677 SOUTH KIRKWOOD DRIVE PROPCO, L.P.,
a Delaware limited partnership

By: 9677 South Kirkwood Drive Propco GP, L.L.C.,
a Delaware limited liability company,
its general partner

By: William Sternlicht
Name: Will Sternlicht
Title: Authorized Signatory

STATE OF TEXAS §

COUNTY OF HARRIS §

AFFIDAVIT

I, Jessica Mullins, on behalf of Lapstone Holdings LLC, a Texas limited liability company (the "**HUB**"), being first duly sworn on oath, depose and say that:

1. I am the owner, sole member, and manager of the HUB. I am fully familiar with all the HUB's business and financial affairs, including, without limiting the generality of the foregoing, all of the matters herein described.

2. At closing of the equity financing and construction loan for the development of the Property, as defined below, the HUB is anticipated to be a 40% owner of 9677 South Kirkwood Drive Propco GP, L.L.C., a Delaware limited liability company (the "**General Partner**"), the sole general partner of 9677 South Kirkwood Drive Propco, L.P., a Delaware limited partnership (the "**Partnership**"). The Partnership is the proposed owner and operator of The Ashbourne, an affordable housing development to be constructed in Houston, Harris County, Texas (the "**Property**").

3. The HUB is the historically underutilized business serving in the structure of the Partnership pursuant to the original 9% Housing Tax Credit Application (TDHCA #25073) (the "**Application**").

4. This Affidavit is given in connection with the Partnership's request to the Texas Department of Housing and Community Affairs ("**TDHCA**") to amend the Application to remove the requirement for participation by a historically underutilized business in accordance with §10.405 of the Texas Administrative Code.

5. In conjunction with the other member of the General Partner, we have determined that it is in the Partnership's best interest for the HUB to withdraw as a member of the General Partner and relinquish all rights and interests in the Property. The HUB was not removed from its position and its decision to exit the ownership structure of the General Partner, the Partnership, and the Property is an action of its own volition.

6. The HUB is respectfully requesting TDHCA's approval to remove the ongoing historically underutilized business participation requirement from the Application.

[*Signature Page Follows*]

HUB:

LAPSTONE HOLDINGS LLC,
a Texas limited liability company

By: _____
Name: Jessica Mullins
Title: Manager

ACKNOWLEDGEMENT

STATE OF NEW YORK §

COUNTY OF QUEENS §

Sworn to and subscribed before me this 18 day of February, 2026, by Jessica Mullins, Manager of Lapstone Holdings LLC, a Texas limited liability company, on behalf of said limited liability company.

[Notary Seal]

LISA LOOK KIN-BUDREE
Notary Public - State of New York
NO. 01LO0015264
Qualified in Queens County
My Commission Expires Oct 29, 2027

_____
Notary Public, State of New York

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1395 **Agenda Date:** 4/9/2026 **Agenda #:** 7.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Cedar Brook Village (HTC #25074)

RECOMMENDED ACTION

WHEREAS, Cedar Brook Village (Development) received an award of 9% Housing Tax Credits (HTCs) in 2025 for the new construction of 96 multifamily units for the general population in Houston, Harris County;

WHEREAS, the HTC Application received two points for agreeing to include a certified Historically Underutilized Business (HUB) in the ownership structure of the general partner and materially participating in the development and operation of the Development throughout the Compliance Period;

WHEREAS, the proposed HUB, Lapstone Holdings LLC, has elected to withdraw as a member of the general partner and relinquish all rights and interest in the Development, and 7401 East Little York Road Propco, L.P. (the Applicant) is requesting approval to remove the requirement for participation by a HUB; and

WHEREAS, the requested change does not negatively affect the Development, impact the viability of the transaction, would not have affected the selection of the Application in the competitive round, or affect the amount of the tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment for Cedar Brook Village 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

Cedar Brook Village was approved for a 9% HTC award in 2025 for the construction of 96 units, all of which are designated as low-income units, of multifamily housing for the general population in Houston, Harris County. The HTC Application for the Development received two points because the Development was structured to include a Historically Underutilized Business (HUB) in the ownership structure that would have some combination of ownership interest in the general partner of the Owner, cash flow from operations, and Developer Fee. The HUB is also required to materially participate in the development and operation of the Development

throughout the Compliance Period.

At closing of the equity financing and construction loan for the Development, the HUB was anticipated to be a 40% owner of the general partner. However, in a letter dated February 20, 2026, Will Sternlicht, representative for the Applicant, requested approval remove the requirement for participation by a historically underutilized business. Since the award of tax credits, the HUB has elected to withdraw as a member of the general partner and relinquish all rights and interests in the Development. The Applicant indicated that, because of changes to program structures and statewide practices that have shifted away from prioritizing historically underutilized business participation in the manner that existed at the time of the Application, the Applicant does not believe that bringing in a replacement historically underutilized business would provide meaningful benefit to the Development. With this proposed amendment, the proposed HUB would not be part of the ownership structure of the Development, and Impact Residential Development, L.L.C. will remain as the sole member and manager of the general partner. There are no new members being added.

In an Affidavit dated February 18, 2026, Jessica Mullins, Manager of Lapstone Holdings LLC, the proposed HUB, requested approval to remove the ongoing HUB participation requirement from the Application. The Affidavit also states that the HUB was not removed from its position and its decision to exit the ownership structure of the general partner, the partnership, and the Development is an action of its own volition.

Staff confirmed that the loss of the Sponsor Characteristics points would not have affected the award. The requested change does not materially alter the Development in a negative manner or impact the viability of the transaction. Because closing on this transaction has not occurred, a public hearing was not requested for this amendment.

Staff recommends approval of the material amendment as presented herein.

February 20, 2026

VIA HAND DELIVERY
Mr. Rosalio Banuelos
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 25074; Cedar Brook Village (the "**Property**")

Dear Mr. Banuelos:

Lapstone Holdings LLC, a Texas limited liability company (the "**HUB**"), is the anticipated 40% owner of 7401 East Little York Road Propco GP, L.L.C., a Delaware limited liability company (the "**General Partner**"), which is the sole general partner of 7401 East Little York Road Propco, L.P., a Delaware limited partnership (the "**Partnership**"), at the closing of the equity financing and construction loan for the development of the Property. The Partnership is the proposed owner and operator of the Property.

The Partnership submits this letter as a formal request for approval of a material amendment to its 2025 Housing Tax Credit Application in Region 6 (the "**Application**"), pursuant to 10 Texas Administrative Code §10.405, to remove the requirement for participation by a historically underutilized business.

Request for HUB Restriction Removal

The Application included a commitment to ownership participation by a historically underutilized business throughout the development and compliance periods, with the HUB fulfilling that obligation. Since the award of tax credits, however, the HUB has elected to withdraw as a member of the General Partner and relinquish all rights and interests in the Property.

Furthermore, the Partnership notes that the landscape for the promotion and incentives for participation by historically underutilized businesses in Texas has changed. TDHCA program structures and statewide practices have shifted away from prioritizing historically underutilized business participation in the manner that existed at the time of the Application. Considering these changes, the Partnership does not believe that bringing in a replacement historically underutilized business would provide meaningful benefit to the Property. Accordingly, the Partnership respectfully requests removal of the historically underutilized business participation requirement from the Application.

Scoring and Award Integrity

The Application received a total score of 173 points, inclusive of two (2) points attributable to the HUB participation commitment (the "**HUB Points**"). Without the HUB Points, the Application would have received a score of 171 points. Based on the scoring thresholds and award determinations applicable to the 2025 competitive cycle in Region 6, the Application would have received a tax credit award even without the HUB Points. Removal of the HUB Points would not have altered the ranking of the Application relative to other applicants in Region 6 for the 2025 competitive cycle. Accordingly, removal of the HUB requirement will not adversely affect the competitive selection process or the integrity of the award.

Good Cause; No Adverse Impact

The need for this amendment was not reasonably foreseeable at the time of Application. The HUB's decision to withdraw from the ownership structure of the Partnership occurred after the award of credits and was not known to, nor reasonably foreseeable by the applicant as the time the Application was submitted. This requested amendment will not result in any adverse financial impact to the Property and will not affect the Property's future operations, affordability restrictions, or compliance with applicable program requirements.

Acknowledgement of Material Amendment Process

The Partnership acknowledges that this request constitutes a material application amendment under 10 TAC §10.405 and will require approval by the Department's Governing Board. The Partnership further acknowledges and agrees to comply with all applicable procedural requirements, including providing a signed affidavit from the HUB and submitting the required amendment fee in the amount currently required by the Department, made payable to TDHCA.

A copy of the required HUB affidavit is attached and submitted concurrently with this request. Thank you for your consideration. Please do not hesitate to contact the undersigned if you have any questions or require further information.

Sincerely,

7401 EAST LITTLE YORK ROAD PROPCO, L.P.,
a Delaware limited partnership

By: 7401 East Little York Road Propco GP, L.L.C.,
a Delaware limited liability company,
its general partner

By: William Sternlicht
Name: Will Sternlicht
Title: Authorized Signatory

STATE OF TEXAS §

COUNTY OF HARRIS §

AFFIDAVIT

I, Jessica Mullins, on behalf of Lapstone Holdings LLC, a Texas limited liability company (the "**HUB**"), being first duly sworn on oath, depose and say that:

1. I am the owner, sole member, and manager of the HUB. I am fully familiar with all the HUB's business and financial affairs, including, without limiting the generality of the foregoing, all of the matters herein described.

2. At closing of the equity financing and construction loan for the development of the Property, as defined below, the HUB is anticipated to be a 40% owner of 7401 East Little York Road Propco, GP, L.L.C., a Delaware limited liability company (the "**General Partner**"), the sole general partner of 7401 East Little York Road Propco, L.P., a Delaware limited partnership (the "**Partnership**"). The Partnership is the proposed owner and operator of Cedar Brook Village, an affordable housing development to be constructed in Houston, Harris County, Texas (the "**Property**").

3. The HUB is the historically underutilized business serving in the structure of the Partnership pursuant to the original 9% Housing Tax Credit Application (TDHCA #25074) (the "**Application**").

4. This Affidavit is given in connection with the Partnership's request to the Texas Department of Housing and Community Affairs ("**TDHCA**") to amend the Application to remove the requirement for participation by a historically underutilized business in accordance with §10.405 of the Texas Administrative Code.

5. In conjunction with the other member of the General Partner, we have determined that it is in the Partnership's best interest for the HUB to withdraw as a member of the General Partner and relinquish all rights and interests in the Property. The HUB was not removed from its position and its decision to exit the ownership structure of the General Partner, the Partnership, and the Property is an action of its own volition.

6. The HUB is respectfully requesting TDHCA's approval to remove the ongoing historically underutilized business participation requirement from the Application.

[*Signature Page Follows*]

HUB:

LAPSTONE HOLDINGS LLC,
a Texas limited liability company

By: _____
Name: Jessica Mullins
Title: Manager

ACKNOWLEDGEMENT

STATE OF NEW YORK §

COUNTY OF QUEENS §

Sworn to and subscribed before me this 18 day of February, 2026, by Jessica Mullins, Manager of Lapstone Holdings LLC, a Texas limited liability company, on behalf of said limited liability company.

[Notary Seal]

LISA LOOK KIN-BUDREE
Notary Public - State of New York
NO. 01LO0015264
Qualified in Queens County
My Commission Expires Oct 29, 2027

_____
Notary Public, State of New York

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1396 **Agenda Date:** 4/9/2026 **Agenda #:** 8.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Trinity East Senior (HTC #25090)

RECOMMENDED ACTION

WHEREAS, Trinity East Senior (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2025 for the new construction of 90 units for the elderly population in Houston, Harris County;

WHEREAS, Trinity East 9% Affordable Senior, LP (the Applicant) requests approval for a reduction in the Common Area from 15,213 square feet to 14,174 square feet, representing a reduction of 1,039 square feet or 6.83% from the Common Area represented at Application;

WHEREAS, Board approval is required for a reduction of 3% or more in the square footage of the Common Area as directed in Tex. Gov't Code §2306.6712(d)(4) and 10 TAC §10.405(a)(4)(D), and the Applicant has complied with the amendment requirements therein; and

WHEREAS, the requested change does not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the amount of housing tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Trinity East Senior 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

Trinity East Senior received an award of 9% Housing Tax Credits in 2025 for the new construction of 90 low-income units for the elderly population in Houston, Harris County. In a letter dated February 23, 2026, John Welsh, the representative for the Applicant, requested approval for a reduction in the Common Area from 15,213 square feet to 14,174 square feet, a reduction of 6.83% or 1,039 square feet. This change resulted in a slight change in the square footage of the units, going from 657 square feet to 641 square feet, which decreased the total net rentable area by 1,440 square feet (2.44%), from 59,130 square feet to 57,690 square feet. Because the change to the net rentable area is less than 3%, it is not considered a material alteration.

The Applicant states the change was due to adjustments to the amenities to make them more valuable to residents. With the federal government making large cuts to the SNAP benefits program, the Development's resident service provider was concerned about food insecurities for their residents. Therefore, they requested adjustments to the community room and kitchen space to allow meals to be served to all residents, multiple times a week. To facilitate the change, the design team shifted the community room and kitchen space to the other side of the amenity area, closer to the parking lot, where caterers could easily access the kitchen. The community room was enlarged to allow for more tables and chairs. A food pantry and storage closet for dining tables and chairs were also added to the space. The overall manager office, leasing office, and service provider office spaces were reduced to allow for the additional space for the community room and kitchen.

As a requirement by the City of Houston (the City), an additional electrical room was added and adjustments to the fire riser/pump room to double its size were also made. This required the design team to shift the fitness center, but this shift allowed the fitness center to also double in size and gave it access to an outer wall so residents can look out of the windows while they exercise. The increase in the fitness center area required another HVAC unit, which led to the need for an additional HVAC closet. While the electrical room and fire riser/pump room are not part of the common area square footage, the changes contributed to the need to make the overall amenity spaces more efficient to accommodate all the necessary mechanical/electrical spaces. This additional electrical room was also required by the City to serve the on-site back-up generator. With this change, the Applicant was also able to add a second elevator.

The Applicant indicated that the requested changes were not reasonably foreseeable at the time of application because the resident services provider had not yet determined the impact of the SNAP benefit reductions on the residents and the design team had not received the feedback from the City of Houston regarding the changes to the fire riser/pump room and electrical room requirements.

The change to the Common Area square footage does not materially alter the Development in a negative manner and was not reasonably foreseeable or preventable by the Development Owner at the time of Application. The Owner has indicated that there was no net financial impact on the Development because of the proposed change. Staff has determined that this change does not affect the scoring of the Application or the HTC award, and the Development will continue to meet the accessibility requirements. The final recommended HTC amount will be determined upon finalization of the cost certification process.

Staff recommends approval of the amendment request as presented herein.

The NHP Foundation®
Preserving America's Affordable Housing

Where You Live Matters

February 23, 2026

Stephanie Givens
Asset Manager | Region 6
Texas Department of Housing & Community Affairs
221 E 11th Street
Austin, TX 78701

RE: Trinity East Senior (App # 25090) – Material Amendment Request

Dear Ms. Givens:

Please find a request for a material application amendment on the following pages, related to the decrease in common area square footage over 3% for the Trinity East Senior 9% LIHTC project (# 25090). Additionally, some adjustments to wall widths have resulted in a small reduction in unit square footage. As this is under the 3% threshold, we are providing the Department with a notification of this change.

The development is **not** reducing the number of low-income units, making any alterations that would have affected scoring, or implementing any changes that would have impacted award of the credits.

The following items are attached for Department review:

1. Amendment Request Form
2. Cover letter describing the material amendment and the notification
3. A comparison of plans provided in the application with updated plans showing the final square footages for the amendment
4. Evidence of amendment fee payment

If you have any questions or require additional information, please don't hesitate to contact me.

Thank you for your consideration,

John Welsh
Senior Vice President
The NHP Foundation
Authorized Representative for Trinity East 9% Affordable Senior LP
jwelsh@nhpfoundation.org

Trinity East Senior (App # 25090) – Material Amendment Cover Letter: Description of Common Area Square Footage Changes

Request: To amend the application to include an updated amenity space floor plan and common area square footage, allowing a reduction in overall common area square footage of 6.8%.

The common area square footage denoted in the February 2025 application totaled 15,213 SF and included public space (corridors, stairs), admin spaces (such as the leasing office), and common space (the resident amenities). These spaces now total 14,174 SF in the final architectural plans, a reduction of 1,039 SF (or 6.8%). Despite the overall reduction in square footage, the amenities outlined in the application are still being provided to residents, and new amenities have been added.

The development is **not** reducing the number of low-income units, making any alterations that would have affected scoring, or implementing any changes that would have impacted award of the credits.

The reason the change is necessary: The square footage reduction was caused by adjustments to the amenities to make them more valuable to residents and by adjustments to the non-rentable spaces required by the City of Houston. These adjustments are described below.

Community Room and Kitchen

With the federal government making large cuts to the SNAP benefits program, our resident services provider grew concerned that Trinity East Senior's residents would suffer food insecurity on a large scale. Therefore, they requested adjustments to the community room and kitchen space to allow for meals to be served to all residents multiple times a week. To facilitate this change, the design team shifted the community room and kitchen space to the other side of the amenity area, closer to the parking lot where caterers could easily access the kitchen. The kitchen was transformed into a warming kitchen that is separated from the community room; the community room was slightly enlarged to allow for more tables and chairs. A food pantry was also carved out of the space. A storage closet for the dining tables and chairs was also added.

With the shifting of the community room and kitchen area to the other side of the amenity space, the design team was able to co-locate the office spaces together (property manager & leasing office with the Resident Services Coordinator office). We were able to better program this space to include a small conference room for meetings with residents, where the previous layout had more unused space in this area.

Changes to Mechanical, Fire, Electrical Rooms

The City of Houston required the fire riser/pump room to double in size. This required the design team to shift the fitness center, but this shift allowed the fitness center to also double in size and gave it access to an outer wall so residents can look out of the windows while they exercise. The increase in the fitness center area required another HVAC unit, which led to the need for an additional HVAC closet.

An additional electrical room was added – this, like the pump room and HVAC closets, is not counted in the common area square footage, but it did contribute to the need to make the overall amenity spaces more efficient to accommodate all the necessary mechanical/electrical spaces without losing amenities. This additional electrical room was also required by the City to serve the on-site back-up generator. With this change, we were also able to add a second elevator.

Good cause for the change: The new amenity space now includes all the previously provided amenities (2 activity rooms, business center, fitness center, community room & kitchen, mail area & package room, leasing office & resident services office, two restrooms, an outdoor patio, and vestibule lobby), but it also includes enhancements that will give the residents more value:

- Adjusting the community room and kitchen to allow warm meals to be served to residents multiple times a week
- A larger fitness center with windows onto McGowen Street
- A more private small conference room for one-on-one meetings with residents
- A second elevator

These changes were not reasonably foreseeable or preventable at the time of the application because the resident services provider had not yet determined the impact of the SNAP benefit reductions on the residents and the design team had not yet received the feedback from the City of Houston regarding the changes to the fire riser/pump room and electrical room requirements. With this information came an opportunity to better design the amenity spaces to be more efficient and better meet residents' needs.

Statement of No Financial Impact: These changes will not result in a financial impact on the Development as they can be accommodated within the project budget.

Trinity East Senior (App # 25090)
Notification Item: Decrease in Unit Square Footage under 3%

The original unit square footages shown in the February 2025 application were 657 NRSF and 665 GSF. During the construction drawing/building permit review process, it was determined that the width of certain walls within the units had to increase to accommodate larger plumbing chases for pipes and roof drains. Therefore, the updated unit square footages are 641 NRSF and 652 GSF, representing a reduction of less than 3%.

ACCESSIBLE MOBILITY UNITS SUMMARY

ACCESSIBLE MOBILITY UNITS	REQUIRED:	5% X 90 UNITS = 5 UNITS
	PROVIDED:	**5 UNITS**
HEARING AND/OR VISUALLY IMPAIRED	REQUIRED:	2% X 90 UNITS = 2 UNITS
	PROVIDED:	**2 UNITS**

BUILDING AREA SUMMARY

RESIDENTIAL UNITS

UNIT	NRSF	TOTAL UNITS	TOTAL NRSF	GROSS SF	TOTAL GROSS SF
A1 - 1BED	657	83	54,531	665	55,195
MOBILITY ACCESSIBLE UNITS					
A2 - 1BED	657	5	3,285	665	3,325
HEARING AND/OR VISUALLY IMPAIRED					
A2.1 - 1BED	657	2	1,314	665	1,330
UNIT SF SUBTOTAL		**90**	**59,130**		**59,850**

AC PUBLIC SPACE

ROOM	NET SF - LVL 1	NET SF - LVL 2- 4	TOTAL SF
CORRIDORS & VESTIBULE	3,289	1,942	9,115
PACKAGE & MAIL	110	-	110
STAIRS	619	619	2,476
AC PUBLIC SPACE SUBTOTAL			**11,701**

NON-RENTABLE SPACE

ROOM	NET SF - LVL1	NET SF - LVL 2 - 4	TOTAL SF
STORAGE	504	504	2,016
ELEVATOR	65	65	260
ELECTRICAL	59	-	59
MAINTENANCE	150	-	150
MECHANICAL	78	26	156
FIRE RISER	505	-	505
MDF/IDF	48	-	48
NON-RENTABLE SPACE SUBTOTAL			**3,194**

AC ADMIN SPACES REFER TO SD2.3

ROOM	GROSS SF
SERVICE PROVIDER OFFICE	175
MANAGER OFFICE	135
LEASING OFFICE	726
WORKROOM	238
MDF	48
AC ADMIN SUBTOTAL	**1,322**

AC COMMON SPACE REFER TO SD2.3

ROOM	GROSS SF
COMMUNITY ROOM	539
KITCHEN	208
MEN RR	122
WOMEN RR	130
ACTIVITY ROOM 1	364
ACTIVITY ROOM 2	315
FITNESS	320
PACKAGE	61
BUSINESS CENTER	131
AC COMMON SUBTOTAL	**2,190**

Common area square footage calculation [highlighted amenities per QAP definition of Common Area -Sec 11.1(d)21]: 15,213 SF

VERSION SUBMITTED WITH ORIGINAL APPLICATION

PROPOSED TDHCA AMENITIES
- SCREENS ON ALL OPERABLE WINDOWS
- BLINDS OR WINDOW COVERINGS
- RESIDENT SERVICES OFFICE
- MULTIFUNCTIONAL COMMUNITY CENTER (COMMUNITY ROOM)
- FURNISHED COMMUNITY ACTIVITY ROOM (ACTIVITY ROOM 1 & 2)
- PACKAGE ROOM
- SITE FENCE AND SECURED GATES
- FITNESS CENTER
- LIGHTED PATHWAYS
- PERMANENT BBQ GRILLS AND PICNIC TABLES
- HIGH-SPEED WIFI
- BUSINESS CENTER FOR RESIDENTS
- SELF-CLEANING OVENS
- ENERGY STAR REFRIGERATORS WITH ICE MAKER
- HARD FLOOR SURFACES IN OVER 50% OF NRA

PROPOSED STC MODIFICATIONS (RE: HUD NOISE STUDY)

- WINDOWS:
  - SMALL: STC 26 MIN
  - LARGE: STC 28 MIN
- EXTERIOR PARTITIONS:
  - PLANNED PARTITIONS: **STC 34**
    - ASSEMBLY:
      - FIBER CEMENT LAP SIDING
      - 5/8" OSB SHEATHING
      - 2X6 WOOD STUDS @ 16" O.C.
      - 5-1/2" BATT INSULATION
      - 5/8" TYPE X GYPSUM WALLBOARD
  - IMPROVED PARTITIONS: **STC 54** (INDICATED ON OVERALL PLANS)
    - ASSEMBLY:
      - FIBER CEMENT LAP SIDING
      - 5/8" OSB SHEATHING
      - 2X6 WOOD STUDS @ 16" O.C.
      - 5-1/2" BATT INSULATION
      - RESILIENT CHANNEL
      - 5/8" TYPE X GYPSUM WALLBOARD

GROSS TOTAL: 80,495 SF

ORIGINAL VERSION SUBMITTED WITH APPLICATION: Amenity Layout

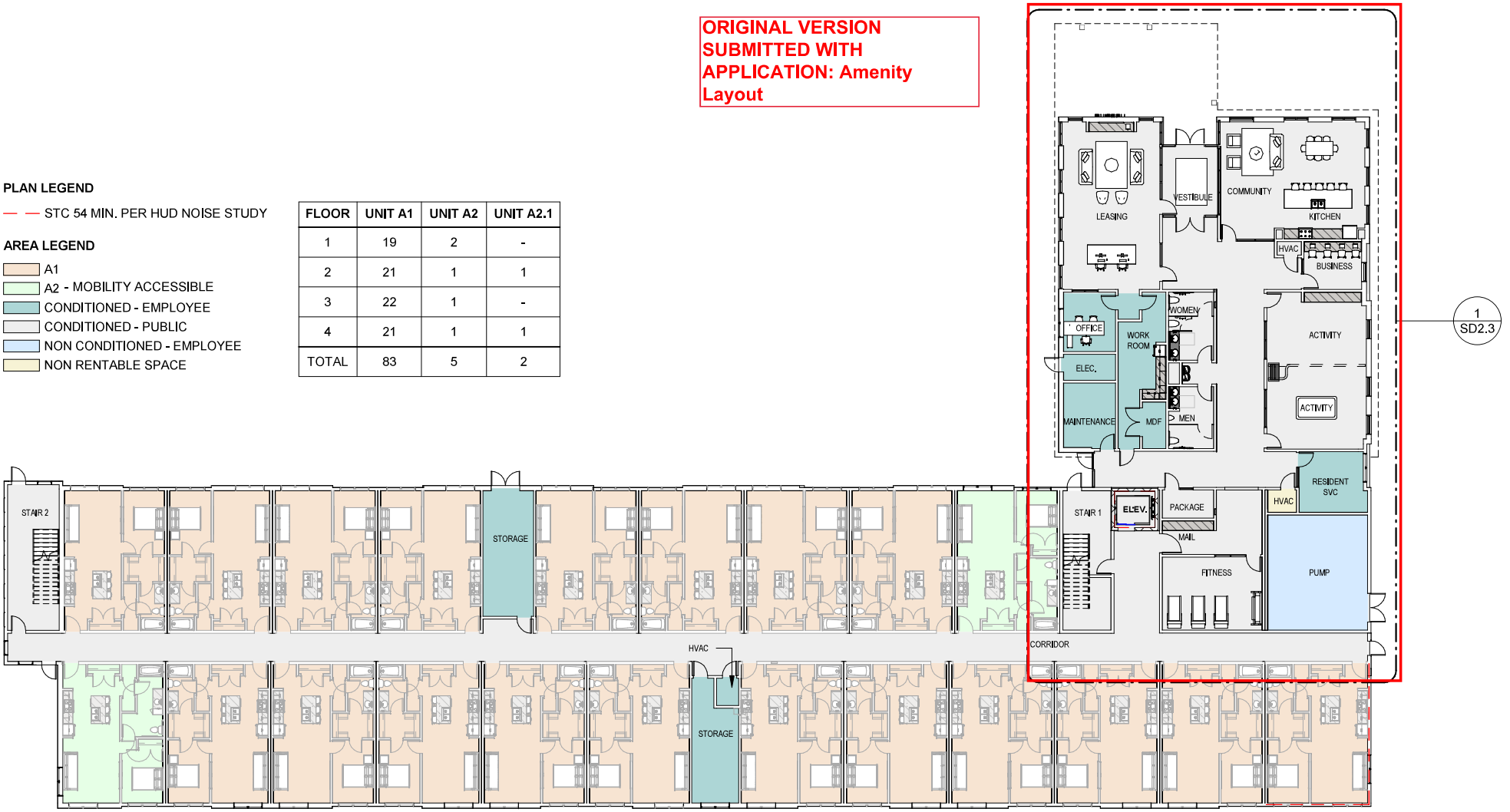
PLAN LEGEND

— — STC 54 MIN. PER HUD NOISE STUDY

AREA LEGEND

- A1
- A2 - MOBILITY ACCESSIBLE
- CONDITIONED - EMPLOYEE
- CONDITIONED - PUBLIC
- NON CONDITIONED - EMPLOYEE
- NON RENTABLE SPACE

FLOOR	UNIT A1	UNIT A2	UNIT A2.1
1	19	2	-
2	21	1	1
3	22	1	-
4	21	1	1
TOTAL	83	5	2



02/27/2025

FLOOR PLAN - LEVEL 1

0 10 20 N

The NHP Foundation &
TRINITY EAST VILLAGE CDC

TRINITY EAST VILLAGE - SENIOR HOUSING

MCGOWEN ST & LIVE OAK ST
HOUSTON, TX 77004

SMITH&COMPANY
ARCHITECTS

SD2.1

ACCESSIBLE MOBILITY UNITS SUMMARY

ACCESSIBLE MOBILITY UNITS	REQUIRED:	5% X 90 UNITS = 5 UNITS
	PROVIDED:	**5 UNITS**
HEARING AND/OR VISUALLY IMPAIRED	REQUIRED:	2% X 90 UNITS = 2 UNITS
	PROVIDED:	**2 UNITS**

BUILDING AREA SUMMARY

RESIDENTIAL UNITS

UNIT	NRSF	TOTAL UNITS	TOTAL NRSF	GROSS SF	TOTAL GROSS SF
A1 - 1BED	641	83	53,203	652	54,116
MOBILITY ACCESSIBLE UNITS					
A2 - 1BED	641	5	3,205	652	3,260
HEARING AND/OR VISUALLY IMPAIRED					
A2.1 - 1BED	641	2	1,282	652	1,304
UNIT SF SUBTOTAL		**90**	**57,690**		**58,680**

AC PUBLIC SPACE

ROOM	NET SF - LVL 1	NET SF - LVL 2- 4	TOTAL SF
CORRIDORS & VESTIBULE	2,972	6,134	9,106
STAIRS	361	1,084	1,445
MAIL	82	-	82
AC PUBLIC SPACE SUBTOTAL			**10,633**

NON-RENTABLE SPACE

ROOM	NET SF - LVL1	NET SF - LVL 2 - 4	TOTAL SF
STORAGE	173	-	173
ELEVATOR	116	346	462
ELECTRICAL	191	309	500
MAINTENANCE	183	-	183
MECHANICAL	53	64	117
FIRE RISER	655	-	655
MDF/IDF	-	243	306
TRASH/TRASH VEST.	273	247	520
JANITOR	-	542	542
NON-RENTABLE SPACE SUBTOTAL			**3,395**

AC ADMIN SPACES REFER TO SD2.3

ROOM	GROSS SF
MANAGER OFFICE	138
LEASING OFFICE	129
WORKROOM	303
SMALL CONFERENCE	64
FOYER	142
MDF	63
SERVICE PROVIDER OFFICE	157
AC ADMIN SUBTOTAL	**996**

AC COMMON SPACE REFER TO SD2.3

ROOM	GROSS SF
COMMUNITY ROOM	587
CATERING KITCHEN	255
FOOD PANTRY	30
MEN RR	109
WOMEN RR	128
ACTIVITY ROOM 1	291
ACTIVITY ROOM 2	298
FITNESS	632
PACKAGE	106
BUSINESS CENTER	109
AC COMMON SUBTOTAL	**2,545**

UPDATED VERSION:

New common area square footage: 14,174 SF

PROPOSED TDHCA AMENITIES

- SCREENS ON ALL OPERABLE WINDOWS
- BLINDS OR WINDOW COVERINGS
- RESIDENT SERVICES OFFICE
- MULTIFUNCTIONAL COMMUNITY CENTER (COMMUNITY ROOM)
- FURNISHED COMMUNITY ACTIVITY ROOM (ACTIVITY ROOM 1 & 2)
- PACKAGE ROOM
- SITE FENCE AND SECURED GATES
- FITNESS CENTER
- LIGHTED PATHWAYS
- PERMANENT BBQ GRILLS AND PICNIC TABLES
- HIGH-SPEED WIFI
- BUSINESS CENTER FOR RESIDENTS
- SELF-CLEANING OVENS
- ENERGY STAR REFRIGERATORS WITH ICE MAKER
- HARD FLOOR SURFACES IN OVER 50% OF NRA

PROPOSED STC MODIFICATIONS (RE: HUD NOISE STUDY)

- WINDOWS:
  - SMALL: STC 26 MIN
  - LARGE: STC 28 MIN
- EXTERIOR PARTITIONS:
  - PLANNED PARTITIONS: **STC 34**
    - ASSEMBLY:
      - FIBER CEMENT LAP SIDING
      - 5/8" OSB SHEATHING
      - 2X6 WOOD STUDS @ 16" O.C.
      - 5-1/2" BATT INSULATION
      - 5/8" TYPE X GYPSUM WALLBOARD
  - IMPROVED PARTITIONS: **STC 54** (INDICATED ON OVERALL PLANS)
    - ASSEMBLY:
      - FIBER CEMENT LAP SIDING
      - 5/8" OSB SHEATHING
      - 2X6 WOOD STUDS @ 16" O.C.
      - 5-1/2" BATT INSULATION
      - RESILIENT CHANNEL
      - 5/8" TYPE X GYPSUM WALLBOARD

GROSS TOTAL: 76,249 SF

UPDATED VERSION: Amenity Layout

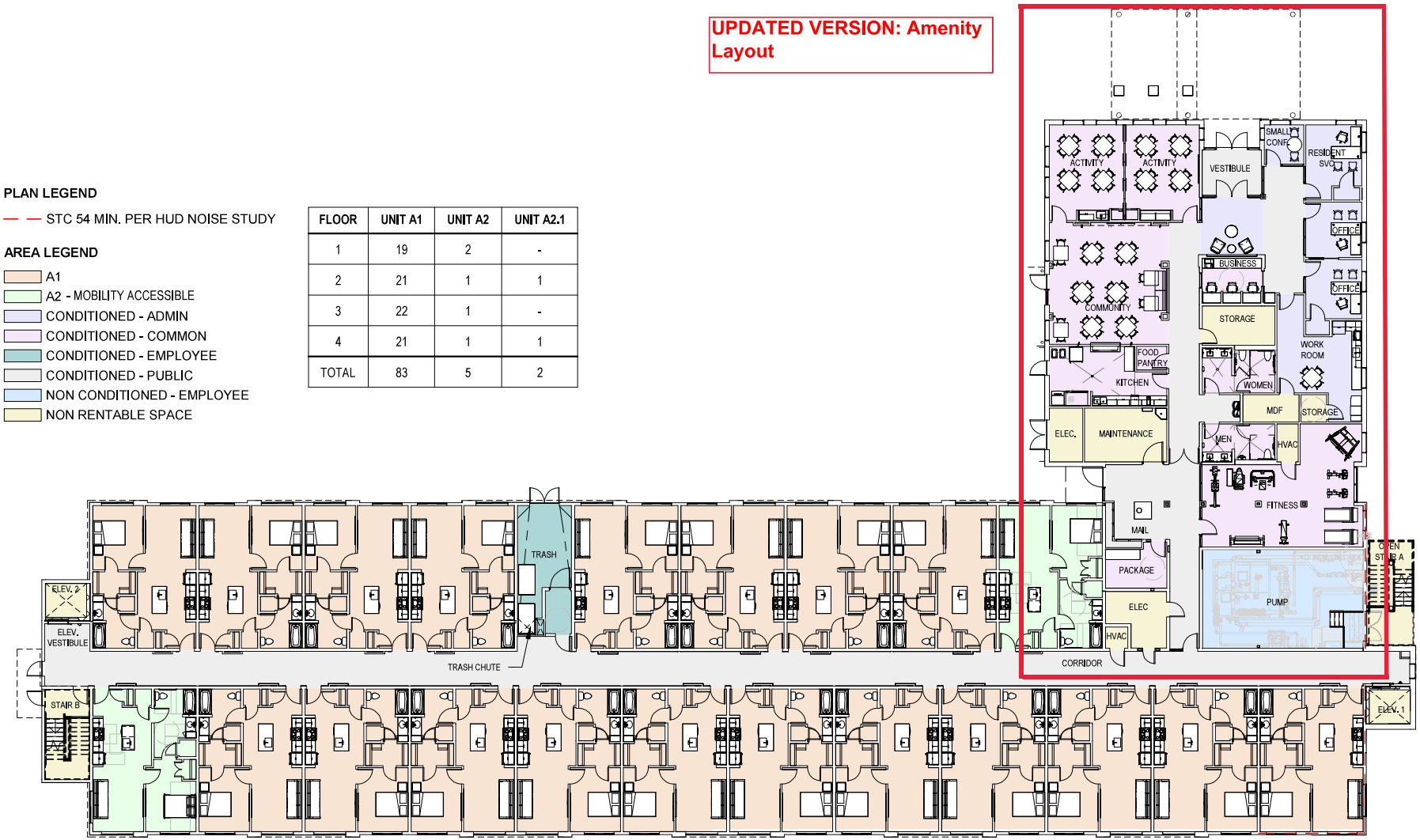
PLAN LEGEND

— — STC 54 MIN. PER HUD NOISE STUDY

AREA LEGEND

- A1
- A2 - MOBILITY ACCESSIBLE
- CONDITIONED - ADMIN
- CONDITIONED - COMMON
- CONDITIONED - EMPLOYEE
- CONDITIONED - PUBLIC
- NON CONDITIONED - EMPLOYEE
- NON RENTABLE SPACE

FLOOR	UNIT A1	UNIT A2	UNIT A2.1
1	19	2	-
2	21	1	1
3	22	1	-
4	21	1	1
TOTAL	83	5	2



02/17/2026

FLOOR PLAN - LEVEL 1

0 10 20 N

The NHP Foundation & TRINITY EAST VILLAGE CDC

TRINITY EAST VILLAGE SENIOR APARTMENTS

MCGOWEN ST & LIVE OAK ST
HOUSTON, TX 77004

SMITH&COMPANY ARCHITECTS

SD2.1

File #: 1413 **Agenda Date:** 4/9/2026 **Agenda #:** 9.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(4)(D) for Aurora Apartments (HTC #22403)

RECOMMENDED ACTION

WHEREAS, Aurora Apartments (the Development) received a 4% Housing Tax Credit (HTC) award in 2022 for the acquisition and rehabilitation of 105 low-income units for the elderly in San Antonio, Bexar County;

WHEREAS, Aurora Preservation, LP (the Development Owner or Owner) is requesting a waiver for 10 TAC §11.101(b)(4)(D), which is the requirement for screens on all operable windows as a Mandatory Development Amenity for all Rehabilitation Developments;

WHEREAS, 10 TAC §11.101(b)(4) further states that the Board may waive one or more of the requirements of the paragraph for Developments that include Historic Tax Credits, with evidence that the amenity has not been approved by the Texas Historical Commission or the National Park Service, as applicable;

WHEREAS, the Owner provided a letter dated March 5, 2026, from the Texas Historical Commission citing that the project was subject to the Secretary of the Interior's *Standards for Rehabilitation*, does not recommend window screens for this historic building, and further supports the waiver request; and

WHEREAS, the requested waiver does not negatively affect the Development, impact the viability of the transaction, impact Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701, or affect the amount of the tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the waiver request for Aurora Apartments 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

Aurora Apartments received a 4% Housing Tax Credit award in 2022 for the acquisition and rehabilitation of 105 low-income units for the elderly in San Antonio, Bexar County. All units in the Development are located in a single, 11-story building that is listed in the National Register

of Historic Places. Rehabilitation of the Development has been completed, and the cost certification documentation for the Development is currently under review by the Department. During the review of the cost certification, it was determined that the waiver for this mandatory amenity had not been requested.

In a letter dated February 12, 2026, Catherine Fennell, a representative of the Owner, requested a waiver of 10 TAC §11.101(b)(4)(D), which requires screens on all operable windows as a mandatory amenity for rehabilitation developments. 10 TAC §11.101(b)(4) further states that the Board may waive one or more of the requirements of the paragraph for Developments that include Historic Tax Credits, with evidence that the amenity has not been approved by the Texas Historical Commission or the National Park Service, as applicable. A letter from the Texas Historical Commission dated March 5, 2026, was submitted in support of the waiver request. This letter states that the building is listed in the National Register of Historic Places as one of South Texas' most luxurious residential high rises at the time of its construction in 1930 and incorporates an eclectic mix of Spanish Revival, Beaux Arts, and Gothic Revival design influences. The letter from the Texas Historical Commission states that there were no window screens historically present on the building, and that installation of window screens would present a difficult design challenge and would detract from the character of the building. Such work would threaten the project's compliance with the historic tax credit programs.

Staff recommends approval of the waiver request as presented herein.

//Fairstead

February 12, 2026

Dear Ms. Treadwell,

Aurora Apartments – Waiver Request & Material Amendment Fee

I hope you are well.

I am writing regarding **Aurora Apartments in San Antonio** to respectfully request a waiver related to the requirement for screens on all operable windows. Due to the property's historic designation and the associated preservation requirements, installation of screens on all operable windows was not feasible without conflicting with the approved historic standards. The window specifications were developed in coordination with the applicable historic review authorities to ensure compliance with preservation requirements and to maintain the integrity of the historic façade.

We acknowledge that this waiver request should have been submitted earlier and apologize for the oversight. We respectfully request TDHCA's consideration of this waiver in light of the historic constraints and the project's overall compliance with applicable design and preservation requirements. We are happy to provide any additional documentation needed to support this request.

Additionally, we understand this change may constitute a material amendment. Would you please advise where we should remit the $2,500 material amendment fee and to whose attention it should be directed?

Thank you very much for your guidance and consideration. We appreciate your assistance and look forward to your direction on next steps.

Sincerely,

Catherine Fennell

TEXAS HISTORICAL COMMISSION
REAL PLACES TELLING REAL STORIES

P.O. Box 12276
Austin, Texas 78711-2276
512-463-6100
thc.texas.gov

March 5, 2026

Attention: Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Subject: Aurora Apartment Hotel
509 Howard St, San Antonio, Bexar County

The above historic building was considered one of South Texas' most luxurious residential high-rises at the time of its construction in 1930. The residential hotel offered fully furnished in-unit kitchens as well as hotel rooms with shared public spaces and services, a confluence lifestyle most commonly seen in major American commercial centers such a New York and Chicago but a relatively novel concept in Texas. The Eclectic ten-story building with basement and three-story rooftop penthouse exhibits a blend of Spanish Colonial Revival, Beaux Arts, Art Deco, and Gothic Revival influences. The building's exceptional integrity and historical significance led to the successful listing on the National Register of Historic Places, and its character defining features – including the cast stone ornamentation, windows, balconies, and brick exterior – remain remarkably intact.

A major rehabilitation project to repair this affordable senior housing was recently completed. The work was certified to receive tax credits under the Texas Historic Preservation Tax Credit program and the Federal Rehabilitation Tax Credit program in December 2025, based on successful completion of construction in compliance with program requirements. Both of these programs require projects to meet the Secretary of the Interior's *Standards for Rehabilitation (Standards)*, an analysis that was completed during construction. The work scope included a thoughtful restoration of the extant historic windows, in compliance with the Standards. For this reason, the TDHCA requirement for insect screens is of concern to our office.

We have studied historic photographs depicting the hotel over time and have concluded that there were no window screens historically present on the building. Our office's opinion is that installation of window screens would present a difficult design challenge and would generally detract from the character of the building, thereby making the installation of window screens incompatible with the character of the building. Moreover, installation of window screens after the project was already successfully completed under the tax credit programs would threaten the tax credits already earned.

In summation, our office does not recommend window screens for this historic building, and we support the applicant in their request that TDHCA waive this requirement.

Sincerely,

Valerie Magolan
Tax Credit Program Coordinator, Division of Architecture, Texas Historical Commission
512-463-3857 | valerie.magolan@thc.texas.gov

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1417 **Agenda Date:** 4/9/2026 **Agenda #:** 10.

Presentation, discussion, and possible action regarding a material change to the Multifamily Management System (MMS) contract

RECOMMENDED ACTION

WHEREAS, the Department previously entered into a contract for the development of the Multifamily Management System (MMS), a software platform intended to support the multifamily application process from intake through underwriting, award, and reporting;

WHEREAS, Tex. Gov't Code §2155.088 requires approval by the Governing Board for a material change to an awarded contract for goods or services, including an increase in the total consideration to be paid under a contract by at least 10%; and

WHEREAS, due to scope refinements, project timing impacts, and technical requirements encountered during implementation, the total contract amount is projected to increase to approximately 117% of the original contract value, thereby requiring Board approval;

NOW, therefore, it is hereby

RESOLVED, that the requested material change to the MMS contract 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.

BACKGROUND

The Multifamily Management System (MMS) project was initiated to develop a customized system to support the Department's multifamily application and underwriting processes, with the goal of improving data management and reducing reliance on manual workflows.

The original contract amount for MMS development was approximately $3.53 million, with a total project budget of $3.825 million approved through the 2024-2025 Legislative Appropriations Request (LAR).

As implementation progressed, the Department worked with the vendor to define and develop system functionality aligned with program requirements. During this process, additional scope elements were incorporated, and project timelines were impacted by coordination with external technology infrastructure, external user feedback, and internal resource constraints. These factors resulted in adjustments to the contract amount and duration.

The resulting contract amount exceeds the statutory threshold requiring Board approval. The requested Board approval is necessary to authorize the adjusted contract amount and allow for proper project closeout and reconciliation.

PROJECT SCOPE AND DRIVERS OF CHANGE

The MMS project involved development of a custom system intended to integrate application intake, underwriting, and program management functions. As the project progressed, several factors contributed to contract adjustments:

- Scope Refinement: The Department expanded development of an underwriting module using PowerApps and Power BI to replace spreadsheet-based processes and support more structured data handling.
- Technical and Infrastructure Coordination: The project experienced delays associated with coordination of cloud and virtual server infrastructure through the Department of Information Resources (DIR), which extended the implementation timeline.
- Project Complexity: The multifamily program includes complex federal and state requirements and policy considerations under the Qualified Allocation Plan (QAP), which required additional development effort as requirements were further defined. Additional features were developed for application intake in response to external user feedback.
- Schedule Impacts: Delays related to infrastructure setup and staff availability extended the overall timeline, increasing the duration of vendor engagement.

FINANCIAL SUMMARY

- Original Contract: $3.53 million
- Adjustments:
  - $315,000 contract extension (project delays associated with DIR coordination and infrastructure setup)
  - $300,000 scope expansion (PowerApps/Power BI underwriting module)
- Estimated Final Contract: Approximately $4.1 million (~117% of original contract)
- Budget Impact: Approximately 7% above the $3.825 million LAR-approved budget

SUMMARY

The MMS project reflects a multi-year effort to develop a customized system to support the Department's multifamily programs. The contract adjustments described above were driven by scope refinements, project complexity, and timing impacts encountered during implementation.

The requested approval is required to authorize the adjusted contract amount in accordance with state law and to allow for proper closeout of the Phase I contract. Staff will continue to manage final reconciliation and closeout activities in accordance with applicable procurement and contract requirements.

The Department is separately evaluating future system options to support long-term Department needs across all multifamily divisions.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-013 **Agenda Date:** 4/9/2026 **Agenda #:** 11.

Presentation, discussion, and possible action on Resolution No. 26-013 regarding the annual approval of the Department's Investment Policy

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

The provisions of Tex. Gov't Code, Chapter 2256 (also known as the Public Funds Investment Act) require state agency boards to develop, adopt annually, and maintain a written investment policy (the Investment Policy) that, among other things, details investment priorities and strategies, describes permissible investments, addresses ethics and conflicts of interest, establishes training requirements, and designates Investment Officers. The Investment Policy also establishes requirements for financial advisors and service providers, and requires that investment professionals acknowledge receipt of the Investment Policy in order to do business with the Department.

Staff, in conjunction with the Department's Financial Advisor and Bond Counsel, have reviewed the proposed Investment Policy and recommend approval and adoption of Resolution 26-xxx013.

The proposed Investment Policy, blacklined against the prior policy, proposes no significant changes and includes only minor edits comments (dates and clean-up) and reflecting ads compliance with updated amended state law; a copy is attached for your reference.

RESOLUTION NO. 26-013

RESOLUTION OF THE GOVERNING BOARD APPROVING THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INVESTMENT POLICY

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Governing Board") desires to approve the Department's Investment Policy in the form presented to the Governing Board;

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 Approval of the Department's Investment Policy. The Investment Policy in the form presented to the Governing Board is hereby authorized and approved.

Section 1.2 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 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.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing 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 April, 2026.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INVESTMENT POLICY

As presented to the Board for adoption on April 9, 2026

2026

April 9, 2026

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INVESTMENT POLICY

I. POLICY

It is the policy of the Texas Department of Housing and Community Affairs (the "Department") to invest public funds in a manner that will provide, by priority, the following objectives:

1. Safety of principal;
2. Sufficient liquidity to meet Department cash flow needs;
3. Market rate of return for the risk assumed; and
4. Conformance to all applicable state statutes governing the investment of public funds including the Department's enabling legislation, Texas Government Code, Chapter 2306, Texas Government Code, Chapter 2263, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, Chapter 2270, Prohibition of Investing Public Money in Certain Investments, (as amended from time to time, "Chapter 2270"), Chapter 808, Prohibition on Investment in Companies that Boycott Israel, (as amended from time to time, "Chapter 808"), Chapter 809, Prohibition on Investment in Financial Companies that Boycott Certain Energy Companies, (as amended from time to time, "Chapter 809"), and specifically Texas Government Code, Chapter 2256, the Public Funds Investment Act (the "Act").

It is further the intent of the Department to set forth in this document how all investments will be administered, providing for an all-inclusive document that will ensure consistency and thoroughness in the presentation of such investments, as they affect the Department's presentation of its financial statements.

II. SCOPE

This investment policy applies to all investments, including both direct investments and investments that are subject to trust indentures created and supplemented in connection with bonds issued by the Department. All of these investments are accounted for in the Department's Comprehensive Annual Financial Report and include the General Fund, Special Revenue Fund, Trust and Agency Fund, and Enterprise Fund.

This investment policy does not apply to investments in instruments that constitute hedges, which include but are not limited to, interest rate swaps, caps, floors, futures contracts, forward contracts, etc., that satisfy the eligibility requirements of a "qualified hedge" as defined by Section 1.148-4(h)(2) of the Internal Revenue Code.

The Department has created and adopted a separate Interest Rate Risk Management Policy for guidance regarding the use and management of such hedges.

III. PRUDENCE

Investments shall be made with judgment and care under prevailing circumstances which persons of prudence, discretion and intelligence would exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety and liquidity of capital as well as the probable income to be derived.

The standard of prudence to be used by the investment officers named herein shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. An investment officer acting in accordance with the investment policy and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. INVESTMENT PRIORITIES

Investment by the Department will be in accordance with the following priorities in order of importance:

1. Understanding the suitability of the investment to the financial requirements of the Department. Suitability is the first priority in the Department's investment strategy, and will be evaluated on an overall basis and as a specific component of each of the remaining priorities;

2. Preservation and safety of principal;

3. Liquidity;

4. Marketability of the investment should the need arise to liquidate before maturity;

5. Diversification of the investment portfolio; and

6. Yield (after taking into account the previous five priorities).

Such investment will be in accordance with all federal and state statutes, rules, and regulations.

V. STRATEGIES

The following are the primary strategies for investment activities in order of priority after taking into account the suitability of any investment:

1. Suitability. In accordance with Section 2256.005(d) of the Act, the first priority is the suitability of investment.

2. Preservation and Safety of Principal. Investments of the Department shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk. To achieve this objective, diversification is required so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

   A. Credit risk is the risk of loss due to the failure of the security issuer or backer, and may be mitigated by:

      - limiting investments to the safest types of securities;
      - pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with whom the Department will do business; and
      - diversifying the investment portfolio to minimize potential losses on individual securities.

   B. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, and may be mitigated by:

      - structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity, and
      - investing operating funds primarily in shorter-term securities.

3. Liquidity. The Department's investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow needs. This is accomplished by structuring the portfolio so that securities mature concurrent with estimated or projected cash needs to meet anticipated demands. Since not all cash demands can be fully anticipated or projected with total accuracy, the portfolio should consist largely of securities with active secondary or resale markets, providing a reasonable level of flexibility to deal with unforeseen cash needs.

4. Marketability. The Department will evaluate investment opportunities based on the marketability of each investment to reduce risk in the event the Department needs to liquidate the investment before maturity. Specifically, the Department will take into consideration the activity level of the secondary market for the investment.

5. Diversification. The Department will maintain a diversified investment portfolio. Maturities will be staggered to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

6. Yield. The Department's investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and cash flow needs of the Department. Return on investment for short-term operating funds is of less importance than the safety and liquidity objectives described above. The core of investments is limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

   A. A security experiencing or reasonably seen as being at risk of material decline in credit quality could be sold early to minimize the risk of loss of principal;

   B. A security swap would improve the quality, yield, or target duration of the overall portfolio without creating other material risks or adverse features; or

   C. Liquidity needs of the portfolio require that the security be sold and there are no preferable alternatives.

VI. DELEGATION OF AUTHORITY

The Board establishes the investment policy and objectives, obtains expert advice and assistance with respect to its actions as is necessary to exercise its responsibilities prudently, and monitors the actions of staff and advisors to ensure compliance with its policy. It is the Board's intention that this policy be carried out by those persons who are qualified and competent in their area of expertise.

Authority to manage the Department's investment program is granted under the provisions of Texas Government Code, Section 2306.052(b) (4) and (5) to the Executive Director of the Department ("Executive Director"). Responsibility for the operation of the investment program is hereby delegated by the Executive Director to the Deputy Executive Director-Housing Finance and the Director of Administration acting in those capacities (collectively the "Investment Officer") who shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Procedures should include reference to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures may include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer.

VII. ETHICS AND CONFLICTS OF INTEREST

1. Department employees and Board members must comply with all applicable laws, and should specifically be aware of the following statutes:

   A. Texas Government Code, Section 2306.027, *Eligibility;*

   B. Texas Government Code, Section 572.051, *Standards of Conduct for Public Servants;*

   C. Texas Government Code, Sections 553.001-003, *Disclosure by Public Servants of Interest in Property Being Acquired by Government;*

   D. Texas Government Code, Section 552.352, *Distribution of Confidential Information;*

   E. Texas Government Code, Section 572.054, *Representation by Former Officer or Employee of Regulatory Agency Restricted;*

   F. Texas Penal Code, Chapter 36, *Bribery, Corrupt Influence and Gifts to Public Servants; and*

   G. Texas Penal Code, Chapter 39, *Abuse of Office, Official Misconduct*.

   The omission of any applicable statute from this list does not excuse violation of its provisions.

2. Department employees and Board members must be honest in the exercise of their duties and must not take actions which will discredit the Department.

3. Department employees and Board members should be loyal to the interest of the Department to the extent that such loyalty is not in conflict with other duties which legally have priority, and should avoid personal, employment or business relationships that create conflicts of interest.

   A. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

   B. Officers and employees shall disclose to the Executive Director any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Department's investment portfolio.

   C. Officers and employees shall refrain from undertaking personal investment transactions with the same individuals with whom business is conducted on behalf of the Department.

D. Department employees and Board members may not use their relationship with the Department to seek or obtain personal gain beyond agreed compensation and/or any properly authorized expense reimbursement. This should not be interpreted to forbid the use of the Department as a reference or the communication to others of the fact that a relationship with the Department exists, provided that no misrepresentation is involved.

E. Department employees and Board members who have a personal business relationship with a business organization offering to engage in an investment transaction with the Department shall file a statement disclosing that personal business interest. An individual who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Department shall file a statement disclosing that relationship. A statement required under this section must be filed with the Texas Ethics Commission and the Department's Board. For purposes of this policy, an individual has a personal business relationship with a business organization if:

- the individual owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;
- funds received by the individual from the business organization exceed 10 percent of the individual's gross income from the previous year; or
- the individual has acquired from the business organization during the previous year investments with a book value of $2,500 or more for the personal account of the individual.

VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Department, in conjunction with the Texas Comptroller of Public Accounts (the "State Comptroller"), will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness; these may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state law.

The Department will use as its authorized list of broker/dealers and financial institutions any broker/dealer or financial institution that is authorized to do business with the State Comptroller. With respect to investments provided in connection with the issuance of bonds, the above requirements will be deemed met if the investment provider has the minimum credit ratings required by rating agencies and is acceptable to the bond insurer/credit enhancer, if applicable, and if the investment meets the requirements of the applicable bond trust indenture. A broker, engaged solely to secure a qualified investment referred to in this paragraph on behalf of the Department, and who will not be providing an investment

instrument, shall not be subject to the above requirements and may only be engaged if approved by the Board.

IX. ETHICS, DISCLOSURE AND OTHER STATE LAW REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISORS AND SERVICE PROVIDERS

During the 78th Legislature, Regular Session, the Texas Legislature passed *Chapter 2263, Ethics And Disclosure Requirements For Outside Financial Advisors And Service Providers* (as may be amended from time to time, "Chapter 2263"). Chapter 2263, under Senate Bill 1059, requires certain actions by governing boards of state entities involved in the management and investment of state funds and adds disclosure requirements for outside financial advisors and service providers. Chapter 2263 became effective September 1, 2003. Each state governmental entity required to adopt rules under Chapter 2263, Government Code, as added by this Act, must have adopted its initial rules in time for the rules to take effect not later than January 1, 2004.

Applicability. Chapter 2263 applies in connection with the management or investment of any state funds managed or invested:

1. under the Texas Constitution or other law, including Chapter 404, State Treasury Operations of Comptroller, and Chapter 2256, Public Funds Investment; and
2. by or for:

    A. a public retirement system as defined by Section 802.001 that provides service retirement, disability retirement, or death benefits for officers or employees of the state;

    B. an institution of higher education as defined by Section 61.003, Education Code; or

    C. another entity that is part of state government and that manages or invests state funds or for which state funds are managed or invested.

Chapter 2263 applies in connection with the management or investment of state funds without regard to whether the funds are held in the state treasury.

Chapter 2263 does not apply to or in connection with a state governmental entity that does not manage or invest state funds and for which state funds are managed or invested only by the comptroller.

Definition. With respect to this Chapter 2263, "financial advisor or service provider" includes a person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker.

Construction With Other Law. To the extent of a conflict between Chapter 2263 and another law, the law that imposes a stricter ethics or disclosure requirement controls.

Ethics Requirements For Outside Financial Advisors Or Service Providers. The governing body of a state governmental entity by rule shall adopt standards of conduct applicable to financial advisors or service providers who are not employees of the state governmental entity, who provide financial services to the state governmental entity or advise the state governmental entity or a member of the governing body of the state governmental entity in connection with the management or investment of state funds, and who:

1. may reasonably be expected to receive, directly or indirectly, more than $10,000 in compensation from the entity during a fiscal year; or
2. render important investment or funds management advice to the entity or a member of the governing body of the entity, as determined by the governing body.

A contract under which a financial advisor or service provider renders financial services or advice to a state governmental entity or other person as described immediately above, in regard to compensation or duties, is voidable by the state governmental entity if the financial advisor or service provider violates a standard of conduct adopted under this section.

In addition to the disclosures required by Chapter 2263 and described below, the Department will rely upon financial advisors and service providers' submission of an Acknowledgement of Receipt of Investment Policy and Certificate of Compliance with the Public Funds Investment Act forms to evidence compliance with the Department's code of conduct and procedures as related to investments.

Disclosure Requirements For Outside Financial Advisor Or Service Provider. A financial advisor or service provider described by Section 2263.004 shall disclose in writing to the administrative head of the applicable state governmental entity and to the state auditor:

1. any relationship the financial advisor or service provider has with any party to a transaction with the state governmental entity, other than a relationship necessary to the investment or funds management services that the financial advisor or service provider performs for the state governmental entity, if a reasonable person could expect the relationship to diminish the financial advisor's or service provider's independence of judgment in the performance of the person's responsibilities to the state governmental entity; and

2. all direct or indirect pecuniary interests the financial advisor or service provider has in any party to a transaction with the state governmental entity, if the transaction is connected with any financial advice or service the financial advisor or service provider provides to the state governmental entity or to a member of the governing body in connection with the management or investment of state funds.

The financial advisor or service provider shall disclose a relationship described by the immediately preceding subsections (1) or (2) without regard to whether the relationship is a direct, indirect, personal, private, commercial, or business relationship.

A financial advisor or service provider described by Section 2263.004 shall file annually a statement with the administrative head of the applicable state governmental entity and with the state auditor. The statement must disclose each relationship and pecuniary interest described by Subsection (a) or, if no relationship or pecuniary interest described by that subsection existed during the disclosure period, the statement must affirmatively state that fact.

The annual statement must be filed not later than April 15 on a form prescribed by the governmental entity, other than the state auditor, receiving the form. The statement must cover the reporting period of the previous calendar year. The state auditor shall develop and recommend a uniform form that other governmental entities receiving the form may prescribe. The Department's disclosure form is provided as Attachment "D".

The financial advisor or service provider shall promptly file a new or amended statement with the administrative head of the applicable state governmental entity and with the state auditor whenever there is new information to report related to the immediately preceding subsections (1) or (2).

Public Information. Chapter 552, Government Code, controls the extent to which information contained in a statement filed under this chapter is subject to required public disclosure or is excepted from required public disclosure.

No Boycott of Israel. Financial advisors and service providers are required to comply with the requirements of Chapter 2270. Compliance includes an unqualified written verification in any agreement entered into with the Department by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not boycott Israel and (ii) will not boycott Israel during the term for which they provide services to the Department.

Iran, Sudan, and Foreign Terrorist Organizations. Financial advisors and service providers are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Compliance includes an unqualified written verification in any agreement entered into with the Department by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

No Discrimination Against Fossil-Fuel Companies. Financial advisors and service providers are required to comply with the requirements of Chapter 2276 of the Texas Government Code.

Compliance includes an unqualified written verification in any agreement entered into with the Department by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) not boycott energy companies and (ii) will not boycott energy companies during the term for which they provide services to the Department. As used in the foregoing, the term "boycott energy companies" shall have the meaning given to such term in Section 2276.001(1), Texas Government Code.

No Discrimination Against Firearm Entities and Firearm Trade Associations. Financial advisors and service providers are required to comply with the requirements of Chapter 2274 of the Texas Government Code, Texas Government Code. Compliance includes an unqualified written verification in any agreement entered into with the Department by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) does 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 for which they provide services to the Department. As used in the foregoing, the terms "discriminate against a firearm entity or firearm trade association", "firearm entity" and "firearm trade association" shall have the meanings given to each such term in Section 2274.001, Texas Government Code.

Disclosure of Interested Parties. Financial advisors and service providers are required to comply with the requirements of Section 2252.908 of the Texas Government Code. Financial advisors and service providers that make a written representation to the Department that their firm is a publicly traded business entity or a wholly owned subsidiary of publicly traded business entity are exempt from Section 2252.908 of the Texas Government Code.

Prohibition on Certain Bids and Contracts Related to Persons Involved in Human Trafficking. Financial advisors and service providers are required to comply with the requirements of Chapter 2155 of the Texas Government Code. Financial advisors and service providers must certify their firm is not ineligible under Section 2155.0061 of the Texas Government Code.

X. AUTHORIZED AND SUITABLE INVESTMENTS

Trust Indenture Funds for which the Department has control of the investment decisions, all of which are held by Treasury Safekeeping for the benefit of bondholders, will be subject to the authorized investments set-forth in the applicable trust indenture and any applicable supplemental indenture(s).

General, Special Revenue, and Trust and Agency Funds, all of which are on deposit with the State Treasury (specifically excluding Enterprise Funds), are invested by the Treasury pursuant to Texas Government Code, Section 404.024.

Enterprise Fund

1. Subject to a resolution authorizing issuance of its bonds, the Department is empowered by Texas Government Code, Section 2306.173 to (A) invest its money in bonds, obligations or other securities, or (B) place its money in demand or time deposits, whether or not evidenced by certificates of deposit. A guaranteed investment contract is an authorized investment for bond proceeds. All bond proceeds and revenues subject to the pledge of an Indenture shall be invested in accordance with the applicable law and the provisions of the applicable indenture including "Investment Securities" (or substantially similar defined term) as listed in such indenture and so defined.
2. All other enterprise funds shall be invested pursuant to state law. The following are permitted investments for those funds pursuant to the Act:

   A. Obligations of, or guaranteed by governmental entities:

      - Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks.
      - Direct obligations of this state or its agencies and instrumentalities.
      - Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; provided collateralized mortgage obligations (i) that have a stated final maturity date of greater than 10 years; or (ii) the interest rate of which is determined by an index that adjusts opposite to the changes in a market index are not permitted investments.
      - Other obligations the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities.
      - Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

   B. A Certificate of Deposit is an authorized investment under this policy if the certificate of deposit is issued by a depository institution that has its main office or a branch office in this state and is:

      - guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor;
      - secured by obligations that are described in subsection 2A above, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates and secured by collateral as described in Section XII of this policy, but excluding those mortgage backed securities of the nature described by Section 3 below; and

- secured in any other manner and amount provided by law for deposits of the Department.

In addition to the authority to invest funds in certificates of deposit noted above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this policy:

- the funds are invested by an investing entity through a depository institution that has its main office or a branch office in this state and that is selected by the investing entity, or a broker that has its main office or branch in this state and is selected from the list attached hereto as Attachment E;
- the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;
- the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States;
- the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity acts as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity; and
- at the same time that the funds are deposited and the certificates of deposit are issued for the account of the investing entity, the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity receives an amount of deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the amount of the funds invested by the investing entity through the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor.

C. A "repurchase agreement" is a simultaneous agreement to buy, hold for a specified time, and sell back at a future date, obligations of the United States or its agencies and instrumentalities at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement. The Department will comply with the Policy Statements and Recommended Practices for Repurchase Agreements as outlined in Attachment B. A fully collateralized repurchase agreement is an authorized investment under this policy if the repurchase agreement:

- has a defined termination date;

- is secured by collateral described in Section XV(1) and Section X(2)D [if desired] of this policy;
- requires the securities being purchased by the Department to be pledged to the Department either directly or through a joint account approved by the Department, held in the Department's name either directly or through a joint account approved by the Department, and deposited at the time the investment is made with the Department or with a third party selected and approved by the Department;
- is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state; and
- in the case of a reverse repurchase agreement, notwithstanding any other law other than the Act, the term of any such reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. In addition, money received by the Department under the terms of a reverse security repurchase agreement may be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

D. Commercial Paper is an authorized investment under this policy if the commercial paper:

- has a stated maturity of 365 days or fewer from the date of its issuance; and
- is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally-recognized credit rating agencies, or one nationally-recognized credit rating agency and is fully secured, and by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

3. The following are not authorized investments pursuant to the Act:

A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Divestment. Upon receipt of the lists prepared by the State Comptroller pursuant to Chapter 2270, Chapter 808, and Chapter 809,

identifying a financial company in which the Department has funds invested, Department staff shall take all applicable actions required under those Chapters.

Prohibited Investments. Pursuant to Subchapter C-1 of Chapter 2270, the Department may not acquire a security issued by a Country of Concern or an entity owned or controlled by or subject to the jurisdiction of a Country of Concern. The Department may not invest or make a deposit in a bank with a principal place of business located in a Country of Concern. "County of Concern" has the meaning given to such term in Section 2270.0001(2-b), Texas Government Code.

XI. DIVERSIFICATION

The Department will diversify its investments by security type and institution. The amount of required diversification will be determined based upon:

1. The maturity date of the investment – longer maturity dates will require more diversification; and
2. The rating of the underlying investment – lower rated investments will require a greater degree of diversification.

XII. PERFORMANCE STANDARDS

The investment portfolio shall be designed and managed with the objective of preserving principal and obtaining a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and the cash flow needs. The basis used to determine whether market yields are being achieved shall be the three-month U.S. Treasury bill.

XIII. EFFECT OF LOSS OF REQUIRED RATING

An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not meet or exceed the minimum rating. The Department shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not meet or exceed the minimum rating. Still further, the Investment Officer is required to review monthly all investments subject to this policy to ensure that there have been no rating changes which would render such investment in violation of this policy.

XIV. MAXIMUM MATURITIES

To the extent possible, the Department will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Department will not directly invest in securities maturing more than five years from the date of purchase. The Department will periodically determine what the appropriate average weighted maturity of the portfolio should be based on anticipated cash flow requirements.

General funds dedicated to the support of single family programs may be invested in securities exceeding five years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

In addition, funds may be invested in any investments that are being sold from a bond indenture or are the result of the operation of the Department's single family program so long as:

1. such investment furthers the goals of that program; and
2. the Investment Officer receives Board approval prior to undertaking such investment.

XV. COLLATERALIZATION

Collateralization will be required on certificates of deposit, repurchase and reverse repurchase agreements, and savings and demand deposits if not insured by FDIC. In order to anticipate market changes and provide a level of security for all funds, the collateralization level should be at least 101% of the market value of principal and accrued interest for repurchase and reverse repurchase agreements. Collateralization of 100% will be required for overnight repurchase agreements and bank deposits in excess of FDIC insurance.

The following obligations may be used as collateral under this policy:

1. obligations of the United States or its agencies and instrumentalities;
2. direct obligations of this state or its agencies and instrumentalities;
3. collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities; and
5. obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally-recognized investment rating firm not less than A or its equivalent.

Collateral will always be held by an independent third party with whom the Department has a current custodial agreement. A clearly marked evidence of ownership or a safekeeping receipt must be supplied to the Department and retained. The right of collateral substitution is granted subject to prior approval by the Investment Officer.

XVI. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the Department will be executed by Delivery vs. Payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

XVII. INTERNAL CONTROL

The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived; and
2. the valuation of costs and benefits requires estimates and judgments by management.

Once every two years, the Department, in conjunction with its annual financial audit, shall have external/internal auditors perform a compliance audit of management controls on investments and adherence to the Department's established investment policies. The internal controls shall address the following points:

1. Control of collusion. Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

2. Separation of transaction authority from accounting and record keeping. By separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction, a separation of duties is achieved.

3. Custodial safekeeping. Securities purchased from any bank or dealer including appropriate collateral as defined by state law shall be placed with an independent third party for custodial safekeeping.

4. Avoidance of physical delivery securities. Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

5. Clear delegation of authority to subordinate staff members. Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

6. Written confirmation or telephone transactions for investments and wire transfers. Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions must be supported by written communications and approved by the appropriate person, as defined by investment internal control procedures. Written

communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.

7. Development of a wire transfer agreement with the lead bank or third party custodian. This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

The Department's external/internal auditors shall report the results of the audit performed under this section to the Office of the State Auditor not later than January 1 of each even-numbered year. The Office of the State Auditor compiles the results of reports received under this subsection and reports those results to the legislative audit committee once every two years.

XVIII. REPORTING

1. Methods. Not less than quarterly, the Investment Officer shall prepare and submit to the Executive Director and the Board of the Department a written report of investment transactions for all funds covered by this policy for the preceding reporting period; including a summary that provides a clear picture of the status of the current investment portfolio and transactions made over the previous reporting period. This report will be prepared in a manner which will allow the Department and the Board to ascertain whether investment activities during the reporting period have conformed to the investment policy. While not required under the Act, this report will provide information regarding investments held under bond trust indentures as well as investments covered under the Act. The report must:

    A. describe in detail the investment position of the Department on the date of the report;

    B. be prepared jointly by each Investment Officer of the Department;

    C. be signed by each Investment Officer of the Department;

    D. contain a summary statement, prepared in compliance with generally accepted accounting principles for each fund that states the:

        - book value and market value of each separately invested asset at the beginning and end of the reporting period; and
        - fully accrued interest for the reporting period;

    E. state the maturity date of each separately invested asset that has a maturity date;

    F. state the fund in the Department for which each individual investment was acquired; and

G. state the compliance of the investment portfolio of the Department as it relates to the investment strategy expressed in the Department's investment policy and relevant provisions of the policy.

The reports prepared by the Investment Officer under this policy shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board by that auditor.

2. Performance Standards. The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. Portfolio performance will be compared to appropriate benchmarks on a regular basis.

3. Marking to Market. A statement of the market value of the portfolio shall be issued at least quarterly. The Investment Officer will obtain market values from recognized published sources or from other qualified professionals as necessary. This will ensure that a review has been performed on the investment portfolio in terms of value and subsequent price volatility.

XIX. AUTHORIZED LIST OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS

Not less than annually, the Investment Officer shall prepare and submit to the Executive Director and the Board of the Department a written report outlining the list of authorized broker/dealers and financial institutions maintained by the State Comptroller. The current list is provided in Attachment E.

XX. INVESTMENT POLICY ADOPTION

The Department's investment policy shall be adopted by resolution of the Board.

1. Exemptions. Except as provided by Chapter 2270, Chapter 808, and Chapter 809, any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendment. The policy shall be reviewed at least annually by the Board and any amendments made thereto must be approved by the Board. The Board shall adopt by written resolution a statement that it has reviewed the investment policies and strategies.

XXI. ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction related to Department funds. The qualified representative of the business organization shall execute a written instrument in a form acceptable to the Department and the business organization, substantially to the effect that the offering business organization has:

1. received and reviewed the investment policy of the Department; and

2. acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Department and the business organization that are not authorized by the Department's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Department's entire portfolio or requires an interpretation of subjective investment standards.

The Investment Officer of the Department may not buy any securities from a person who has not delivered to the Department an instrument complying with this investment policy. (See sample documents in Attachment "C".)

XXII. TRAINING

Each member of the Department's Board and the Investment Officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties. Training under this section is provided by the Texas Higher Education Coordinating Board and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this policy. The Investment Officer shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the Department's Board. The Investment Officer shall prepare a report on the training and deliver the report to the Board not later than the 180th day after the last day of each regular session of the legislature.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment A

STRATEGY

SECTION 1

All of the Department's funds as listed below are program / operational in nature, excluding the bond funds which are listed separately in Section 2 below. The following funds are held in the State Treasury and the Department earns interest on those balances at the then applicable rate.

General Fund
Trust Funds
Custodial Funds
Proprietary Funds (excluding Revenue Bond Funds)

SECTION 2

The Department's Revenue Bond Funds, including bond proceeds, are invested in various investments as stipulated by the controlling bond indenture. Certain investments, controlled by indentures prior to the latest revised Public Funds Investment Act, are properly grandfathered from its provisions. Typical investments include: guaranteed investment contracts; agency mortgage-backed securities resulting from the program's loan origination; in some cases, long-term Treasury notes; and bonds used as reserves with maturities that coincide with certain long-term bond maturities.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment B

POLICY STATEMENTS AND RECOMMENDED PRACTICE

Repurchase Agreements

1. Repurchase agreements ("repos") are the sale by a bank or dealer of government securities with the simultaneous agreement to repurchase the securities on a later date. Repos are commonly used by public entities to secure money market rates of interest.

2. The Department affirms that repurchase agreements are an integral part of its investment program.

3. The Department and its designated Investment Officer should exercise special caution in selecting parties with whom they will conduct repurchase transactions, and be able to identify the parties acting as principals to the transaction.

4. Proper collateralization practices are necessary to protect the public funds invested in repurchase agreements. Risk is significantly reduced by delivery of underlying securities through physical delivery or safekeeping with the purchaser's custodian. Over-collateralization, commonly called haircut, or marking-to-market practices should be mandatory procedures.

5. To protect public funds the Department should work with securities dealers, banks, and their respective associations to promote improved repurchase agreement procedures through master repurchase agreements that protect purchasers' interests, universal standards for delivery procedures, and written risk disclosures.

6. Master repurchase agreements should generally be used subject to appropriate legal and technical review. If the prototype agreement developed by the Public Securities Association is used, appropriate supplemental provisions regarding delivery, substitution, margin maintenance, margin amounts, seller representations and governing law should be included.

7. Despite contractual agreements to the contrary, receivers, bankruptcy courts and federal agencies have interfered with the liquidation of repurchase agreement collateral. Therefore, the Department should encourage Congress to eliminate statutory and regulatory obstacles to perfected security interests and liquidation of repurchase collateral in the event of default.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment C

ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY

1. I am a qualified representative of _____ (the "Business Organization").

2. The Business Organization proposes to engage in an investment transaction (the "Investments") with the Texas Department of Housing and Community Affairs (the "Department").

3. I acknowledge that I have received and reviewed the Department's investment policy.

4. I acknowledge that the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the business organization and the Department that are not authorized by the Department's investment policy.

5. The Business Organization makes no representation regarding authorization of the Investments to the extent such authorization is dependent on an analysis of the Department's entire portfolio and which requires an interpretation of subjective investment standards.

Dated this _____day of _____, _____.

Name:_____

Title: _____

Business Organization: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment D

Annual Disclosure Statement for Financial Advisors and Service Providers

Figure 1
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

ANNUAL DISCLOSURE STATEMENT FOR FINANCIAL ADVISORS AND SERVICE PROVIDERS
DUE NO LATER THAN APRIL 15

INSTRUCTIONS:

1) THE REPORTING PERIOD COVERED BY THIS STATEMENT CONSISTS OF THE PRECEDING CALENDAR YEAR.
2) A NEW OR AMENDED STATEMENT MUST BE PROMPTLY FILED WITH THE PARTIES LISTED IN STEP 4 WHENEVER THERE IS NEW INFORMATION TO REPORT UNDER TEXAS GOVERNMENT CODE, SECTION 2263.005(a).
3) THIS STATEMENT MUST BE SUBMITTED EVEN IF YOU ANSWER "NO" TO QUESTIONS 1 AND 2 IN PART 2.
4) SUBMIT A COPY OF THIS STATEMENT TO THE FOLLOWING (FOR EACH GOVERNMENTAL ENTITY TO WHICH YOU PROVIDE SERVICES):
   a. ADMINISTRATIVE HEAD OF THE STATE GOVERNMENTAL ENTITY
   b. THE STATE AUDITOR (mail to P.O. Box 12067, Austin, TX, 78711-2067)
5) PROMPT FILING REQUIRES A POSTMARK DATE NO LATER THAN APRIL 15 IF THE COMPLETED FORM IS RECEIVED AT THE CORRECT ADDRESS.

PART 1: GENERAL INFORMATION

FILING TYPE (Check one) ☐ ANNUAL DISCLOSURE FOR YEAR ENDING DECEMBER 31, 20____
☐ UPDATED DISCLOSURE

NAME OF INDIVIDUAL _____ JOB TITLE_____

NAME OF BUSINESS ENTITY_____ TYPE OF SERVICE PROVIDED_____

ADDRESS_____

CITY_____STATE_____ZIP_____ PHONE_____

NAME OF STATE GOVERNMENTAL ENTITY AND/OR GOVERNING BOARD MEMBER TO WHICH YOU ARE PROVIDING SERVICES_____

PART 2: DISCLOSURES

DEFINITION: (Texas Government Code, Section 2263.002)
Financial advisor or service provider includes a person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker.

DISCLOSURE REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISOR OR SERVICE PROVIDER (Texas Government Code, Section 2263.005)
Financial advisors and service providers (see definition) must disclose information regarding certain relationships with, and direct or indirect pecuniary interests in, any party to a transaction with the state governmental entity, without regard to whether the relationships are direct, indirect, personal, private, commercial, or business relationships.

1) Do you or does your business entity have any relationship with any party to a transaction with the state governmental entity (other than a relationship necessary to the investment or funds management services that you or your business entity performs for the state governmental entity) for which a reasonable person could expect the relationship to diminish your or your business entity's independence of judgment in the performance of your responsibilities to the state entity?
Yes_____ No_____
If yes, please explain in detail. (Attach additional sheets as needed.)

_____

2) Do you or does your business entity have any direct or indirect pecuniary interests in any party to a transaction with the state governmental entity if the transaction is connected with any financial advice or service that you or your business entity provides to the state governmental entity or to a member of the governing body in connection with the management or investment of state funds?
Yes_____ No_____
If yes, please explain in detail. (Attach additional sheets as needed.)

PART 3: SIGNATURE AND DATE

I hereby attest that all information provided above is complete and accurate. I acknowledge my or my firm's responsibility to submit promptly a new or amended disclosure statement to the parties listed in step 4 of the instructions if any of the above information changes.

Signature_____ Date_____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment E

TEXAS TRUST

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

ACTING COMPTROLLER KELLY HANCOCK, CHAIRMAN

Comptroller of Public Accounts
2025 Broker Dealer List

Academy Securities Inc.
ASL Capital Markets Inc.
B of A Securities, Inc.
Bancroft Capital LLC
Bank of Montreal, Chicago Branch
Barclays Capital Inc.
Blaylock Van, LLC
BMO Capital Markets Corp.
BNY Mellon Capital Markets LLC
BOK Financial Services, Inc.
Brean Capital LLC
BTIG, LLC
Cabrera Capital Markets LLC
Canaccord Genuity LLC
Cantor Fitzgerald & Co.
CIBC World Markets Corp.
Citigroup Global Markets, Inc.
Curvature Securities LLC
Daiwa Capital Markets America Inc.
Deutsche Bank Securities Inc.
FHN Financial Securities Corp
Goldman Sachs & Co. LLC
Hilltop Securities Inc.
InspereX LLC
Jefferies LLC
JP Morgan Securities LLC
Loop Capital Markets LLC
Mesirow Financial Group
Mirae Asset Securities (USA), Inc.
Mischler Financial Group
Mizuho Securities USA Inc.
Moreton Capital Markets, LLC
Morgan Stanley & Co LLC
MUFG Securities America Inc.
Multi-Bank Securities, Inc.
NatAlliance Securities LLC
NatWest Market Securities Inc.
Nomura Securities International Inc.
Oppenheimer & Co. Inc.
Penserra Securities LLC
Piper Sandler & Co.
PNC Bank
Raymond James & Associates, Inc.
RBC Capital Markets LLC
Rice Securities LLC
Robert W. Baird & Co.
Samuel A. Ramirez & Co., Inc.
Santander US Capital Markets LLC
Scotia Capital (USA) Inc.
Siebert Williams Shank & Co., LLC
SMBC Nikko Securities
Stern Brothers & Co.
Stifel, Nicolaus & Company, Inc.
StoneX Financial, Inc.
TD Securities (USA) LLC
TP ICAP Global Markets Americas LLC
US Bank Investments Inc.
Vestech Securities Inc.
Virtu Americas LLC
Wells Fargo Securities LLC
Zions Bank Capital Markets

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-014 **Agenda Date:** 4/9/2026 **Agenda #:** 12.

Presentation, discussion, and possible action on Resolution No. 26-014 regarding the annual approval of the Department's Interest Rate Risk Management Policy

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

The Department adopted an Interest Rate Risk Management Policy (formerly the Swap Policy) on September 9, 2004, to establish guidelines for the use and administration of interest rate management agreements, including but not limited to, interest rate swaps, caps, collars, and floors acquired in connection with the issuance of debt obligations. The Swap Policy is reviewed and approved annually.

The policy underwent substantial changes in 2025 to clarify the Department's ability to manage interest rate risk related to assets (mortgage loans and pipeline risk), in addition to liabilities (issuance of debt obligations).

The proposed Interest Rate Risk Management Policy, blacklined against the prior policy, proposes no significant changes and includes only minor comments (dates and clean-up) and compliance with state law; a copy is attached for your reference.

Staff, in conjunction with the Department's Swap Advisor and Bond Counsel, has reviewed the proposed Interest Rate Risk Management Policy and recommends approval and adoption of Resolution 26-xxx014.

RESOLUTION NO. 26-014

RESOLUTION OF THE GOVERNING BOARD APPROVING THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INTEREST RATE RISK MANAGEMENT POLICY

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Governing Board") desires to approve the Department's Interest Rate Risk Management Policy in the form presented to the Governing Board;

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 Approval of the Department's Interest Rate Risk Management Policy. The Interest Rate Risk Management Policy in the form presented to the Governing Board is hereby authorized and approved.

Section 1.2 ISDA Dodd-Frank Protocols. Each Authorized Representative is hereby severally authorized to take such actions as are necessary or desirable to enable the Board to adhere to any protocols promulgated by the International Swaps and Derivatives Association, Inc. ("ISDA") in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act, which adherence may (i) include the use of documents intended to address the subject matter of any such protocol but not using forms promulgated by ISDA, and (ii) be with respect to such counterparties as an Authorized Representative determines in his or her judgment are appropriate.

Section 1.3 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this 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.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing 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 April, 2026.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INTEREST RATE RISK MANAGEMENT POLICY

As presented to the Board on April 9, 2026

2026

April 9, 2026

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTEREST RATE RISK MANAGEMENT POLICY

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 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 "Governing Board") from time to time) at prices they can afford.

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.

I. Introduction

The purpose of this Interest Rate Risk Management Policy ("Policy") of the Department is to establish guidelines for the use and management of all interest rate risk management agreements (collectively referred to herein as "Agreements"), executed or incurred in connection with the issuance of the Department's debt obligations or to manage interest rate risk associated with mortgage loan origination and pipeline management in connection with or incidental to such debt obligations. Such Agreements include, but are not limited to interest rate swaps ("Swaps"), swaptions, treasury rate locks, TBA MBS transactions, caps, collars, and floors. This Policy sets forth the manner of execution of Agreements and provides for security and payment provisions, risk considerations, and certain other relevant provisions.

II. Authority

The Department is authorized by Sections 1371.056 and 2306.351 of the Texas Government Code to enter into Agreements from time to time to better manage assets and liabilities, to take advantage of market conditions to lower overall costs, and to reduce interest rate risk.

This Policy shall govern the Department's use and management of all Agreements. While adherence to this Policy is required in applicable circumstances, the Department recognizes that changes in the capital markets, agency programs, and other unforeseen circumstances may from time to time produce situations that are not covered by this Policy and will require modifications or exceptions approved or authorized by the Governing Board to achieve policy goals.

The Director of Administration and the Deputy Executive Director-Housing Finance are the designated administrators of the Department's Policy. The Bond Finance Division shall have the day-to-day responsibility for structuring, implementing, and managing Agreements, which includes, with the approval of the Executive Director, the execution of the Department's right to optional termination of Swaps to avoid being overswapped (having a higher notional amount of Swaps outstanding than par amount of related bonds), for economic benefit to the Department, or to achieve other goals of the Department.

The Department shall be authorized to enter into Swaps only with qualified Swap counterparties as defined herein. The Deputy Executive Director-Housing Finance, in consultation with the Director of Administration, or a Department designee, shall have the authority to recommend counterparties, so long as the criteria set forth in this Policy are met.

The Director of Administration and the Deputy Executive Director-Housing Finance shall review this Policy on an annual basis and recommend any necessary changes to the Governing Board.

III. Purpose

The incurring of obligations by the Department involves a variety of interest rate payments and other risks for which a variety of financial instruments are available to offset, hedge, or reduce. It is the policy of the Department to utilize Agreements to better manage its assets and liabilities. The Department may execute Agreements if the transaction can be expected to result in one of, but not limited to, the following:

- Reduce exposure to changes in interest rates on a particular financial transaction or in the context of the management of interest rate risk derived from the Department's overall asset/liability balance.
- Result in a lower net cost of borrowing with respect to the Department's debt, a higher return on assets, and/or a stronger balance sheet.
- Manage variable interest rate exposure consistent with prudent debt practices.
- Achieve flexibility in meeting overall financial and programmatic objectives that cannot be achieved in conventional markets.
- Lock in fixed rates in current markets for use at a later date.
- Manage the Department's exposure to the risk of changes in the legal or regulatory treatment of tax-exempt bonds.
- Manage the Department's credit exposure to financial institutions.

The Department will not use Agreements that:

- Are purely speculative or incorporate extraordinary leverage;
- Lack adequate liquidity to terminate without incurring a significant bid/ask spread;
- Are characterized by insufficient pricing transparency and therefore make reasonable valuation difficult.

IV. Evaluation of Risks Associated with Swaps

Before entering into a Swap, the Department shall evaluate the risks inherent in the transaction. The risks to be evaluated will include basis risk, tax risk, counterparty risk, credit risk, termination risk, rollover risk, liquidity risk, remarketing risk, amortization mismatch risk, mortgage yield risk, non-origination risk, and PAC band risk. The following table outlines these various risks and the Department's evaluation methodology for those risks.

Risk	Description	Evaluation Methodology
Basis Risk	The mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.	The Department will review historical trading differentials between the variable rate bonds and the index.
Tax Risk	The risk created by potential tax events that could affect Swap payments or their relationship to future bond payments.	The Department will review the tax events in proposed Swap agreements. The Department will evaluate the impact of potential changes in tax law on Swaps that hedge tax-exempt bonds where the index is a taxable index.
Counterparty Risk	The failure of the counterparty to make required payments or the occurrence of an event modifying the credit rating of the counterparty.	The Department will monitor exposure levels, ratings thresholds, and collateralization requirements.
Termination Risk	The need to terminate the transaction in a market that dictates a termination payment by the Department.	The Department will compute its termination exposure for all existing and proposed Swaps at market value and under a worst-case scenario.
Rollover Risk	The mismatch of the maturity of the Swap and the maturity of the underlying bonds.	The Department will determine its capacity to service variable rate bonds that may be outstanding after the maturity of the Swap.
Liquidity Risk	The inability to continue or renew a liquidity facility, and the risk that the cost of a facility will increase beyond expectations.	The Department will evaluate the expected availability of liquidity support for swapped and unhedged variable rate debt, if any.
Remarketing Risk	The risk that a remarketing agent may be unable to remarket VRDBs.	The Department will obtain a standby bond purchase facility to provide the funds necessary to purchase the VRDBs.
Amortization Mismatch Risk	The mismatch of outstanding Swap notional amount versus the outstanding bond principal subject to the hedge.	The Department may incorporate one or a combination of the following features: par termination options, PAC or lockout bonds.

Mortgage Yield Risk	The bond issue may not comply with yield restrictions if the Swap is terminated.	The Department will obtain legal opinions and or certificates as appropriate.
Non-origination Risk	The bond proceeds may not originate within the prescribed timeframe and require an unused proceeds call and possible termination payment.	The Department will evaluate bond and mortgage market conditions and quantify the potential termination payment due upon non-origination.
PAC Band Break Risk	The targeted PAC bonds may amortize faster than anticipated based on the PAC amortization schedule.	The Department will rely upon credit rating agency cashflows to ensure adequate PAC/companion bond structural integrity.
Collateral Posting Risk	The risk that the Department may be required to post liquid collateral to the Counterparty. Inability to post such liquid collateral upon short notice may result in the early termination of a Swap transaction.	The Department will seek to structure Swap Agreements so that the need to post collateral is highly unlikely. This can be accomplished by using high posting thresholds or low rating triggers.
Accounting Risk	The risk that the Department may be required to record changes in fair value of a derivative transaction as a gain or loss in its annual financial statements.	The Department, when feasible, should aim to structure Transactions that would expect to qualify as effective hedges under GASB 53.

The Department will diversify its exposure to counterparties. To that end, before entering into a transaction, the Department will determine its exposure to the relevant counterparty or counterparties and determine how the proposed transaction would affect that exposure. The exposure will not be measured solely in terms of notional amount, but rather how changes in interest rates would affect the Department's exposure ("Maximum Net Termination Exposure"). For purposes of these limits, "Maximum Net Termination Exposure" shall equal the aggregate termination payment for all existing and projected Swaps that would be paid by an individual counterparty. For purposes of this calculation, the aggregate termination payment is equal to the reasonably expected worse case termination payment of all existing Swaps plus the proposed transaction.

The Department will base the Maximum Net Termination Exposure on all outstanding derivative transactions. Limits will be established for each counterparty as well as the relative level of risk associated with each existing and projected Swap. In order to lessen counterparty risk, the Department will diversify exposure among multiple counterparties (when possible) and avoid excessive concentration to any one counterparty. In situations where the Department may execute a swap transaction that would result in offsetting counterparty risk with an existing counterparty, the Department should seek to utilize that counterparty.

The Deputy Executive Director-Housing Finance shall determine the appropriate term for a Swap on a case-by-case basis. The slope of the Swap curve, the marginal change in Swap rates from year to year along the

Swap curve, and the impact that the term of the Swap has on the overall exposure of the Department shall be considered in determining the appropriate term of any Swap. The term of a Swap between the Department and a qualified Swap counterparty shall not extend beyond the final maturity date of the associated debt, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.

The Department will review the use of forward-starting Swaps and determine the duration based on market condition and the risk associated with using a forward-starting Swap. The Department does not have any Swaps with a knock-out option which could expose the Department to higher interest rates. The Department will advise the Board prior to entering into either a forward- starting Swap or knock-out option.

The Department will inform the Board if the Swap is a fixed notional value Swap or a declining notional value Swap. The Deputy Executive Director-Housing Finance will review proposed Swaps to ensure that the use of fixed notional value Swaps does not place the Department at risk of incurring an incrementally higher expense if the related bond principal is paid off early.

The total "net notional amount" of all Swaps related to a bond issue should not exceed the amount of outstanding bonds, or bonds anticipated to be issued. For purposes of calculating the net notional amount, credit shall be given to any Swaps that offset another Swap for a specific bond transaction.

V. Long Term Financial Implications

In evaluating a particular transaction involving the use of derivatives, the Department shall review long-term implications associated with entering into derivatives, including costs of borrowing, historical interest rate trends, variable rate capacity, credit enhancement capacity, liquidity capacity, opportunities to refund related debt obligations and other similar considerations.

Impact of Use of Liquidity

The Department shall consider the impact of any variable rate demand bonds issued in combination with a Swap on the availability and cost of liquidity support for other Department variable rate programs.

Call Option Value considerations

When considering the relative advantage of a Swap versus fixed rate bonds, the Department will take into consideration the value of any call option on fixed rate bonds.

Qualified Hedges

The Department understands that, (1) if payments on and receipts from the Agreement are to be taken into account in computing the yield on the related bonds, the Agreement must meet the requirements for a "qualified hedge" under federal tax law (sometimes referred to as an "integrated Swap"); and (2) if one of the goals of entering into the Agreement is to convert variable yield bonds into fixed yield bonds (sometimes referred to as a "super integrated Swap"), then certain additional requirements must be met. In both of these situations, the terms of the

Agreement and the process for entering into the Agreement must be reviewed and approved in advance by tax counsel.

VI. Form of Swap Agreements

Each Swap executed by the Department shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, including any schedules and confirmations. The Swaps between the Department and each qualified Swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the Deputy Executive Director-Housing Finance deems necessary, desirable, or consistent with industry best practices.

VII. Qualified Swap Counterparties

The Department will make its best efforts to work with qualified Swap counterparties that (i) have, or has a credit support counterparty that has, a general credit rating of at least "A2" with respect to ratings by Moody's Investors Service, Inc. ("Moody's") or "A" with respect to ratings by S&P Global Ratings ("S&P") or Fitch Ratings.

In addition to the rating criteria specified herein, the Department may seek additional credit enhancement and safeguards in the form of:

i. Contingent credit support or enhancement;
ii. Collateral consistent with the policies contained herein; and/or
iii. Ratings downgrade triggers.

In addition, the Department will take into consideration a Swap counterparty's track record of successfully executing Swap transactions. The Department will only execute Swap transactions with qualified Swap counterparties.

In addition to credit-related requirements, Swap counterparties and other providers of derivative products must comply with the following requirements to be eligible to enter into a contract with the Department in connection with, and at the time of, each applicable transaction:

No Boycott of Israel. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2270 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not boycott Israel and (ii) will not boycott Israel during the term for which they provide services to the Department.

Iran, Sudan, and Foreign Terrorist Organizations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority- owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

No Discrimination Against Fossil-Fuel Companies. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2276 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) not boycott energy companies and (ii) will not boycott energy companies during the term for which they provide services to the Department. As used in the foregoing, the term "boycott energy companies" shall have the meaning given to such term in Section 2276.001(1), Texas Government Code.

No Discrimination Against Firearm Entities and Firearm Trade Associations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2274 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and (ii) will not discriminate against a firearm entity or firearm trade association during the term for which they provide services to the Department. As used in the foregoing, the terms "discriminate against a firearm entity or firearm trade association", "firearm entity" and "firearm trade association" shall have the meanings given to each such term in Section 2274.001, Texas Government Code.

Disclosure of Interested Parties. Swap counterparties and other providers of derivative products are required to comply with the requirements of Section 2252.908 of the Texas Government Code. Counterparties or providers that make a written representation to the Department that their firm is a publicly traded business entity or a wholly owned subsidiary of publicly traded business entity are exempt from Section 2252.908 of the Texas Government Code.

Prohibition on Certain Bids and Contracts Related to Persons Involved in Human Trafficking. Swap counterparties and providers of derivative products are required to comply with the requirements of Chapter 2155 of the Texas Government Code. Swap counterparties and providers of derivative products must certify their firm is not ineligible under Section 2155.0061 of the Texas Government Code.

VIII. Termination Provisions

The Department shall include in all Swaps provisions granting the Department the right to optionally terminate a Swap at any time at market over the term of the Agreement. The Deputy Executive Director-Housing Finance, in consultation with the Director of Administration, shall determine if it is financially advantageous for the Department to terminate a Swap.

A ratings-based additional termination event shall be included in all of the Department's Swaps if the provider (or its credit support provider) fails to maintain either:

1. A credit rating of at least Baa2 from Moody's; or
2. A credit rating of at least BBB from S&P; or,
3. An equivalent rating determined above by a nationally recognized ratings service acceptable to both parties.

A termination payment to or from the Department may be required in the event of termination of a Swap due to a default or a decrease in credit rating of either the Department or the counterparty. If the cause of the termination is a counterparty downgrade, termination payments will be calculated on the side of the bid-offer spread that favors the Department. Additionally, the termination amount of the Swap should seek to compensate the Department, as allowed under the ISDA Agreement, all other costs for creating a replacement transaction of like terms and conditions.

It is the intent of the Department not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the Deputy Executive Director-Housing Finance, in consultation with the Director of Administration, shall evaluate whether it is financially advantageous for the Department to obtain a replacement counterparty to avoid making such termination payment or finance the termination payment through a long-term financing product.

For payments on early termination and optional termination, Market Quotation and the Second Method will apply, allowing for two-way mark-to-market breakage. Swaps may use the 2002 form of the ISDA Master Agreement.

IX. Security and Source of Repayment

The Department may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged or carried by the Swap, if any, but shall consider the economic costs and benefits of subordinating the Department's payments and/or termination payment under the Swap. The use of the same security and source of repayment (pledged revenues) is subject to the respective bond indenture's covenants and the prior approval of the Department's bond counsel.

X. Specified Indebtedness

The specified indebtedness related to credit events in any Swap should be narrowly defined and refer only to indebtedness of the Department that could have a materially adverse effect on the Department's ability to perform its obligations under the Swap. Debt should typically only include obligations within the same lien as the Swap obligation.

XI. Governing Law

Governing law for Swaps will be the State of Texas. Issues relating to jurisdiction, venue, waiver of jury trial and sovereign immunity will be subject to prevailing law and approval of the Texas Attorney General Office. Preference will be given to language providing that the counterparty will consent to jurisdiction in the Texas courts with respect to enforcement of the Agreement.

XII. Events of Default

Events of default of a Swap counterparty shall include, but are not limited to the counterparty's:

1. Failure to make payments when due;
2. Breach of representations and warranties;
3. Illegality;
4. Failure to comply with downgrade provisions; and
5. Failure to comply with any other provisions of the Agreement after a specified notice period.

XIII. Collateral Requirements

As part of any Swap, the Department may require the counterparty, or the counterparty may require the Department to post collateral or other credit enhancement to secure any or all Swap payment obligations. As appropriate, the Director of Administration and Deputy Executive Director-Housing Finance may require collateral or other credit enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty to the Department may be required to post collateral if the credit rating of the counterparty or parent falls below a certain rating threshold, which varies by counterparty. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the credit support annex to each Swap with the Department. At the current time, collateral posting rating triggers by the counterparties would range from A2 (Moody's)/A (S&P) to Baa1 (Moody's)/BBB+ (S&P).
- Collateral shall consist of cash, U.S. Treasury securities, or other mutually acceptable highly liquid securities.
- Collateral shall be deposited with an eligible third-party custodian, or as mutually agreed upon between the Department and each counterparty.
- The market value of the collateral shall be determined periodically at a frequency consistent with industry standard.
- The Department will determine reasonable threshold limits for increments of collateral posting based on a sliding scale reflective of credit ratings.
- The Deputy Executive Director-Housing Finance, in consultation with the Director of Administration, shall determine on a case-by-case basis whether a form of credit enhancement in lieu of, or in addition to, collateral is more beneficial to the Department.
- The Department shall seek to not post collateral to the counterparty unless the Department's ratings fall below "A2" with Moody's or "A" with S&P.

XIV. Other Criteria

The Department may use a competitive or a negotiated process to select a Swap counterparty and price a Swap as it believes business, market or competitive conditions justify such a process. The conditions under which a negotiated selection is best used are provided below.

- Marketing of the Swap will require complex explanations about the security for payment or credit quality.
- Demand is weak among Swap counterparties.
- Market timing is important, such as for refundings.
- Coordination of multiple components of the financing is required.

- The Swap has non-standard features.
- The par amount is large enough to move the market in a manner adverse to the Department's interests.
- Counterparties are likely to demand individual changes in bid documents.

If a transaction is awarded through a negotiated process, the counterparty will provide the Department with:

- A statement that, in the counterparty's judgment, the difference in basis points between the rate of the transaction and the mid-market rate for a comparable transaction falls within the commonly occurring range for comparable transactions.
- A statement of the amount of the difference as determined by the counterparty.
- If the counterparty does not know of a comparable transaction or mid-market rate, a statement of another suitable measure of pricing acceptable to the counterparty.

The Department will use a swap advisory firm to assist in the price negotiation. Such swap advisory firm shall act as the "qualified independent representative" ("QIR") of the Department for purposes of CFTC Rule 23.450 (b) (1) to advise the Department on Swaps, provided that such firm provide certification to the Department addressing why such firm meets the requirements to act as a QIR pursuant to CFTC Regulation 23.450(b)(1). Also, the Department may obtain an opinion from an independent party that the terms and conditions of any derivative entered into reflect a fair market value of such derivatives as of the execution date.

The counterparty must provide to the Department disclosure of any payments the counterparty made to another person to procure the transaction.

Prior to or at execution of any new swap transaction, the swap dealer and/or swap advisor, as the case may be, shall provide information to the Department consistent with the rules and regulations in effect at the time. Such rules would include the Business Conduct Standards for Swap Dealers and Major Swap Participants as published and enacted by the Commodity Futures Trading Commission. In addition, the swap dealer should represent to the Department that it is in compliance with such rules including pay-to-play restrictions.

The Department will determine that the swap transaction will conform to this Policy after reviewing a report of the Deputy Executive Director-Housing Finance that identifies with respect to the transaction:

- its purpose;
- the anticipated economic benefit and the method used to determine the anticipated benefit;
- the use of the receipts of the transaction;
- the notional amount, amortization, and average life compared to the related obligation;
- any floating indices;
- its effective date and duration;
- the identity and credit rating of the counterparties;
- the cost and anticipated benefit of transaction insurance;
- the financial advisors and the legal advisors and their fees;

- any security for scheduled and early termination payments;
- any associated risks and risk mitigation features; and
- early termination provisions.

XV. Ongoing Monitoring and Reporting Requirements

Written records noting the status of all Swaps will be maintained by the Bond Finance Division and shall include the following information:

- Highlights of all material changes to Swaps or new Swaps entered into by the Department since the last report.
- Market value of each of the Swaps.
- The net impact of a 50 or 100 basis point parallel shift or other relevant shift in the appropriate Swap index or curve.
- For each counterparty, the total notional amount, the average life of each Swap and the remaining term of each Swap.
- The credit rating of each Swap counterparty and credit enhancer insuring Swap payments.
- Actual collateral posting by Swap counterparty, if any, in total by Swap counterparty.
- A summary of each Swap, including but not limited to the type of Swap, the rates paid by the Department and received by the Department, indices, and other key terms.
- Information concerning any default by a Swap counterparty to the Department, and the results of the default, including but not limited to the financial impact to the Department, if any.
- A summary of any Swaps that were terminated.

The Department will monitor its Swaps exposure on a periodic basis, as necessary, and will look for ways to reduce the cost of a Swap(s) or the overall Swap exposure.

The Bond Finance Division will monitor the performance of the QIR on an on-going basis.

The Department shall report its Swaps exposure in its annual financial statements and will reflect the use of derivatives in accordance with GASB requirements. With the adoption of GASB 53, the Department will be required to test hedge effectiveness on an annual basis. Any hedge deemed to be ineffective will result in the change in fair value being recorded as a gain or loss. While the long-term economic value of the transaction should be more important when structuring a derivative, the Department should seek to structure transactions that are expected to be effective and would not result in changes in fair value affecting net income. For example, while a transaction structured to meet the Consistent Critical Terms method of GASB 53 would ensure hedge effectiveness, the Department should consider the tradeoffs of utilizing a transaction structure that may provide greater expected economic benefits at the expense of potentially not meeting hedge effectiveness. The disclosure requirements include:

1. Objective of the Derivative
2. Significant Terms
3. Fair Value
4. Associated Debt

5. Risks including but not limited to Credit Risk, Termination Risk, Interest Rate Risk, Basis Risk, Rollover Risk, Market Access Risk, and Foreign Currency Risk.

With the adoption of GASB 72, the Department will be required to report the fair value of its Swaps in its annual financial statements, as more fully described in GASB 72. The Department will follow these guidelines and may engage a third party to assist in the required calculations.

The Director of Administration and the Deputy Executive Director-Housing Finance will review this Policy on an annual basis.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1383 **Agenda Date:** 4/9/2026 **Agenda #:** 13.

Presentation, discussion, and possible action on release of the draft 2027 Low Income Home Energy Assistance Program State Plan for public comment

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Health and Human Services (USHHS) requires that the Texas Department of Housing and Community Affairs (the Department) submit a State Plan every year in order to receive its allotment of Low Income Home Energy Assistance Program (LIHEAP) funds;

WHEREAS, the Department has prepared a draft 2027 LIHEAP State Plan (the Plan); and

WHEREAS, USHHS requires that a draft Plan be released for public comment and the State requires four public hearings prior to the submission of the Plan to USHHS;

NOW, therefore, it is hereby

RESOLVED, that the draft Plan, in the form presented to this meeting, is hereby approved to be released for public comment and posted on the Department's website and published in the *Texas Register*;

FURTHER RESOLVED, that if USHHS releases different guidance after Board approval, the Board authorizes staff to make needed conforming changes and non-substantive changes to the Plan, and to change the public hearing dates and the comment period; and

FURTHER RESOLVED, that the final Plan with consideration of final grant guidance, public comment and technical corrections made by staff, along with award recommendations for subrecipients, will be presented to the Board no later than July 2026.

BACKGROUND

USHHS requires that the State of Texas submit a LIHEAP State Plan each year on or before September 1st in order to receive its annual allotment of LIHEAP funds. For 2027, the Department expects to receive approximately $180,000,000 in LIHEAP funding. In response to this requirement, the Department has prepared a draft 2027 LIHEAP State Plan. Subrecipients had two previous opportunities to provide input into the drafting of this Plan. The first opportunity included a 16-day period in January 2026 to provide comments on what they wanted changed from the 2026 LIHEAP State Plan, and the second opportunity included a 15-day period in February 2026 to comment on the draft 2027 Plan before presenting it to the Board at this meeting.

The draft Plan, upon approval by the Board, will be posted on the Department's website, published in the *Texas Register*, released for public comment and public hearings will be held.

An announcement of the availability of the draft Plan and details regarding the timeframe to accept comments from the public and the public hearing will be posted on the Department's website upon Board approval and published in the *Texas Register* on April 24, 2026. The period to accept comments from the public regarding the Plan will be open from April 24, 2026, through May 15, 2026, at 5:00 p.m. Central time. Written comments concerning the Plan may be submitted to the Texas Department of Housing and Community Affairs, Community Affairs Division-Gavin Reid, P.O. Box 13941, Austin, TX 78711-3941, or by email to gavin.reid@tdhca.texas.gov. Comments are due no later than 5:00 p.m. Central time on May 15, 2026.

The Department will also conduct four public hearings throughout the state. Meeting dates, times and locations are:

- Tuesday, May 12, 2026, at 1:00 p.m. - 1:30 p.m. at BakerRipley, First Floor Education Center, 3838 Aberdeen Way, Houston, TX 77025.
- Wednesday, May 13, 2026, at 5:30 p.m. - 6:00 p.m. at West Texas Opportunities, 1415 East 2nd Street, Odessa, TX 79761.
- Thursday, May 14, 2026, at 1:00 p.m. - 1:30 p.m. at Northside Community Center, 1100 NW 18th Street, Room R44133, Fort Worth, TX 76164.
- Thursday, May 14, 2026, 5:30 pm - 6:00 p.m. at Texas Department of Housing and Community Affairs, 221 East 11th Street, 1st Floor, Austin, TX 78701.

Upon completion of the public comment period and public hearings, staff will modify the Plan, if appropriate, based on public comment. Staff will also include any changes required by federal guidance and necessary technical corrections made by staff. Staff anticipates presenting the revised Plan, along with recommendations for subrecipient awards, to the Board for review and final approval no later than July.

LIHEAP funds, as reflected in the Plan, are utilized in the following three ways:

- The Department allocates at least 75% of the LIHEAP funds to the Comprehensive Energy Assistance Program (CEAP), which provides utility assistance to eligible households, including crisis assistance and services to reduce home energy needs.
- The Department allocates up to 15% of the LIHEAP funds to the Weatherization Assistance Program. There is generally greater flexibility with LIHEAP weatherization funds than U.S. Department of Energy (DOE) weatherization funds, so continuing to allocate some portion of these funds for this activity allows households to receive more comprehensive assistance than if they were to be served solely by DOE WAP funds.
- The Department allocates 10% of LIHEAP funds for Department and subrecipient planning and administrative costs.

In review of the Plan, attached, it should be noted that the Plan follows a template and series of required responses pre-determined by USHHS with character limitations and specific instructions.

The full text of the draft 2027 LIHEAP State Plan may be viewed at the Department's website: <https://www.tdhca.texas.gov/tdhca-public-comment-center>. The public may also receive a copy of the draft 2027 LIHEAP State Plan by contacting Gavin Reid at gavin.reid@tdhca.texas.gov.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

MODEL PLAN

PUBLIC LAW 97-35, AS AMENDED

FEDERAL FISCAL YEAR 2026

GRANTEE: Texas Department of Housing and Community Affairs

EIN: 17426105429

ADDRESS: P.O. Box 13941
Austin, Texas 78711-3941

LIHEAP COORDINATOR: Michael DeYoung

EMAIL: michael.deyoung@tdhca.state.tx.us

TELEPHONE: (512) 475-2125 **FAX:** (512) 475-3935

CHECK ONE: TRIBE / TRIBAL ORGANIZATION _____ STATE__X____ INSULAR AREA _____

Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Washington, DC 20447

August 1987, revised 05/92, 02/95, 03/96, 12/98, 11/01

OMB Approval No. 0970-0075

THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)

Use of this model plan is optional. However, the information requested is required in order to receive a Low Income Home Energy Assistance Program (LIHEAP) grant in years in which the grantee is not permitted to file an abbreviated plan. Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Assurances

The Texas Department of Housing and Community Affairs agrees to:

(1) use the funds available under this title to--

(A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);

(B) intervene in energy crisis situations;

(C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and

(D) plan, develop, and administer the State's program under this title including leveraging programs, and the State agrees not to use such funds for any purposes other than those specified in this title;

(2) make payments under this title only with respect to--

(A) households in which one or more individuals are receiving--

(i) assistance under the State program funded under part A of title IV of the Social Security Act;
(ii) supplemental security income payments under title XVI of the Social Security Act;
(iii) food stamps under the Food Stamp Act of 1977; or
(iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

(B) households with incomes which do not exceed an amount equal to 150 percent of the poverty level for such State; or
(i) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a Federal fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income.

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-

income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses 2(A) and 2(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that--

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the Federal fiscal year preceding the Federal fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to--

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) ensure that the provision of vendor payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that--

(A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and

(B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a Federal fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness; and

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610.

(15) beginning in Federal fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action
agencies, area agencies on aging and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs.

* This assurance is applicable only to States, and to territories whose annual regular LIHEAP allotments exceed $200,000. Neither territories with annual allotments of $200,000 or less nor Indian tribes/tribal organizations are subject to Assurance 15.

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

Certification to the Assurances: As Chief Executive Officer, I agree to comply with the sixteen assurances contained in Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended. By signing these assurances, I also agree to abide by the standard assurances on lobbying, debarment and suspension, and a drug-free workplace.

Signature of the Tribal or Board Chairperson or Chief Executive Officer of the State or Territory.

Signature: _____

Title: Executive Director, Texas Department of Housing and Community Affairs

Date: August 2026 *(The exact date to be notated in USHHS OLDC system at time of submission.)*

The Governor of Texas has delegated the responsibility of signing this document to the Executive Director of the Texas Department of Housing and Community Affairs. A copy of the letter is attached.

The Unique Entity ID (SAM) of the Texas Department of Housing & Community Affairs, which receives the grant funds, appears on the cover of this application.

In the above assurances which are quoted from the law, "State" means the 50 States, the District of Columbia, an Indian Tribe or Tribal Organization, or a Territory; "title" of the Act refers to Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (OBRA), as amended, the "Low Income Home Energy Assistance Act"; "section" means Section 2605 of OBRA; and, "subsection" refers to Section 2605(b) of OBRA.

Section 1

NOTE: Capitalized terms are defined in Title 10, Chapters 1, 2, or 6 (as applicable) of the Texas Administrative Code or by federal law.

Program Components, 2605(a), 2605(b)(1) – Assurance 1, 2605(c)(1)(C)

1.1 Check which components you will operate under the LIHEAP program. (Note: You must provide information for each component designated here as requested elsewhere in this plan.)

Dates of Operation

NOTE: Identification of these periods does not limit the payment of assistance on any "seasonal" basis.

☒	Heating assistance	Start date: 10/01/2026	End date: 09/30/2028
☒	Cooling assistance	Start date: 10/01/2026	End date: 09/30/2028
☒	Crisis assistance	Start date: 10/01/2026	End date: 09/30/2028
☒	Weatherization assistance	Start date: 10/01/2026	End date: 09/30/2028

Estimated Funding Allocation, 2604(c), 2605(k)(1), 2605(b)(9), 2605(b)(16) – Assurances 9 and 16

1.2 Estimate what amount of available LIHEAP funds will be used for each component that you will operate: **The total of all percentages must add up to 100%**

15% heating assistance

50% cooling assistance

10% crisis assistance

Up to 15% weatherization assistance NOTE: If 15% is not used for weatherization assistance, the balance will be added to heating, cooling, or crisis assistance as needed.

0% carryover to the following Federal fiscal year

10% administrative and planning costs

0% services to reduce home energy needs including needs assessment (Assurance 16)

0% used to develop and implement leveraging activities

100% **TOTAL**

Alternate Use of Crisis Assistance Funds, 2605(c)(1)(C)

1.3 The funds reserved for winter crisis assistance that have not been expended by March 15 will be reprogrammed to:

☐ Heating assistance
☐ Weatherization assistance
☐ Cooling assistance
☒ Other (specify): funds are utilized for all eligible components.

Categorical Eligibility, 2605(b)(2)(A) – Assurance 2, 2605(c)(1)(A), 2605(b)(8A) – Assurance 8

1.4 Do you consider households categorically eligible if at least one household member receives at least one of the following categories of benefits in the left column below? ☒ Yes ☐ No

Program	Cooling	Heating	Crisis	Weatherization
Temporary Assistance for Needy Families	Yes	Yes	Yes	Yes
Supplemental Security Income	Yes	Yes	Yes	Yes
Supplemental Nutrition Assistance Program	Yes	Yes	Yes	Yes
Means-tested Veterans Programs	Yes	Yes	Yes	Yes

1.4a. - Provide your definition of categorical eligibility.

Categorical Eligibility for CEAP benefits exists when at least one person in the Household receives assistance from:

(1) SSI payments from the Social Security Administration;

(2) Means Tested Veterans Program payments. See paragraph (37) of §6.2 of this chapter (relating to Definitions);

(3) Supplemental Nutrition Assistance Program (SNAP); or

(4) Temporary Assistance for Needy Families (TANF).

1.5 Do you automatically enroll households without a direct annual application?
☐ Yes ☒ No

1.6 How do you ensure there is no difference in the treatment of categorically eligible households from those not receiving other public assistance when determining eligibility and benefit amounts?

Texas provides Categorical Eligibility for SNAP, TANF, SSI, and Means-Tested Veterans Programs. State rules have a provision that there is to be no difference in the treatment of Categorically Eligible Households. The Department has a system for persons to submit complaints, and the monitoring reviews would also note any differences in treatment of persons that are or are not Categorically Eligible.

SNAP Nominal Payments

1.7 Do you allocate LIHEAP funds toward a nominal payment for SNAP households? If you answered "yes" to question 1.7a you must provide a response to 1.7b, 1.7c, 1.7d.

a. ☐ Yes ☒ No

b. Amount of Nominal Assistance: $___NA_____

c. Frequency of Assistance:

- ☐ Once per year
- ☐ Once every five years
- ☐ Other (describe): _____NA_____

d. How do you confirm that the household receiving a nominal payment has an energy cost or need?

Determination of Eligibility – Countable Income

1.8 In determining a household's income eligibility for LIHEAP, do you use gross income or net income?

☒ Gross Income (except for self-employment or farm income or gambling/lottery winnings)

NOTE: Exceptions on use of gross income are provided for in 10 TAC §6.4.

☐ Net Income

☒ Other – Describe:

1.9. Select all of the applicable forms of countable income used to determine a household's income eligibility for LIHEAP.

- ☒ Wages (except as prohibited by the Workforce Investment Act of 1998)
- ☒ Self-employment income
- ☒ Contract income
- ☒ Payments from mortgage or sales contracts
- ☒ Unemployment Insurance
- ☒ Strike pay
- ☒ Social Security Administration (SSA) benefits
  - ☐ Including MediCare deduction ☒ Excluding MediCare deduction
- ☒ Supplemental Security Income (SSI)
- ☒ Retirement / pension benefits
- ☒ General Assistance benefits (except as excluded by federal law or 10 TAC §6.4)
- ☒ Temporary Assistance for Needy Families (TANF) benefits (except for one-time payments)
- ☐ Supplemental Nutrition Assistance Program (SNAP) benefits
- ☐ Women, Infants, and Children Supplemental Nutrition Program (WIC) benefits
- ☐ Loans that need to be repaid
- ☐ Cash gifts
- ☐ Savings account balance
- ☐ One-time lump-sum payments, such as rebates/credits, refund deposits, etc.
- ☐ Jury duty compensation
- ☒ Rental income
- ☐ Income from employment through Workforce Investment Act (WIA)
- ☐ Income from work study programs
- ☒ Alimony
- ☐ Child support
- ☒ Interest, dividends, or royalties

☒ Commissions
☐ Legal settlements
☐ Insurance payments made directly to the insured
☐ Insurance payments made specifically for the repayment of a bill, debt, or estimate
☒ Veterans Administration (VA) benefits (except for 38 USC 1315, 1521, 1541, 1542)
☐ Earned income of a child under the age of 18
☐ Balance of retirement, pension, or annuity accounts where funds cannot be withdrawn without a penalty.
☐ Income tax refunds
☐ Stipends from senior companion programs, such as VISTA
☐ Funds received by household for the care of a foster child
☐ AmeriCorps Program payments for living allowances, earnings, and in-kind aid (except if the CEO of the CNCS has made a determination that it be included income).
☐ Reimbursements (for mileage, gas, lodging, meals, etc.)
☒ Other Any item not excluded in 10 TAC §6.4 or by other federal law.

1.10 Do you have an online application process

☒ Yes ☐ No

1.10 a. If yes, describe the types of online application (Select all that apply)

☒ A PDF version of the application available online and can be downloaded, filled out and mailed in for processing.
☐ A state-wide online application that allows a customer to complete data entry and submit an application electronically for processing.
☒ One or more locally available online applications that allows a customer to complete data entry and submit an application electronically for processing.
☐ Online application that is also mobile friendly
☐ Other, please describe

NOTE: Some subrecipients have an online application that is form fillable or downloadable off their website, and can be submitted either electronically or by mail.

1.10b Can all program components be applied for online?

☐ Yes ☒ No

If no, explain which components can and cannot be applied for online.

Some of the State's subrecipients/contractors have an application to download from their website. A few subrecipients have an on-line application system.

1.11 Do you have a process for conducting and completing applications by phone

☒ Yes ☐ No

1.12 Do you or any of your subrecipients require in person appointments in order to apply

☐ Yes ☒ No

If yes, please provide more information regarding why in-person appointments are required and in what circumstances they are required.

1.13 How can applicants submit documentation for verification? Select all that apply:

☒ In person
☒ Mail
☒ Email

☒ Portal application
☒ Other, please describe: The responses relate to the State's subrecipients/contractors.

Section 2 - HEATING ASSISTANCE

Eligibility, 2605(b)(2) – Assurance 2

2.1 Designate the income eligibility threshold used for the heating component:

Household Size	***Eligibility Guidelines***	***Eligibility Threshold***
All Household Sizes	USHHS Poverty Guidelines	150%

2.2 Do you have additional eligibility requirements for **HEATING ASSISTANCE?**
(NOTE: 10 TAC §6.307(f) states: "A Dwelling Unit cannot be served if the meter is utilized by another Household that is not part of the application for assistance. In instances where separate structures share a meter and the applicant is otherwise eligible for assistance, Subrecipient must provide services if: (1) the members of the separate structures that share a meter meet the definition of a Household per §6.2 of this Chapter (relating to Definitions); (2) the members of the separate structures that share a meter submit one application as one Household; and (3) all persons and applicable income from each structure are counted when determining eligibility.")

☐ Yes ☒ No

2.3 Check the appropriate boxes below and describe the policies for each.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you have additional/differing eligibility policies for:		
• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
• Renters with utilities included in the rent?	☐	☒

(NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from customer's rent.)

● Do you give priority in eligibility to:		
• Older Adults (60 years or older)?	☒	☐
• Individuals with a disability?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other? Households with high energy consumption	☒	☐

Explanations of policies for each "yes" checked above for Older Adults and for individuals with a disability, young children, high energy burden, and high energy consumption:

10 TAC §6.307(e) states "Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority

determinations. The Subrecipient must maintain documentation of the use of the criteria." The state will provide a written procedure to a statewide or regional contractor.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.4 Describe how you prioritize the provision of heating assistance to vulnerable households, e.g., benefit amounts, application period, etc.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Households with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. Households with the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and Households with Young Children do not have a limit on the number of benefit payments, but adhere to the same benefit amounts. The maximum benefit amount is determined per program year based on the Household's heating and cooling need and is not required to be applied equally to heating and cooling costs.

2.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- ☒ Income
- ☒ Family (household) size
- ☒ Home energy cost or need:
  - ☐ Fuel type
  - ☐ Climate/region
  - ☒ Individual bill
  - ☐ Dwelling type
  - ☒ Energy burden (% of income spent on home energy)
  - ☒ Energy need
  - ☒ Other (Describe:)

Other: Subrecipient must make utility payments on behalf of Households based on the previous 12 month's home energy consumption history, including allowances for cost inflation. If a 12 month's home energy consumption history is unavailable, Subrecipient must base payments on a Department approved alternative billing method. If neither a 12 month's home energy consumption history nor an approved alternative billing method exists, then Subrecipient may base payments on current bill. Subrecipient will note such exceptions in customer files. Benefit amounts exceeding the actual bill shall be treated as a credit for the customer with the utility company. The Department recommends an ABM where the Subrecipient determines the average consumption amount (kWh, therms, MCF, gallons, etc.) per month, for each household size and type based on a minimum sample size of 30 files that contain complete billing histories; however, if it is not possible for subrecipients to obtain the recommended 30 file per household sample size to create an average consumption amount, Subrecipients should use all the applicable files to determine the average consumption and document the lack of files for that household size. Subrecipients can propose other types of ABMs. The state will provide statewide or regional contractors other types of ABMs, if required. The ABM proposed by the Subrecipient must be approved by the Department prior to utilization.

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.6 Describe estimated benefit levels for FY 2024:

$1 Minimum benefit $12,600 Maximum benefit

Note: The State of Texas does not have a minimum benefit amount. The amount of benefit/assistance indicates $1.00 because the OLDC system requires that a figure be inserted in the minimum amount.

The maximum benefit amount per household is $12,600 per program year and could be reached if a household received up to $1,800 in Crisis Assistance, $1,800 in Utility Assistance, and a $9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.

The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of $1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of $1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of $1,200 per Component; and there is a maximum of up to $9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows payment of 100% of a customer's annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

2.7 Do you provide in-kind (e.g., blankets, space heaters) and/or other forms of benefits?

☒ Yes ☐ No -- If yes, describe.

Under 10 TAC §6.310(c) Crisis Assistance Component, low income households may also be eligible for the following:

1) Emergency deliveries of fuel up to 250 gallons per crisis per Household including coverage for tank pressure testing;
2) Utility reconnection costs;
3) Blankets;
4) For Non-Vulnerable Populations, service and repair of existing heating and cooling units is allowed when the Household has an inoperable heating or cooling system or the system is not functioning according to its intended purpose;
5) For Households meeting the definition of Life-Threatening Crisis, purchase of portable cooling and/or heating units, window units, evaporative coolers, and mini splits is allowable;
6) Fans; and
7) Generators.

When Disasters result in energy supply shortages or other energy-related emergencies, eligible households may also receive assistance to cover the cost of temporary shelter or transportation.
For a complete description and more detail concerning these benefits and their eligibility requirements, refer to 10 TAC §6.310.
Per §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a Disaster, or a Life Threatening Crisis as defined under §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

Section 3: COOLING ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

3.1 Designate the income eligibility threshold used for the cooling component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	USHHS Poverty Guidelines	150%

3.2 Do you have additional eligibility requirements for **COOLING ASSISTANCE**

☐ Yes ☒ No

NOTE: 10 TAC §6.307(f) states: "A Dwelling Unit cannot be served if the meter is utilized by another Household that is not part of the application for assistance. In instances where separate structures share a meter and the applicant is otherwise eligible for assistance, Subrecipient must provide services if: (1) the members of the separate structures that share a meter meet the definition of a Household per §6.2 of this Chapter (relating to Definitions); (2) the members of the separate structures that share a meter submit one application as one Household; and (3) all persons and applicable income from each structure are counted when determining eligibility."

3.3 Check the appropriate boxes below and describe the policies for each.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you have additional/differing eligibility policies for:		
• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
• Renters with utilities included in the rent?	☐	☒

NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from customer's rent.

● Do you give priority in eligibility to:

• Older Adults (60 years or older)?	☒	☐
• Individuals with a disability?	☒	☐

- Young children? ☒ ☐
- Households with high energy burdens? ☒ ☐
- Other? ☒ ☐
  Households with high energy consumption

Explanations of policies for each "yes" checked above for Older Adults, individuals with a disability, young children, high energy burden, and high energy consumption:

10 TAC §6.307(e) states "Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria." The state will provide a written procedure to a statewide or regional contractor.

3.4 Describe how you prioritize the provision of cooling assistance to vulnerable households, e.g., benefit amounts, application periods, etc.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. Households with the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and Households with Young Children do not have a limit on the number of benefit payments, but adhere to the same benefit amounts. The maximum benefit amount is determined per-program year based on Household's heating and cooling needs and is not required to be applied equally to heating and cooling costs.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.5 Check the variables you use to determine your benefit levels. (Check all that apply):

☒ Income
☒ Family (household) size
☒ Home energy cost or need
- ☐ Fuel type
- ☐ Climate/region
- ☒ Individual bill
- ☐ Dwelling type
- ☒ Energy burden (% of income spent on home energy)
- ☒ Energy need
- ☒ Other (describe)

Other: Subrecipient must make utility payments on behalf of Households based on the previous 12 month's home energy consumption history, including allowances for cost inflation. If a 12 month's home energy consumption history is unavailable, Subrecipient must base payments on a Department approved alternative billing method. If neither a 12 month's home energy consumption history nor an approved alternative billing method exists, then Subrecipient may base payments on current bill. Subrecipient will note such exceptions in customer files. Benefit amounts exceeding the actual bill shall be treated as a credit for the customer with the utility

company. The Department recommends an ABM where the Subrecipient determines the average consumption amount (kWh, therms, MCF, gallons, etc.) per month, for each household size and type based on a minimum sample size of 30 files that contain complete billing histories; however, if it is not possible for subrecipients to obtain the recommended 30 file per household sample size to create an average consumption amount, Subrecipients should use all the applicable files to determine the average consumption and document the lack of files for that household size. Subrecipients can propose other types of ABMs. The ABM proposed by the Subrecipient must be approved by the Department prior to utilization.

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.6 Describe benefit levels:

$1 Minimum benefit $12,600 Maximum benefit

Note: The State of Texas does not have a minimum benefit amount. The amount of benefit/assistance indicates $1.00 because the OLDC system requires that a figure be inserted in the minimum amount.

The maximum benefit amount per household is $12,600 per program year and could be reached if a household received up to $1,800 in Crisis Assistance, $1,800 in Utility Assistance, and a $9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.

The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of $1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of $1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of $1,200 per Component; and there is a maximum of up to $9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows payment of 100% of a customer's annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

3.7 Do you provide in-kind (e.g., fans, air conditioners) and/or other forms of benefits?

☒Yes ☐ No -- If yes, describe.

Under 10 TAC §6.310(c) Crisis Assistance Component, low income households may also be eligible for the following:

1) Emergency deliveries of fuel up to 250 gallons per crisis per Household including coverage for tank pressure testing;
2) Utility reconnection costs;

3) Blankets;
4) For Non-Vulnerable Populations, service and repair of existing heating and cooling units is allowed when the Household has an inoperable heating or cooling system or the system is not functioning according to its intended purpose;
5) For Households meeting the definition of Life-Threatening Crisis, purchase of portable cooling and/or heating units, window units, evaporative coolers, and mini splits is allowable;
6) Fans; and
7) Generators.

When Disasters result in energy supply shortages or other energy-related emergencies, eligible households may also receive assistance to cover the cost of temporary shelter or transportation.
For a complete description and more detail concerning these benefits and their eligibility requirements, refer to 10 TAC §6.310.

Per 10 TAC §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a Disaster, or a Life Threatening Crisis as defined under 10 TAC §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

Section 4: CRISIS ASSISTANCE

Eligibility - 2604(c), 2605(c)(1)(A)

4.1 Designate the income eligibility threshold used for the crisis component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold	
1	All Household Sizes	USHHS Poverty Guidelines	150%	

4.2 Provide your LIHEAP program's definition for determining a crisis.
Crisis Assistance can be provided to persons who have already lost service or are in immediate danger of losing service only under one of the following conditions, as defined in 10 TAC §6.301 (relating to Background and Definitions):
(1) Extreme Weather Conditions, with assistance provided within 48 hours;
(2) Disaster, with assistance provided within 48 hours; or
(3) Life Threatening Crisis, with assistance provided within 18 hours.

4.3 What constitutes a life-threatening crisis?
A Life Threatening Crisis exists when the life of at least one person in the applicant Household who is a U.S. Citizen, U.S. National, or a Qualified Alien would likely, in the opinion of a reasonable person, be endangered if utility assistance or heating and cooling assistance is not provided. Examples of life endangerment include, but are not limited to, a Household member who needs electricity for life-sustaining equipment (e.g., kidney dialysis machines, oxygen concentrators, medicinal refrigeration and cardiac monitors); a Household member whose medical professional has prescribed that the ambient air temperature be maintained at a certain temperature; a Household member whose life is endangered if

absence of heating or cooling were to continue; or the presence of noxious gases as a result of heating or cooling the Dwelling Unit. In cases concerning an applicant's medical condition or need for life-sustaining equipment, documentation must not be requested about the medical condition of the applicant but the applicant must affirm that such a device is required in the Dwelling Unit because of a life threatening illness or risk of death.

Crisis Requirements, 2604(c)

4.4 Within how many hours do you provide an intervention that will resolve the energy crisis for eligible households? 48 Hours

4.5 Within how many hours do you provide an intervention that will resolve the energy crisis for eligible households in life-threatening situations? 18 Hours

NOTE: Pursuant to §2604(c)(2) of the LIHEAP Statute, the Department provides "some form of assistance that will resolve the energy crisis" not later than 18 hours after a household applies for crisis benefits if such household is eligible to receive such benefits and is in a life-threatening situation.

Crisis Eligibility, 2605(c)(1)(A)?

4.6 Do you have additional eligibility requirements for **CRISIS ASSISTANCE?**

☐ Yes ☒ No

4.7 Check the appropriate boxes below and describe the policies for each.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you give priority in eligibility to:		
• Older Adults (60 years and older)?	☒	☐
• Individuals with a disability?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other? Households with high energy consumption	☒	☐
● In order to receive crisis assistance: NOTE: The program has different requirements depending on whether the household contains a member of a priority group.		
• Must the household have received a shut-off notice or have a near empty tank?	☒	☐
• Must the household have been shut off or have an empty tank?	☒	☐
• Must the household have exhausted their regular heating benefit?	☐	☒
• Must renters with heating costs included in their rent have received an eviction notice?	☐	☒
• Must heating/cooling be medically necessary?	☐	☒

- Must the household have non-working heating or cooling equipment? ☒ ☐
- Other? ☒ ☐

  Explanation for Other: Crisis Assistance can be provided to persons who have already lost service or are in immediate danger of losing service only under one of the following conditions, as defined in 10 TAC §6.301 (relating to Background and Definitions):
  (1) Extreme Weather Conditions, with assistance provided within 48 hours;
  (2) Disaster, with assistance provided within 48 hours; or
  (3) Life Threatening Crisis, with assistance provided within 18 hours.

● Do you have additional/differing eligibility policies for:

- Renters? ☐ ☒
- Renters living in subsidized housing? ☐ ☒
- Renters with utilities included in the rent? ☐ ☒

NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from client's rent.

Explanation for "yes" responses: The maximum benefit amount per household is $12,600 per program year and could be reached if a household received up to $1,800 in Crisis Assistance, $1,800 in Utility Assistance, and a $9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.
The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of $1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of $1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of $1,200 per Component; and there is a maximum of up to $9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows payment of 100% of a customer's annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

Determination of Benefits

4.8 How do you handle crisis situations?

☒ Separate component

☐ Fast Track

☐ Other

4.9 If you have a separate component, how do you determine crisis assistance benefits?

☒ Amount to resolve crisis, up to a maximum of $1,800

☒ Other
Heating and cooling equipment repair or replace up to $9,000

Crisis Requirements, 2604(c)

4.10 Do you accept applications for energy crisis assistance at sites that are geographically accessible to all households in the area to be served?

☒ Yes ☐ No

Explain: In addition to what is already stated in Section 2604(c)(3) of the LIHEAP Statute regarding the requirement that each Subrecipient accept applications at sites that are geographically accessible to all Households in the area to be served, 10 TAC §6.313(c) states "Subrecipient shall handle Reasonable Accommodation requests, in accordance with §1.204 of this title (relating to Reasonable Accommodations)." 10 TAC §1.204 (b) General Considerations in Handling of Reasonable Accommodations. An applicant, participant, or occupant who has a disability may request an accommodation and, depending on the program funding the property or activity and whether the accommodation requested is a reasonable accommodation, their request must be timely addressed."

4.11 Do you provide individuals who have physical disabilities the means to:

■Submit applications for crisis benefits without leaving their homes?

☒ Yes ☐ No If no, explain.

Applications can be mailed in. In some cases, applications may be completed online or the organization will go to the applicant's home to take the application.

In addition to what is already stated in Section 2604(c)(3) of the LIHEAP Statute regarding the requirement that each Subrecipient accept applications at sites that are geographically accessible to all Households in the area to be served, 10 TAC §6.313(c) states "Subrecipient shall handle Reasonable Accommodation requests, in accordance with §1.204 of this title (relating to Reasonable Accommodations)." 10 TAC §1.204 (b) General Considerations in Handling of Reasonable Accommodations. An applicant, participant, or occupant who has a disability may request an accommodation and, depending on the program funding the property or activity and whether the accommodation requested is a reasonable accommodation, their request must be timely addressed."

■Travel to the sites at which applications for crisis assistance are accepted?

☐ Yes ☒ No If yes, explain.

If you answered "No" to both questions 4.11, please explain alternative means of intake to those who are homebound or physically disabled.

Benefit Levels, 2605(c)(1)(B)

4.12 Indicate the maximum benefit for each type of crisis assistance offered.

Winter Crisis $ 0 maximum benefit

Summer Crisis $ 0 maximum benefit

Year-round Crisis $1,800 maximum benefit

4.13 Do you provide in-kind (e.g., blankets, space heaters, fans) and/or other forms of benefits?
☒ Yes ☐ No If yes, describe.

If a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient and statewide or regional contractors can replace the component(s) in order to repair the heating or cooling system under the Utility Assistance Component for Vulnerable Households or Crisis Assistance Component for Non-Vulnerable Households. Where replacement is required, use of Energy Star heating and/or cooling units must be prioritized. Manual J procedures will be used to confirm that the units are appropriately sized.

LIHEAP will allow home energy related expenditures as described in 10 TAC §6.310(c).
All Households experiencing a Life-Threatening Crisis may be eligible to receive portable cooling and/or heating units/window units/evaporative coolers/mini splits (portable electric heaters are allowable only as a last resort).

Under 10 TAC §6.310(c) Crisis Assistance Component, low income households may also be eligible for the following:

1) Emergency deliveries of fuel up to 250 gallons per crisis per Household including coverage for tank pressure testing;
2) Utility reconnection costs;
3) Blankets;
4) For Non-Vulnerable Populations, service and repair of existing heating and cooling units is allowed when the Household has an inoperable heating or cooling system or the system is not functioning according to its intended purpose;
5) For Households meeting the definition of Life-Threatening Crisis, purchase of portable cooling and/or heating units, window units, evaporative coolers, and mini splits is allowable;
6) Fans; and
7) Generators.

Per §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a

Disaster, or a Life Threatening Crisis as defined under §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

When Disasters result in energy supply shortages or other energy-related emergencies, eligible households may also receive assistance to cover the cost of temporary shelter or transportation.
For a complete description and more detail concerning these benefits and their eligibility requirements, refer to 10 TAC §6.310.

4.14 Do you provide for equipment repair or replacement using crisis funds?

☒ Yes ☐ No

4.15 Check appropriate boxes below to indicate type(s) of assistance provided:

Type of Assistance	**Winter Crisis**	**Summer Crisis**	**Year-round Crisis**
Heating system repair			X
Heating system replacement (only components of a central HVAC system)			X
Cooling system repair			X
Cooling system replacement (only components of a central HVAC system)			X
Wood stove purchase			
Pellet stove purchase			
Solar panel(s)			
Utility poles / Gas line hook-ups			
Other (Specify: Households which include a member of a Vulnerable Population with an inoperable heating or cooling unit may be eligible for service and repair of their existing heating or cooling unit. Purchase of a heating and/or cooling unit up to $9,000 is allowable if a heating or cooling system is nonexistent. For Households who do not have a member of a Vulnerable Population, such assistance is limited to times when a Crisis exists as defined in 10 TAC §6.310(a). In a Life Threatening Crisis, all Households may be eligible to receive portable cooling and/or heating units/window units/evaporative coolers/mini splits (portable electric heaters are allowable only as a last resort).			X

4.16 Do any of the utility vendors you work with enforce a winter moratorium on shut offs? If you respond "Yes" to question 4.16, you must respond to question 4.17. ☒ Yes ☐ No

4.17 Describe the terms of the moratorium and any special dispensation received by LIHEAP clients during or after the moratorium period.

Specific to energy assistance clients, §25.483(i) of the Texas Public Utilities Commission rules provides that a Retail Electric Provider (REP) shall not authorize a disconnection for nonpayment of electric service to a delinquent residential customer for a billing period in which the REP receives a pledge, letter of intent, purchase order, or other notification that the energy assistance provider is forwarding sufficient payment

to continue service provided that such pledge, letter of intent, purchase order, or other notification is received by the due date stated on the disconnection notice, and the customer, by the due date on the disconnection notice, either pays or makes payment arrangements to pay any outstanding debt not covered by the energy assistance provider. Additionally, the rule provides that if an energy assistance provider has requested monthly usage data pursuant to §25.472(b)(4) (relating to Privacy of Customer Information), the REP shall extend the final due date on the disconnection notice, day for day, from the date the usage data was requested until it is provided; and that a REP shall allow at least 45 days for an energy assistance provider to honor a pledge, letter of intent, purchase order, or other notification before submitting the disconnection request to the TDU.

There are protections for several other categories of clients and situations applicable to LIHEAP clients served:
§25.483(g) provides that a REP shall not authorize a disconnection for nonpayment of electric service at a permanent, individually metered dwelling unit of a delinquent Critical Care Residential Customer when that customer establishes that disconnection of service will cause some person at that residence to become seriously ill or more seriously ill.
§25.483(h) provides that a REP shall not authorize a disconnection for nonpayment of electric service at a permanent, individually metered dwelling unit of a delinquent customer when that customer has been designated as a Chronic Condition Residential Customer pursuant to 25.497 with noted rule exceptions.
§25.483(j) provides that a REP shall not authorize a disconnection for nonpayment of electric service for any customer in a county in which an extreme weather emergency occurs. A REP shall offer residential customers a deferred payment plan upon request by the customer that complies with the requirements of 25.480 (relating to Bill Payment and Adjustments) for bills that become due during the weather emergency. The term “extreme weather emergency” shall mean a day when:
(A) the previous day’s highest temperature did not exceed 32 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours anywhere in the county, according to the nearest National Weather Service (NWS) reports; or
(B) the NWS issues a heat advisory for a county, or when such advisory has been issued on any one of the preceding two calendar days in a county.

4.18 If you experience a natural disaster, do you intend to utilize LIHEAP crisis funds to address disaster related crisis situations?
☒ Yes ☐ No

Subrecipients are able to utilize LIHEAP for assistance during a Disaster in compliance with 10 TAC §6.310:

(d) When Disasters result in energy supply shortages or other energy-related emergencies or have lost service or are in immediate danger of losing service, CEAP will allow home energy related expenditures for:

(1) Temporary Shelter in the limited instances that supply of power to the Dwelling Unit is disrupted or in immediate danger of losing services causing a temporary evacuation.

(2) Cost to temporary Shelter or house individuals in hotel, apartments or other living situations in which homes have been destroyed or damaged when health and safety is endangered by loss of access to heating and cooling.

(3) Costs for transportation (e.g., cars, shuttles, buses) to move the individuals away from the crisis area to Shelters when health and safety is endangered by loss of access to heating and cooling.

Section 5: WEATHERIZATION ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

5.1 Designate the income eligibility threshold used for the weatherization component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	USHHS Poverty Guidelines	150%
2		State	

5.2 Do you enter into an interagency agreement to have another government agency administer a **WEATHERIZATION component?** ☐ Yes ☒ No

5.3 If yes, name the agency. N/A

5.4 Is there a separate monitoring protocol for weatherization? ☒ Yes ☐ No

WEATHERIZATION - Types of Rules

5.5 Under what rules do you administer LIHEAP weatherization? (Check only one.)

☐ Entirely under LIHEAP (not DOE) rules

☐ Entirely under DOE WAP (not LIHEAP) rules

☒ Mostly under LIHEAP rules with the following DOE WAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

☒ Income Threshold
☒ Weatherization of entire multi-family housing structure is permitted if at least 66% of units (50% in 2- & 4-unit buildings) are eligible units or will become eligible within 180 days.
☒ Weatherization of shelters temporarily housing primarily low-income persons (excluding nursing homes, prisons, and similar institutional care facilities).
☒ Other (describe):

- When leveraging with DOE funding, subrecipients may weatherize units up to 200% FPIG.
- If Subrecipient leverages LIHEAP with any DOE weatherization funds, all federal and state rules and current Weatherization Program Notice (WPN) requirements will apply, including but not limited to income calculation requirements as outlined in applicable DOE WPNs or updated Income Determination Notices in accordance with State Rules. An exception applies when addressing optional measures under the

LIHEAP priority list in cases where no compliant equipment is manufactured.

- Adhere to language from the Consolidated Appropriations Act of 2021 that Paragraph (2) of Section 415(c) of the Energy Conservation and Production Act (42 USC 6865(c)) is amended to allow re-weatherization for a dwelling unit not previously weatherized using federal funds until the date that is 15 years after the date such previous weatherization has passed.
- 10 TAC Part 1, Chapter 6, Subchapter D, Weatherization Assistance Program, is one area where the LIHEAP funded weatherization program adheres to DOE regulations.
- TDHCA uses a priority list for LIHEAP households at 150% or below USHHS poverty income level. A Department approved LIHEAP Priority list or a DOE approved Priority List, updated when applicable, provides the prescribed method to be used by Subrecipients when addressing weatherization measures.
- Energy-related home repair: TDHCA will allow the use of LIHEAP weatherization funds for incidental repairs only if required to enable effective weatherization.
- If LIHEAP funds are included in a DOE unit, the energy audit, or applicable priority list(s), must be used to justify all measures.
- TDHCA will allow, with written permission, LIHEAP WAP funds to be used in the weatherization of DOE Identified HUD and USDA properties using DOE income calculation requirements and Income Determination (i.e., 200% Federal Poverty Income Guidelines).

☐ Mostly under DOE WAP rules, with the following LIHEAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

☐ Income Threshold.
☐ Weatherization not subject to DOE WAP maximum statewide average cost per dwelling unit.
☐ Weatherization measures are not subject to DOE Savings to Investment Ratio (SIR) standards.
☐ Other (describe)

Eligibility, 2605(b)(5) – Assurance 5

	Yes	No
5.6 Do you require an assets test?	☐	☒
5.7 Do you have additional/differing eligibility policies for:		
• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
• Renters with utilities included in the rent?	☐	☒

5.8 Do you give priority in eligibility to:

- Older Adults? ☒ ☐
- Individuals with a disability? ☒ ☐
- Young children? ☒ ☐
- Households with high energy burdens? ☒ ☐
- Other? ☒ ☐
  Explanation: Households with high energy consumption

Explanation for Yes responses:

10 TAC §6.406(c) states "Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria." The state will provide a written procedure to a statewide or regional contractor.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption.

Benefit Levels

5.9 Do you have a maximum LIHEAP weatherization benefit/expenditure per household?

Yes	**No**
☒	☐

5.9a. If yes, what is the maximum? $12,000

5.10 Do you use an Average Cost per Unit (ACPU)?

Yes	**No**
☐	☒

5.10a. If yes, what is ACPU amount? NA

NOTE: unless additional expenditure is authorized in writing by the Department.

Types of Assistance, 2605(c)(1), (B) & (D)

5.11 What LIHEAP weatherization measures do you provide? (Check all categories that apply.)

☒ Weatherization needs/assessments/audits

☒ Caulking and insulation

☒ Storm windows

☒ Furnace/heating system modifications/repairs

☒ Furnace replacement

☒ Cooling system modifications/repairs

☒ Water conservation measures

☒ Compact fluorescent light bulbs

☒ Energy related roof repair

☒ Major appliance repairs

☒ Major appliance replacement

☒ Windows/sliding glass doors

☒ Doors

☒ Water Heater

☒ Cooling system replacement

☐ Roof top solar

☐ Community solar projects

☒ Other (describe)
Solar screens or window film. Smart thermostats, incidental repairs up to $500 only if required to enable effective weatherization; Window screens to help prevent exposure to the Zika virus for Households with pregnant women.

If an appropriate measurable savings in energy expenditures by Low-Income Households can be achieved, LIHEAP weatherization funds may be used for the installation of solar panels for eligible Households.

If any of the questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here.

Section 6: Outreach, 2605(b)(3) – Assurance 3, 2605(c)(3)(A)

6.1 Select all outreach activities that you conduct that are designed to assure that eligible households are made aware of all LIHEAP assistance available:

☒ Place posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.

☒ Publish articles in local newspapers or broadcast media announcements.

☒ Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.

☒ Mass mailing(s) to prior-year LIHEAP recipients.

☒ Inform low-income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.

☒ Execute interagency agreements with other low-income program offices to perform outreach to target groups.

☒ Web posting

☒ Email

☒ Texting

☒ Events

☒ Social Media

☒ Other (specify): LIHEAP Subrecipients are to conduct outreach related to the utility assistance program and other assistance provided with the LIHEAP grant. The Department encourages Subrecipients to conduct outreach through various methods to inform people without internet services about the LIHEAP utility assistance program. Entities to be informed include, but is not limited to, units of government, local non-profits, charitable organizations, and churches. Other ways that persons are to be informed is through utility vendors who include information in client bills about the LIHEAP utility assistance program and the State's phone number to contact if they need utility assistance. Some utility vendors may inform customers and persons who are pending disconnection or who have had their services disconnected about the LIHEAP provider serving their area or provide them with the State phone number to contact. LIHEAP Subrecipients also are to use social media and periodically run radio announcements and newspaper ads.

Section 7: Coordination, 2605(b)(4) – Assurance 4

7.1 Describe how you will ensure that the LIHEAP program is coordinated with other programs available to low-income households (TANF, SSI, WAP, etc.)

☒ Joint application for multiple programs. Explanation: LIHEAP subrecipients have a single intake for their programs.
☒ Intake referrals to/from other programs. Explanation: Community Services Block Grant (CSBG) refers programs and other programs administered.
☐ One-stop intake centers
☐ Other – describe:

Section 8: Agency Designation, 2605(b)(6) – Assurance 6

8.1 How would you categorize the primary responsibility of your State agency?
☒ Administration Agency
☐ Commerce Agency
☐ Community Services Agency
☐ Energy/Environment Agency
☐ Housing Agency
☐ Welfare Agency
☐ Other – describe:

Alternate Outreach and Intake, 2605(b)(15) – Assurance 15

8.2 How do you provide alternate outreach and intake for **HEATING ASSISTANCE?**
Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

8.3 How do you provide alternate outreach and intake for **COOLING ASSISTANCE?**
Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

8.4 How do you provide alternate outreach and intake for **CRISIS ASSISTANCE**?
In instances of Disasters, subrecipients and statewide or regional contractors coordinate with other assistance organizations (shelters, Red Cross, etc.). Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

Question 8.5	**Heating**	**Cooling**	**Crisis**	**Weatherization**
8.5a. Who determines client eligibility?	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Non-profits, Statewide or Regional Contractors
8.5b. Who processes benefit payments to gas and electric vendors?	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	N/A

Question 8.5	**Heating**	**Cooling**	**Crisis**	**Weatherization**
8.5c. Who processes benefit payments to bulk fuel vendors?	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	N/A
8.5d. Who performs installation of weatherization measures?	N/A	N/A	N/A	Local governments, CAAs and Other Nonprofits-most subcontract with local contractors, Statewide or Regional Contractors

Note for 8.5: In the USHHS-OLDC system where the State Plan is entered, it only allows states to select one type of entity. The Department will select Nonprofits; although we will also contract with Units of government and CAAs.

8.6 What is your process for selecting local administering agencies?
The Department ensures that to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of Title 42 U.S.C. §§8621, et seq. special consideration is given to any local public or private nonprofit agency which was receiving CSBG or LIHEAP funds.
(1) The Department before giving such special consideration, determines that the agency involved meets program and fiscal requirements established by law and by the Department; and

(2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the Department gives special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.

Currently, the Department administers all aspects of program delivery through subrecipients and statewide/regional contractors that have demonstrated they are operating the program in accordance with the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981, as amended (42 U.S.C. §§8621, et seq.), and Department rules. If subrecipients and statewide/regional contractors are successfully administering the program, the Department may offer to renew the contract. However, in order to achieve full expenditure of funding, the Department may reallocate funds that have been voluntarily relinquished or deobligated in compliance with TAC rule §6.304. Additionally, if the State receives a large supplemental appropriation for LIHEAP, the Department may allocate some or all of the funds to a statewide or regional contractor.

If the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if a Subrecipient fails to administer the program correctly, the Department may proceed with the process provided for in Department rules of removing funds and reassign the service area or a portion to another existing Subrecipient or conduct solicitation or selection of a new Subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981. The affected Subrecipient may request a hearing in accordance with §2105.204 of the Texas Government Code.

However, the Department retains the right to go through a procurement process for some or all aspects of the LIHEAP program.

8.7 How many local administering agencies do you use? 35

8.8 Have you changed any local administering agencies from last year? ☐ Yes ☒ No

8.9 If so, why?
- ☐ Agency was in noncompliance with grantee requirements for LIHEAP
- ☐ Agency is under criminal investigation
- ☐ Added agency
- ☐ Agency closed

☐ Other – describe – voluntary relinquishment

Explanation: N|A

8.10 If a subrecipient is no longer providing LIHEAP, are you aware of prior-year LIHEAP funds being mismanaged or misspent? ☐ Yes ☒ No

8.10a If yes, please explain.

8.10b If you are aware, were other federal programs impacted such as CSBG, SSBG, Head Start, TANF, and Department of Energy Weatherization funding, etc.

8.10c If yes, please explain.

Section 9: Energy Suppliers, 2605(b)(7) – Assurance 7

9.1 Do you make payments directly to home energy suppliers?

Heating	☒ Yes	☐ No
Cooling	☒ Yes	☐ No
Crisis	☒ Yes	☐ No
Are there exceptions?	☒ Yes	☐ No

If yes, describe: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from client's rent.

9.2 How do you notify the client of the amount of assistance paid?

The administering Subrecipient/contractor informs them once the determination is made.

9.3 How do you assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment?

Vendor agreements are used in all components. The Department provides Subrecipients and statewide or regional contractors with a Department approved Vendor Agreement to utilize. The document can be found at the Department's website at https://www.tdhca.texas.gov/comprehensive-energy-assistance-program-ceap-program-guidance

9.4 How do you assure that no household receiving assistance under this title will be treated adversely because of their receipt of LIHEAP assistance?

Vendor Agreements are used in all components. The Department provides Subrecipients and statewide or regional contractors with a Department approved Vendor Agreement to utilize. The document can be found at the Department's website at https://www.tdhca.texas.gov/comprehensive-energy-assistance-program-ceap-program-guidance

9.5 Do you make payments contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households? ☐ Yes ☒ No. If so, describe

the measures unregulated vendors may take. Attach a copy of the template statewide vendor agreement or a policy that indicates local agreements must adhere to statewide policies and assurances.

For Section 9, if any of the above questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here. N/A

Section 10: Program, Fiscal Monitoring, and Audit, 2605(b)(10) – Assurance 10

10.1. How do you ensure good fiscal accounting and tracking of LIHEAP funds?

1. Review annual audits
2. Monitor fiscal records
3. Review current and prior year monthly expenditure and performance reports

10.1a. Provide your definitions of the following:

Obligation: Funds become obligated upon approval of an award to Subrecipient by the Department's Governing Board, unless the Department does not receive sufficient funding from the cognizant federal entity.

Expenditures: Funds that have been accrued or remitted for purposes of the award.

Expenditure timeframe: The contract time period.

Administrative costs: Staff salaries and fringe benefits and overhead costs (such as office space, supplies, equipment, communication costs, travel, etc.) related to staff performing general program and planning duties and not related to direct program service delivery. General program administration and program planning activities include, but are not limited to:

- outreach/targeting activities; program activities, processes, implementation, etc.; budgeting; establishing staff goals and objectives;
- Program personnel management
- Updating/maintaining vendor agreements
- Financial and Performance reporting; accounting processes
- General program work, work related to preparing monitoring responses

Audit Process

10.2. Is your LIHEAP program audited annually under the Single Audit Act and OMB Circular A-133? ☒ Yes ☐ No

10.2a. if yes, describe your auditor selection process.

The State Auditor's Office (SAO) is responsible for carrying out the duties of the Single Audit and OMB A-133. The SAO currently outsources this portion of the statewide audit to the audit firm of Clifton Larson Allen (CLA).

10.3 Describe any audit findings rising to the level of material weakness or reportable condition cited in the A-133 audits, Grantee monitoring assessments, inspector general reviews, or other government agency reviews of the LIHEAP agency from the most recently audited federal fiscal

year. (Document referenced: Statewide Single Audit Report for the Year Ended August 31, 2025 (Issued Feb 2026 – Report No. 26-318))

Finding	Type	Brief Summary	Resolved?	Action Taken
2025-017	Cash Management Improvement Act	TDHCA did not prepare a Period 1 clearance pattern calculation for LIHEAP based on at least three consecutive months of disbursement data as required. Although the Treasury-State Agreement specifies a three-day average clearance pattern for the program, TDHCA did not maintain or provide documentation supporting how this clearance pattern was developed. As a result, the clearance pattern was not auditable, and we were unable to determine whether TDHCA's practices for drawing federal funds aligned with the CMIA requirements.	Report issued Feb 2026. Resolution due August 2026.	Corrective Action in progress. The Department will enhance current procedures for the compilation and review of the Period 1 clearance pattern calculation in accordance with the Cash Management Improvement Act (CMIA) and as required in the Texas-State Agreement. The Manager of Accounting will use the State Auditor Office's template spreadsheet provided to agencies to calculate their annual Period 1 calculation and retain the worksheet as supporting documentation. The Director of Financial Administration will review the spreadsheet and calculation prior to CMIA certification. Implementation date: August 2026.
2025-018	Quarterly Performance and Management Reporting	Auditors identified a discrepancy in the quarter 1 report (October 1 – December 31). The report stated that $159,463,428 in LIHEAP funds had been obligated by funding source in Section 3 – Estimated Use of Funds; however, supporting documentation reflected obligated funds totaling	Report issued Feb 2026. Resolution due August 2026.	Corrective Action in progress. Program staff will ensure that a formal review by the Team Lead and the Manager of Fiscal and Reporting is completed prior to submission. The Team Lead will initiate the process by obtaining the obligation amount from the LIHEAP Contract Specialist and entering the amount into the quarterly report. The Manager of Fiscal and Reporting will review and confirm the amount to be submitted.

		$174,447,109, resulting in a variance of $(14,983,681).		Implementation date: August 2026.

10.4 Audits of Local Administering Agencies

What types of annual audit requirements do you have in place for local administering agencies/district offices?

☒ Local agencies/district offices are required to have an annual audit in compliance with Single Audit and OMB Circular A-133, 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).NOTE: Subrecipients will follow the audit requirements in 45 CFR 75 Subpart F, as applicable, and the requirements in the Texas Single Audit Act.

☐ Local agencies/district offices are required to have an annual audit (other than A-133, 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)).

10.4 (continued)

☒ Local agencies/district offices A-133, 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) or other independent audits are reviewed by Grantee as part of compliance process.

☒ Grant recipient conducts fiscal and program monitoring of local agencies/district offices.

☒ Local agencies and district offices are required to have an annual audit in compliance with Single Audit Act and OMB Circular A-133

Compliance Monitoring

10.5 Describe the Grantee's strategies for monitoring compliance with the Grantee's and Federal LIHEAP policies and procedures by:

Subgrantees have a policy in place for appropriate separation of duties and internal controls:

☒ Internal program review
☒ Departmental oversight
☐ Secondary review of invoices and payments
☒ Other program review mechanisms are in place. Describe: Cross Division peer review of documents

Local Administering Agencies/District Offices:

☒ On-site evaluation
☐ Annual program review
☐ Monitoring through Central Database
☒ Desk reviews
☒ Client File Testing/Sampling
☒ Other program review mechanisms are in place. Describe: Desk review of 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); A review of the Subrecipient's resolution of prior monitoring or Single Audit reports is performed prior to awarding new contracts.

10.6 Explain, or attach a copy of your local agency monitoring schedule and protocol. Response: See attached monitoring schedule. The monitoring schedule is aggregate in nature and determined on a quarterly basis during the Department's fiscal year. The schedule is created on an at-risk assessed basis. A tentative schedule is attached as requested, but is subject to change based on quarterly risk-based assignments.

10.7 Describe how you select local agencies for monitoring reviews?
On-site monitoring visits and desk reviews are mechanisms used for in-depth investigation and overall assessment, respectively. The Department will conduct on-site monitoring reviews and desk reviews of contracts based on an assessment of risk of non-compliance with program requirements. Monitors review necessary program documents and financial records through desk reviews and on-site reviews. LIHEAP Subrecipients and statewide or regional contractors are monitored (for prior year funding) at least once every three years. This is a component of the risk assessment score. If a Subrecipient also has Community Service Block Grant funds, the LIHEAP monitoring may be done at the same time. Subrecipients and statewide or regional contractors that leverage LIHEAP funds with DOE funds for weatherization are subject to a programmatic, fiscal, and unit inspection review according to the DOE monitoring schedule (once a year). Contracts may also be selected for monitoring based on other factors, such as prior monitoring findings, issues noted in the Single Audit, complaints, and/or special requests.

10.8 How often is each local agency monitored? At least once every three years.

10.9 How many local agencies are currently on corrective action plans? (Number only) 1
*South Texas Development Council is pending possible termination as a LIHEAP subrecipient.

If any of the above questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here.

Section 11: Timely and Meaningful Public Participation, 2605(b)(12) – Assurance 12, 2605(c)(2)

11.1 How did you obtain input from the public in the development of your LIHEAP plan?
Check all that apply:

- ☐ Tribal Council meeting(s)
- ☒ Public Hearing(s)
- ☒ Draft Plan posted to website and available for comment
- ☒ Hard copy of plan is available for public view and comment
- ☒ Comments from applicants are recorded
- ☒ Request for comments on draft Plan is advertised
- ☐ Stakeholder consultation meeting(s)
- ☒ Comments are solicited during outreach activities
- ☐ Other, describe:

Public Hearings, 2605(a)(2)

11.2 List the date(s) and location(s) that you held public hearing(s) on the proposed use and distribution of your LIHEAP funds?

Date	Event Description
Thursday, May 14, 2026, 5:30 PM-6:00 PM	Texas Department of Housing and Community Affairs 221 East 11th Street, 1st Floor Austin, TX 78701
Tuesday, May 12, 2026, 1:00 PM-1:30 PM p.m.	BakerRipley First Floor Education Center 3838 Aberdeen Way Houston, TX 77025
Thursday, May 14, 2026, 1:00 PM-1:30 PM	Northside Community Center 1100 NW 18th Str, Room R44133 Fort Worth, TX 76164
Wednesday, May 13, 2026, 5:30 PM – 6:00 PM	West Texas Opportunities 1415 East 2nd Street Odessa, TX 79761

11.3 How many parties commented on your plan at the hearing(s)? TBD

11.4 Summarize the comments you received at the hearing(s). TBD

11.5 What changes did you make to your LIHEAP plan as a result of the comments received at the public hearing(s)? TBD

Section 12: Fair Hearings, 2605(b)(13) – Assurance 13

12.1 How many fair hearings did the grantee have in the prior Federal fiscal year?
None

12.2 How many of those fair hearings resulted in the initial decision being reversed? N/A

12.3 Describe any policy and/or procedural changes made in the last Federal fiscal year as a result of fair hearings? None

12.4 Describe your fair hearing procedures for households whose applications are denied and or not acted upon in a timely manner.

An Applicant requests a hearing with the Subrecipient and statewide or regional contractors initially. If not satisfied with the results of the Subrecipient's and statewide or regional contractor's hearing, the Applicant then appeals to the Texas Department of Housing and Community Affairs to conduct a review of the subrecipient's decision. If still not satisfied, the applicant can then request a contested hearing under Tex. Gov't Code, Chapter 2001 which is conducted by the State Office of Administrative Hearings on behalf of the Department.

Subrecipient contracts include the following section:

APPEALS PROCESS

In compliance with the LIHEAP Act, Subrecipient must provide an opportunity for a fair administrative hearing to individuals whose application for assistance is denied, terminated or not acted upon in a timely manner. Subrecipient must establish a denial of service complaint procedure in accordance with 10 TAC §6.8 of the State Rules. The rule states:

(b) Subrecipient shall establish a denial of service complaint procedure to address written complaints from program applicants/customers. At a minimum, the procedures described in paragraphs (b)(1) - (8) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) calendar days of the determination. Such a determination is defined as a denial of assistance, but does not include a level of assistance lower than the possible program limits or a reduction in assistance, as long as such process is in accordance with the Subrecipient's written policy. This notification shall include written notice of the right of a hearing and specific reasons for the denial by program. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) days of receipt of the denial notice.

(2) A Subrecipient must establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their customer files.

(3) Subrecipients shall hold a private appeal hearing (unless otherwise required by law) by phone or in person in an accessible location within ten (10) business days after the Subrecipient received the appeal request from the applicant and must provide the applicant notice in writing of the time/location of the hearing at least seven (7) calendar days before the appeal hearing.

(4) Subrecipient shall record the hearing.

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case.

(6) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(7) Subrecipient shall notify applicant of the decision in writing. The Subrecipient shall mail the notification by close of business on the third calendar day following the decision (three day turn-around).

(8) If the denial is solely based on income eligibility, the provisions described in paragraphs (2) - (7) of this subsection do not apply and the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing.

(c) If the applicant is not satisfied, the applicant may further appeal the decision in writing to the Department within ten (10) days of notification of an adverse decision.

(d) Applicants/customers who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Tex. Gov't Code, Chapter 2001.

(e) The hearing under subsection (d) shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient, for which the procedures are further described in §1.13, relating to Contested Case Hearing Procedures, of this title.

(f) If the applicant/customer appeals to the Department, the funds should remain encumbered until the Department completes its decision.

These requirements will also be incorporated into statewide or regional contractor Contracts.

12.5 When and how are applicants informed of these rights?

Applicants are informed of their rights either by 1) informing them on the application itself, 2) handing them a document with such information at the time of application, 3) displaying posters at intake offices, or 4) providing them the information in the denial of LIHEAP assistance letter that is mailed to the applicant.

Section 13: Reduction of home energy needs, 2605(b)(16) – Assurance 16

13.1 Describe how you use LIHEAP funds to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance?
N/A-The State does not use funds under Assurance 16.

13.2 How do you ensure that you don't use more than 5% of your LIHEAP funds for these activities?
NA-The State does not use funds under Assurance 16.

13.3 Describe the impact of such activities on the number of households served in the previous Federal fiscal year.
NA-The State does not use funds under Assurance 16.

13.4 Describe the level of direct benefits provided to those households in the previous Federal fiscal year.
NA-The State does not use funds under Assurance 16.

13.5 How many households received these services?
NA-The State does not use funds under Assurance 16.

Section 14: Leveraging Incentive Program, 2607A

14.1 Do you plan to submit an application for the leveraging incentive program?

☐ Yes ☒ No

14.2 Describe instructions to any third parties and/or local agencies for submitting LIHEAP leveraging resource information and retaining records. NA

14.3 For each type of resource and/or benefit to be leveraged in the upcoming year that will meet the requirements of 45 C.F.R. § 96.87(d)(2)(iii), describe the following:

Resource	**What is the type of resource or benefit?**	**What is the source(s) of the resource?**	**How will the resource be integrated and coordinated with LIHEAP?**
NA	NA	NA	NA

Section 15: Training

15.1 Describe the training you provide for each of the following groups:

a. Grantee recipient Staff:

☒ Formal training on grantee policies and procedures

How often?

☐ Annually
☐ Biannually
☒ As needed
☐ Other – Describe:

☐ Employees are provided with policy manual

☒ Other – Describe:

Employees are provided with all the information necessary to administer the LIHEAP program(s). The Department training team provides new staff with programmatic orientation training and are invited to observe and participate in Subrecipient trainings as well.

b. Local Agencies:

☒ Formal training conference

How often?

☒ Annually
☐ Biannually
☒ As needed
☒ Other – Describe: Training for Subrecipients occurs at an annual conference sponsored by the Texas Association of Community Action Agencies each year. Additionally, the Department continually collaborates with the Texas Association of Community Action Agencies to coordinate training for Subrecipients. The Department hosts meetings and training events on an as needed basis with Subrecipients and statewide or regional contractors to conduct necessary training and/or make announcements. The Department offers a manager training for newly hired managers or Executive Directors, as needed, which is then followed up with individualized technical assistance. From a program implementation standpoint, the Department provides a template for developing the Annual Service Delivery Plan and a guide for developing it. The Department also develops data tools and trains agencies as needed on how to analyze their data to improve efficiency and productivity. Emails, Go-To-Webinars, MS Teams for virtual TTA, and phone calls are common communication means with which the Department trains, assists, and communicates with LIHEAP Subrecipients and statewide or regional contractors.

☒ On-site training

How often?

Annually
☐ Biannually
☒ As needed
☒ Other –

The Department identifies key areas for training needs based upon monitoring reports, new regulations, and Subrecipient and statewide or regional contractors

requests. The Department has effective virtual training courses to address Subrecipient TTA needs. The Department provides training as needed to individual agencies and network wide trainings on a variety of topics such as: process mapping, production, data analysis, intake, client file documentation, weatherization assessments, audits, final inspections, working with contractors, reporting, and technical assistance for service delivery. Onsite training is provided as warranted. The Department also supplies Subrecipients with online resources, training centers, and conference information to obtain skills and certifications.

☐ Employees are provided with policy manual

☒ Other – Describe: The Department hosts quarterly calls with the Subrecipient network to address necessary training topic(s), production evaluation, and/or make announcements. The Department uses an online portal (i.e., Wufoo) that agencies use daily for quick responses to questions or for requesting training. Emails, Wufoo, Go-To-Webinar, MS Teams for virtual TTA, and phone calls are the common methods used by the Department to train, assist, and communicate with LIHEAP Subrecipients and statewide or regional contractors. The Department creates tools, guides, cheat sheets, and FAQs that are posted on program webpages. As needed, the Department schedules meetings to provide information, training, and technical assistance to the local agencies.

c. Vendors

☐ Formal training conference

How often?

☐ Annually

☐ Biannually

☐ As needed

☐ Other – Describe:

☒ Policies communicated through vendor agreements

☐ Policies are outlined in a vendor manual

☐ Other – Describe:

15.2 Does your training program address fraud reporting and prevention?

☒ Yes ☐ No

Section 16: Performance Goals and Measures, 2605(b)

16.1 Describe your progress toward meeting the data collection and reporting requirements of the four required LIHEAP performance measures. Include timeframes and plans for meeting these requirements and what you believe will be accomplished in the coming federal fiscal year.

The Department was able to meet the four LIHEAP performance measures.

The Department currently requires Subrecipients and statewide or regional contractors to upload data related to the four performance measures into our State reporting system. The Department has made this reporting a contractual requirement for all LIHEAP Subrecipients and statewide or regional contractors. The Department periodically reviews uploaded summary reports and offers technical assistance to Subrecipients and statewide or regional contractors who may not understand what to report or may not upload the data in a timely fashion.

The Department will review the outcomes of the performance data reports to determine any training needs or changes to programs design that are needed.

Section 17: Program Integrity, 2605(b)(10)

17.1 Fraud Reporting Mechanisms

a. Describe all mechanisms available to the public for reporting cases of suspected waste, fraud, and abuse. Select all that apply.

- ☒ Online Fraud Reporting
- ☐ Dedicated Fraud Reporting Hotline
- ☒ Report directly to local agency/district office or Grantee office
- ☒ Report to State Inspector General or Attorney General
- ☒ Forms and procedures in place for local agencies/district offices and vendors to report fraud, waste, and abuse.
- ☐ Other – describe:

Note: TDHCA's website has a webpage named "Report Fraud, Waste, and Abuse by TDHCA Management and Staff" directing persons who suspect fraud, waste, and abuse by TDHCA management and staff to report to the State Auditor's Office at https://sao.fraud.texas.gov/ReportFraud/. Subrecipients are required to establish fraud, waste, and abuse procedures. The state will provide a fraud, waste, and abuse procedures to statewide or regional contractors.

b. Describe strategies in place for advertising the above-referenced resources. Select all that apply.

- ☐ Printed outreach materials
- ☐ Posted in local administering agencies offices
- ☐ Addressed on LIHEAP application
- ☒ Website
- ☐ Other - Describe

17.2 Identification Documentation Requirements

a. Indicate which of the following forms of identification are required or requested to be collected from LIHEAP applicants or their household members.

Type of Identification Collected	**Collected from Whom?**		
	Applicant Only	**All Adults in HH**	**HH Members Seeking Assistance***
Social Security Card is photocopied and retained	Required ☐	Required ☐	Required ☐
	Requested ☐	Requested ☐	Requested ☐
Social Security Number (without actual card)	Required ☐	Required ☐	Required ☐

	Requested ☐	Requested ☐	Requested ☐
Government-issued identification card (e.g.,: driver's license, state ID, Tribal ID, passport, etc.)	Required ☒	Required ☒	Required ☒
	Requested ☐	Requested ☐	Requested ☐

#	Other	Applicant Only Required	Applicant Only Requested	All Adults in House hold Required	All Adults in Household Requested	All Household Members Required	All Household Members Requested
1	**Other: clients provide identification to the subrecipients and statewide or regional contractors at the time of application. See attachment.**	☐	☐	☐	☐	☒	☐

*Households may include members who are not seeking assistance and may not be included in the household count. A live in aide or attendant is not considered part of the Household for purposes of determining Household income, but is considered for a benefit based on the size of the Household.

b. Describe any exceptions to the above policies: NA

17.3 Citizenship/Legal Residency Verification

What are your procedures for ensuring LIHEAP recipients are U.S. citizens or qualified non-citizens who are eligible to receive LIHEAP benefits? Select all that apply.

☐ Clients sign an attestation of citizenship or U.S. Citizen or Qualified Non-Citizen
☐ Clients' submission of certain Social Security Administration cards is accepted as proof of U.S. Citizen or Qualified Non-Citizen
☒ Non-Citizens must provide documentation of immigration status
☐ Citizens must provide a copy of their birth certificate, naturalization papers, or passport
☒ Noncitizens are verified through the SAVE system
☒ Tribal members are verified through Tribal enrollment records/Tribal ID card
☒ Other – describe: U.S. Nationals will have to provide documentation of that status. Birth Certificate, naturalization papers, or passport are acceptable methods to demonstrate citizenship, but other documents could also be used. Tribal members could be identified through Tribal enrollment records/Tribal ID card but could also provide other documentation of citizenship.

	Other	Applicant Only Required	Applicant Only Requested	All Adults in Household Required	All Adults in Household Requested	All Household Members Required	All Household Members Requested
1	**Other: clients provide identification to the subrecipients and statewide**					☒	

	or regional contractors at the time of application.						

17.4 Income Verification

What methods does your agency utilize to verify household income?

- ☒ Require documentation of income for all adult household members
- ☒ Pay stubs
- ☒ Social Security award letters
- ☐ Bank statements
- ☐ Tax statements
- ☒ Zero-income statements
- ☒ Unemployment Insurance letters
- ☒ Other – describe: Court Documents or government benefit statements as applicable.

- ☐ Computer data matches:
  - ☐ Income information matched against state computer system (e.g., SNAP, TANF)
  - ☐ Proof of unemployment benefits verified with state Department of Labor
  - ☐ Social Security income verified with SSA
  - ☐ Utilize state directory of new hires
- ☐ Other – describe:

17.5 Identification Verification

Describe what methods are used to verify the authenticity of identification documents provided by clients or household members. Select all that apply.

- ☐ Verify SSNs with Social Security Administration
- ☐ Match SSNs with death records from Social Security Administration or state agency
- ☐ Match SSNs with state eligibility/management system (e.g., SNAP, TANF)
- ☐ Match with state Department of Labor system
- ☐ Match with state and/or federal corrections system
- ☐ Match with state child support system
- ☐ Verification using private software (e.g., The Work Number)
- ☐ In-person certification by staff (for tribal grantees only)
- ☐ Match SSN/Tribal ID number with tribal database or enrollment records (for tribal grantees only)
- ☒ Other – describe:

Subrecipients or statewide/regional contractors verify the authenticity of identification documents provided by clients who are not U.S. citizens or nationals. That verification is made through the Systematic Alien Verification for Entitlements (SAVE) system.

17.6 Protection of Privacy and Confidentiality

Describe the financial and operating controls in place to protect client information against improper use or disclosure.

- ☒ Policy in place prohibiting release of information without written consent
- ☒ Grant recipient LIHEAP database includes privacy/confidentiality safeguards
- ☒ Employee training on confidentiality for:
  - ☒ Grant recipient employees
  - ☒ local agencies/district offices
- ☐ Employees must sign confidentiality agreement
  - ☐ Grant recipient employees
  - ☐ local agencies/district offices
- ☒ Physical files are stored in a secure location
- ☒ Electronic files are protected in a secure location.
- ☒ Other – describe: Grantee contracts include the following section:

17.6 Other – Describe:

17.6 Protection of Privacy and Confidentiality

Describe the financial and operating controls in place to protect client information against improper use or disclosure.

Policy in place prohibiting release of information without written consent

Grantee LIHEAP database includes privacy/confidentiality safeguards

Employee training on confidentiality for:

Grantee employees

local agencies/district offices

Employees must sign confidentiality agreement

Physical files are stored in a secure location

RECORD KEEPING REQUIREMENTS

Subrecipients and statewide or regional contractors acknowledge that any information created or exchanged with the State of Texas pursuant to this Contract, must be available in a format that is accessible by the public at no additional charge to the State of Texas. A request for public information shall be communicated to the Department's contact identified in this Contract, by the close of business on the following business day after the request is received. Subrecipient/Vendor shall not provide to the requestor any information that was written, produced, collected, assembled, or maintained under this Contract, but shall respond to the requestor that the request has been forwarded to the Department for processing. After gathering all information that is responsive to the request, but in no event later than five (5) business days after receiving the information request, Subrecipient/Vendor shall send the information to the Department and shall timely contact the Department if there will be any delay in sending the information request or responsive documents to the Department.

Texas Administrative Code, Title 10 Chapter 1, Subchapter D §1.409 requires that:

(a) Client Records including Multifamily Development Owners. The Department requires subrecipient organizations to document client services and assistance. Subrecipient organizations must arrange for the security of all program-related computer files through a remote, online, or managed backup service. Confidential client files must be maintained in a manner to protect the privacy of each client and to maintain the same for future reference. Subrecipient organizations must store physical client files in a secure space in a manner that ensures confidentiality and in accordance with Subrecipient organization policies and procedures. To the extent that it is financially feasible, archived client files should be stored offsite from Subrecipient a headquarters, in a secure space in a manner that ensures confidentiality and in accordance with organization policies and procedures.
(b) Records of client eligibility must be retained for five (5) years starting from the date the Household activity is completed, unless otherwise provided in federal regulations governing the program.
(c) Other records must be maintained as described in the Contract or the LURA, and in accordance with federal or state law for the programs described in the Chapters of this Part.

These requirements will also be incorporated into statewide and regional contractor Contracts.

17.7 Verifying the Authenticity of Energy Vendors

What policies are in place for verifying vendor authenticity?

- ☐ All vendors must register with the State/Tribe
- ☐ All vendors must supply a valid SSN or TIN/W-9 form
- ☒ Vendors are verified through energy bills provided by the household
- ☐ Grantee and/or local agencies/district offices perform physical monitoring of vendors
- ☐ Other – describe, and note any exceptions to policies above:

17.8 Benefits Policy – Gas and Electric Utilities

What policies are in place to protect against fraud when making benefit payments to gas and electric utilities on behalf of clients? Select all that apply.

- ☐ Applicants required to submit proof of physical residency
- ☒ Applicants must submit current utility bill
- ☐ Data exchange with utilities that verifies:
  - ☐ Account ownership
  - ☐ Consumption
  - ☐ Balances
  - ☐ Payment history
  - ☐ Account is properly credited with benefit
  - ☐ Other – describe:
- ☐ Centralized computer system/database tracks payments to all utilities
- ☐ Centralized computer system automatically generates benefit level
- ☒ Separation of duties between intake and payment approval
- ☐ Payments coordinated among other heating assistance programs to avoid duplication of payments
- ☒ Payments to utilities and invoices from utilities are reviewed for accuracy
- ☐ Computer databases are periodically reviewed to verify accuracy and timeliness of payments made to utilities
- ☐ Direct payment to households are made in limited cases only
- ☐ Procedures are in place to require prompt refunds from utilities in cases of account closure

☒ Vendor agreements specify requirements selected above, and provide enforcement mechanism

☐ Other – describe:

17.9 Benefits Policy — Bulk Fuel Vendors

What procedures are in place for averting fraud and improper payments when dealing with bulk fuel suppliers of heating oil, propane, wood, and other bulk fuel vendors? Select all that apply.

☐ Vendors are checked against an approved vendors list
☐ Centralized computer system/database is used to track payments to all vendors
☒ Clients are relied on for reports of non-delivery or partial delivery
☐ Two-party checks are issued naming client and vendor
☐ Direct payment to households are made in limited cases only
☐ Vendors are only paid once they provide a delivery receipt signed by the client
☐ Conduct monitoring of bulk fuel vendors
☐ Bulk fuel vendors are required to submit reports to the Grantee
☒ Vendor agreements specify requirements selected above, and provide enforcement mechanism
☐ Other – describe:

17.10 Investigations and Prosecutions

Describe the Grantee's procedures for investigating and prosecuting reports of fraud, and any sanctions placed on clients/staff/vendors found to have committed fraud. Select all that apply.

☒ Refer to state Inspector General
☒ Refer to local prosecutor or state Attorney General
☒ Refer to US DHHS Inspector General (including referral to OIG hotline)
☒ Local agencies/district offices or Grantee conduct investigation of fraud complaints from public
☐ Grantee attempts collection of improper payments. If so, describe the recoupment process.
☐ Clients found to have committed fraud are banned from LIHEAP assistance. For how long is a household banned?
☒ Contracts with local agencies require that employees found to have committed fraud are reprimanded and/or terminated
☒ Vendors found to have committed fraud may no longer participate in LIHEAP
☒ Other — describe: A Subrecipient and statewide or regional contractors may be referred to the Department's Enforcement Committee or proposed for debarment.

Section 18: Certification Regarding Debarment, Suspension, and Other Responsibility Matters

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an

explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction,'' provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, [[Page 33043]] should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction,'' without modification, in all lower tier covered transactions and in all

solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

☒ By checking this box, the prospective primary participant is providing the certification set out above.

Section 19: Certification Regarding Drug-Free Workforce Requirements

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.

2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. For grantees other than individuals, Alternate I applies.

4. For grantees who are individuals, Alternate II applies.

5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).

7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of Subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
(b) Establishing an ongoing drug-free awareness program to inform employees about --(1)The dangers of drug abuse in the workplace;
(2) The grantee's policy of maintaining a drug-free workplace;
(3) Any available drug counseling, rehabilitation, and employee assistance programs; and
(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
(1) Abide by the terms of the statement; and
(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
(e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted -

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).
(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

221 East 11th Street

Austin, Travis County, Texas, 78701

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

(a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;

(b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

☒By checking this box, the prospective primary participant is providing the certification set out above.

Section 20: Certification Regarding Lobbying

The submitter of this application certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, ``Disclosure Form to Report Lobbying,'' in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, ``Disclosure Form to Report Lobbying,'' in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

☒ By checking this box, the prospective primary participant is providing the certification set out above.

REQUIRED ATTACHMENTS

The following documents must be attached to this application:

- Assurances signature page (submitted as separate document)
- Designation letter for signature to Assurances is required if someone other than the Governor or Tribal Chairperson signs the Assurances. (submitted as separate document)
- Heating component benefit matrix. (Attachment 3)
- Cooling component benefit matrix. (Attachment 3)
- Local Agency Monitoring Schedule (Attachment 4)

Attachment 3

Benefit Matrix

Program rules found at 10 Texas Administrative Code, §6.309(e): https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=309 . .

All benefits are determined based on a sliding scale.

(e) Benefit determinations for the Utility Assistance Component and the Crisis Assistance Component cannot exceed the sliding scale described in paragraphs (1) - (3) of this subsection:

(1) Households with Incomes of 0 to 50% of Federal Poverty Guidelines may receive an amount not to exceed $1,800 per Component;

(2) Households with Incomes more than 50% but at or below 75% of Federal Poverty Guidelines may receive an amount not to exceed $1,500 per Component; and

(3) Households with Incomes more than 75% but at or below 150% of Federal Poverty Guidelines may receive an amount not to exceed $1,200 per Component; and

(f) Service and Repair of existing heating and cooling units: Households may receive up to $9,000 for service and repair of existing heating and cooling units, replacement of irreparable existing heating and cooling unit components, when the Household has an inoperable heating or cooling system based on requirements in §6.310 and §6.311.

(g) Purchase of heating and cooling units. Households may receive up to $9,000 for the purchase of a heating and cooling unit when a heating or cooling system is nonexistent based on requirements in §6.310 of this subchapter (relating to Crisis Assistance Component) for Non-Vulnerable Population Households and §6.311 of this subchapter (relating to Utility Assistance Component) for Vulnerable Population Households.

(h) Assistance with purchase of portable cooling and/or heating units, window units, evaporative coolers, and mini splits cannot exceed $9,000. Refer to §6.310(c)(5) of this subchapter for requirements relating to purchase of these types of units.

Attachment 4

Monitoring Schedule for FY 2027

	SUBRECIPIENT	REVIEW TYPE	FY Date of Next Monitoring Review	DATE OF LAST FULL ONSITE REVIEW (IF APPLICABLE)
1	Alamo Area Council of Governments	On-Site	2027	February 2026
2	Aspermont Small Business Development Center, Inc.	On-Site	2029	February 2026
3	BakerRipley	On-Site	2026	March 2025
4	Bexar County Community and Development Programs	On-Site	2026	January 2023
5	Brazos Valley Community Action Programs	On-Site	2027	October 2025
6	City of Fort Worth Neighborhood Services Department	On-Site	2026	July 2025
7	City of Lubbock Community Development Department	On-Site	2028	May 2025
8	Combined Community Action, Inc.	On-Site	2027	September 2025
9	Community Action Corporation of South Texas	On-Site	2026	November 2024
10	Community Action Inc. of Central Texas	On-Site	2029	February 2026
11	Community Council of South Central Texas, Inc.	On-Site	2026	November 2025
12	Community Services Northeast Texas, Inc.	On-Site	2027	March 2024
13	Concho Valley Community Action Agency	On-Site	2026	October 2025
14	Cornerstone Community Action Agency	On-Site	2027	March 2024
15	County of Hidalgo Community Services Agency	On-Site	2027	August 2024
16	Crossroads Community Action	On-Site	2026	February 2025
17	Dallas County Health and Human Services	On-Site	2026	February 2025
18	Economic Action Committee of the Gulf Coast	On-Site	2026	January 2023
19	Economic Opportunities Advancement Corporation of Planning Region XI	On-Site	2027	January 2026
20	El Paso Community Action Program-Project BRAVO	On-Site	2026	July 2025
21	Greater East Texas Community Action Program	On-Site	2026	May 2025
22	Hill Country Community Action Association, Inc.	On-Site	2026	October 2025
23	Kleberg County Human Services	On-Site	2027	October 2024
24	Nueces County Community Action Agency	On-Site	2027	October 2024
25	Panhandle Community Services	On-Site	2027	February 2026
26	Pecos County Community Action Agency	On-Site	2027	April 2024
27	Rolling Plains Management Corporation	On-Site	2026	March 2025
28	South Plains Community Action Association, Inc.	On-Site	2026	September 2024
29	South Texas Development Council	On-Site	2026	October 2022
30	Texas Neighborhood Services	On-Site	2028	July 2025
31	Texoma Council Of Governments	On-Site	2026	April 2025
32	Travis County Health and Human Services	On-Site	2026	June 2025
33	Tri-County Community Action, Inc.	On-Site	2027	August 2024
34	Webb County Community Action Agency	On-Site	2028	January 2025
35	West Texas Opportunities, Inc.	On-Site	2026	July 2025

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1394 **Agenda Date:** 4/9/2026 **Agenda #:** 14.

Presentation, discussion, and possible action to adopt an Agreed Final Order assessing an administrative penalty relating to Columbia Renaissance Square II Senior (HTC 18018 / CMTS 5406)

RECOMMENDED ACTION

WHEREAS, Columbia Renaissance Square II Senior (HTC 18018 /CMTS 5406), owned by Columbia Renaissance Square II, L.P. has uncorrected compliance findings relating to the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, TDHCA identified findings of noncompliance during its regularly scheduled 2025 file monitoring review at Columbia Renaissance Square II Senior, and referred that noncompliance for an administrative penalty when it was not timely corrected;

WHEREAS, multiple issues of noncompliance remain unresolved because the development is repeatedly submitting incomplete documentation;

WHEREAS, an Enforcement Committee informal conference was held on February 19, 2026, and Owner agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of $10,000.00, with $5,000.00 due at signing, and the remainder to be deferred and forgiven provided that fully acceptable corrections are uploaded within 30 days of the board meeting; and

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

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order assessing a partially forgivable administrative penalty of $10,000.00, 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: Columbia Renaissance Square II Senior (HTC 18018 /CMTS 5406) (the Property) received an allocation of Housing Tax Credits during 2018, to build and operate one hundred 123 units in Fort Worth, Tarrant County, with 10 units restricted at 30% AMI, 39

units restricted at 50% AMI, 47 units restricted at 60% AMI, and the remainder at market rate. There are two buildings. The 15-year federal compliance period for the HTC LURA will end on December 31, 2035, and the extended use period will expire on December 31, 2055.

OWNERSHIP AND PROPERTY MANAGEMENT: The Property is owned by Columbia Renaissance Square II, L.P. James S. Grauley is the Manager and Chief Executive Officer for its general partner, New Columbia Residential, LLC. The Property is self-managed via Columbia Residential Management. Columbia has 40 multifamily developments in four states, including Texas, Louisiana, Georgia, and Florida, with 12 additional developments currently in progress.
TDHCA actively monitors three of their developments, with a fourth currently under construction.

REFERRED VIOLATIONS SUBJECT TO ADMINISTRATIVE PENALTIES:

1. **2025 HTC File Monitoring:** TDHCA conducted an onsite file monitoring review on July 15, 2025, and the Compliance Division set a corrective action deadline of October 14, 2025. Partial corrections were submitted timely, and the Compliance Division issued a further cure notice, with a response deadline of December 15, 2025. There was no response, and the following noncompliance was referred for a penalty on January 21, 2026. An informal conference was mandatory because the Enforcement Committee (the Committee) previously issued a Warning Letter with a probationary period for related property Columbia Renaissance Square (HTC 15135 / CMTS 5121) in 2025.

    a. **Failure to market to veterans:** The HTC LURA requires affirmative marketing to veterans. The Property has submitted partial corrections, but each submission is missing details needed to reasonably establish that veterans marketing has been completed. For example, the Property submitted copies of veteran marketing flyers without details about the flyer recipients on July 17, 2025, and it submitted copies of marketing emails without copies of the associated attachments mentioned in the body of those emails or any details about the recipients on March 3, 2026. This finding remains uncorrected.

    b. **Failure to provide social services:** The HTC LURA requires the property to provide nine points worth of social services, which can be selected from a list attached to the LURA. During the onsite review, the Property provided evidence of eight points of services, including: Partnership with law enforcement (3 points), Food pantry (1 point), quarterly nutritional courses (1 point), twice monthly arts and crafts (2 points), twice monthly on-site social events (1 point). On February 18, 2026, the Property submitted notary information dated March 5, 2025 (1 point), however, during the informal conference, attendees for property management indicated they were uncertain whether the site currently has a notary due to staffing changes. The Property must either upload documentation for the current notary, or provide evidence of an additional social service worth 1 point. This finding remains uncorrected.

c. **Noncompliance with lease requirements:** Tenant files did not include the required Tenant Rights and Resources Guide (TRRG) Acknowledgment. Developments are required to post the TRRG in a common area of the leasing office, and to present each household with the TRRG during application and upon any changes to amenities or services. The development submitted signed TRRG Acknowledgments on March 3, 2026, but has not provided the required owner certification confirming that the TRRG Acknowledgment has been signed for all units and that the development will comply with TRRG requirements going forward. This finding remains uncorrected.

d. **Failure to submit quarterly reports:** Unit status reports are required to be submitted quarterly, on the 10th day of every January, April, July, and October. These reports were not timely submitted for the periods October 2020 through January 2026. Quarterly reports were submitted on December 1, 2025, and January 22, 2026, correcting this noncompliance.

FACTORS CONSIDERED TO DETERMINE ADMINISTRATIVE PENALTY: The Committee analyzed the required statutory factors for determining an appropriate administrative penalty as follows:

1. **Eligible for debarment?** No. There are no violations that would cause a debarment referral.

2. **The seriousness, extent, and gravity of the violations, and whether a hazard is posed to the health, safety, or economic welfare of the public:**

   a. **Health and safety:** The referral did not include physical noncompliance; however, the Committee considered the physical condition in general. The 2025 physical inspection only showed noncompliance in the laundry room, with exposed electrical conductors and a missing clamp behind the dryers, all of which were timely corrected. There were no other unit or site findings.

   b. **Economic:** Noncompliance is generally minor from an economic standpoint, however, the property consistently failed to submit quarterly reports for five years. This information is important because it feeds into the Department's Vacancy Clearinghouse Property Search. Occupancy data was timely submitted as part of annual reports that are due every April, however, the Property failed to submit any quarterly vacancy reports in the intervening months for five years, meaning that potential tenants using that system were getting inaccurate information. Failure to market to veterans can also have an economic impact on veterans who may be looking for housing. This is offset by the low vacancy rate; occupancy as of the informal conference date was at 98%.

3. **History of previous violations:** There are no prior orders, however, the ownership group previously received a Warning Letter with a probationary period for related property Columbia Renaissance Square (HTC 15135 / CMTS 5121) in 2025.

4. **Efforts made to correct the violations:** Onsite management submitted a timely initial response to the Compliance Division, but it was incomplete. They then failed to submit any further corrections until the night before the scheduled informal conference with the Committee, stating during the conference that they were confused about the applicable property phase, and thought the referral was for Columbia Renaissance Square (HTC 15135 / CMTS 5121), the property for which TDHCA had previously issued a Warning Letter during 2025. Failure to track deadlines and maintain communication with TDHCA is a repeated issue. Ownership discussed a compliance tracking system that seems adequate, however, it was not implemented for this property, for reasons the Committee did not understand. The only explanation seemed to be staff turnover at the site, but that did not make sense since the tracking system was implemented at the supervisory level. Ownership also stated it could be checking CMTS more frequently, but the Committee noted that it seems to have no standard procedures for doing so even though it has a small portfolio, and this would be easy to implement.

   Overall, onsite property management is inexperienced, and their submissions to TDHCA do not appear to be adequately supervised despite repeatedly submitting documentation that is being rejected by TDHCA. All of the uncorrected noncompliance should be easy to resolve; there is no reason it should need to be escalated to the penalty stage, and even less justification for it to remain uncorrected. Noncompliance is not extensive, but there is poor focus on attention to detail, and corrective uploads to CMTS are frequently incomplete, failing to follow minimum TDHCA instructions from monitoring letters even for simple noncompliance. Some examples are described above with the multiple submissions for veterans marketing, each incomplete, but for different reasons.

5. **Any other matters that justice may require:** Columbia has a large portfolio, but only three actively monitored TDHCA developments, with a fourth in development. They are a sophisticated organization, capable of complying with TDHCA requirements, but not deploying adequate resources to do so. There are also concerns about the number of tenant complaints received regarding related property 2100 Memorial (HTC 21419 / CMTS 1500), but ownership believes this problem has been resolved by replacing an unpopular property manager.

6. **Amount necessary to deter future violations:** Noncompliance remains unresolved despite technical support provided by TDHCA staff, and multiple corrective action reviews. This is a large organization, and the property is cash flowing well. Failure to submit complete and timely corrective documentation takes limited TDHCA staff time that would be better allocated elsewhere, and it is appropriate to recommend an administrative penalty here even though the referred noncompliance is relatively minor. In light of the above factors, the Committee recommends an Agreed Final Order assessing administrative penalties of $10,000.00, with $5,000.00 due at signing, and the remainder to be forgiven if complete corrections are submitted, per the Order, to incentivize corrections.

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 $10,000.00, with $5,000.00 due at signing, and the remainder to be forgiven if complete corrections are submitted, per the Order, against Columbia Renaissance Square II, L.P.

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
COLUMBIA RENAISSANCE SQUARE II, L.P.	§	TEXAS DEPARTMENT OF
WITH RESPECT TO COLUMBIA	§	HOUSING AND COMMUNITY
RENAISSANCE SQUARE II SENIOR	§	AFFAIRS
(HTC FILE # 18018 / CMTS # 5406)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 9th day of April, 2026, 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 **COLUMBIA RENAISSANCE SQUARE II, L.P.,** 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. In 2018, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board to build and operate Columbia Renaissance Square II Senior (Property) (HTC file No. 18018 / CMTS No. 5406).

2. Respondent signed a land use restriction agreement (LURA) regarding the Property. The LURA was dated as of December 16, 2021, and filed of record on December 30, 2021, at Document Number D221378745 of the Official Public Records of Real Property of Tarrant County, Texas.

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]:

4. The Department conducted an on-site monitoring review on July 15, 2025, to determine whether Respondent was in compliance with LURA requirements to lease units to low-income households and maintain records demonstrating eligibility, along with other requirements relating to marketing, services, and leasing. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent; however, the following violations were not resolved before the extended corrective action deadline of December 15, 2026:

    a. Respondent failed to provide evidence of affirmative marketing to veterans, a violation of Addendum B to the LURA and 10 TAC §10.801 (Affirmative Marketing), which require developments to market to veterans through direct marketing or contracts with veterans organizations. Partial documentation was received after intervention by the Enforcement Committee, but the submission did not include sufficient documentation to reasonably confirm that development was carrying out veterans marketing. This finding remains uncorrected.

    b. Respondent failed to provide evidence of supportive services, a violation of Addendum B of the LURA and 10 TAC §10.619 (Monitoring for Social Services), which require nine points worth of required services. Evidence of eight points worth of services was available at the time of the onsite review[2], and partial documentation was received for a ninth point after intervention by the Enforcement Committee, but the development has not confirmed whether a notary is presently available at the site in order to qualify for that ninth point. This finding remains uncorrected.

    c. Respondent failed to provide a Tenant Rights and Resources Guide and get a signed Acknowledgment for any of the files in the onsite review, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide

[1] Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapter 10 refer 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.

[2] Accepted supportive services: Partnership with law enforcement (3 points), Food pantry (1 point), quarterly nutritional courses (1 point), twice monthly arts and crafts (2 points), twice monthly on-site social events (1 point)

a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services. Partial documentation with copies of newly signed Acknowledgments was received after intervention by the Enforcement Committee, but the submission did not include the required owner's certification confirming that this form will be implemented properly going forward. This finding remains uncorrected.

d. Respondent failed to timely submit quarterly unit status reports for the periods from October 2020 through January 2026, a violation of 10 TAC §10.607 (Reporting Requirements), which requires quarterly unit status reports to be submitted through the Compliance Monitoring and Tracking System (CMTS) on the 10th of every January, April, July, and October. Respondent submitted the quarterly reports on December 1, 2025, and January 22, 2026, after intervention by the Enforcement Committee.

5. The following violations remain outstanding at the time of this order:

   a. Veterans marketing violation described in FOF #4.a;

   b. Supportive services violation described in FOF #4.b; and

   c. TRRG violation described in FOF #4.c.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC Chapter 2.

2. Respondent is a housing sponsor as that term is defined in Tex. Gov't Code §2306.004(14).

3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.

4. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.

5. Respondent violated Addendum B of the LURA and 10 TAC §10.801 in 2025, by failing to provide adequate evidence of marketing to veterans.

6. Respondent violated Addendum B of the LURA and 10 TAC §10.619 in 2025, by failing to provide evidence of an adequate number of supportive services.

7. Respondent violated 10 TAC §10.613 in 2025, by failing to provide a Tenant Rights and Resources Guide to tenants, and have each household sign an acknowledgment form.

8. Respondent violated 10 TAC §10.607 in 2025, by failing to provide required quarterly unit status reports.

9. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and Tex. Gov't Code §2306.267.

10. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

11. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

12. An administrative penalty of $10,000.00 is an appropriate penalty in accordance with 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Governing Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of $10,000.00, subject to partial deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay a $5,000.00 portion of the assessed administrative penalty by check payable to the Texas Department of Housing and Community Affairs within thirty (30) days of the date this Agreed Final Order is approved by the Board.

IT IS FURTHER ORDERED that Respondent shall fully correct the file monitoring violations as indicated in the exhibits and submit full documentation of the corrections to TDHCA on or before May 11, 2026.

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 remaining assessed administrative penalty in the amount of $5,000.00, which will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the remaining administrative penalty in the amount of $5,000.00 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 (30) 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 April 9, 2026.

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 April, 2026, 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 April, 2026, 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 _____ *(person signing document)*, 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/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. My name is James S. Grauley, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of Manager and CEO 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:

COLUMBIA RENAISSANCE SQUARE II, L.P., a Texas limited partnership

COLUMBIA RENAISSANCE SQUARE PARTNERS II, LLC, a Georgia limited liability company, its general partner

NEW COLUMBIA RESIDENTIAL, LLC, a XXXX limited liability company, its managing member

By: _____

Name: James. S. Grauley

Title: Manager and CEO

Given under my hand and seal of office this _____ day of _____, 2026.

_____

Signature of Notary Public

_____

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires:_____

Exhibit 1

File Monitoring Violation Resources and Instructions

Resources:

1. Refer to the following link for all references to the rules at 10 TAC §10 that are referenced in this Order:

   http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y

2. Refer to the following link for copies of forms that are referenced below: https://www.tdhca.texas.gov/compliance-forms

3. **All corrections must be submitted via CMTS:** See link for steps to upload documents https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf

Instructions: Submit all of the following documentation via CMTS. Do not refer TDHCA staff to look at past CMTS uploads; each of the following must stand alone as a complete corrective submission.

1. **Veterans Marketing:**

   a. **If sending marketing materials to recipients by mail:** Send marketing letters to local veterans organizations via USPS, with the send date at the top, addressed to a local veterans organization, with a marketing flyer attached. Provide copies of all of these documents to TDHCA; OR

   b. **If sending marketing materials to recipients by email:** Send marketing emails to local veterans organizations, with marketing flyers attached. Unless it is clear from the email address, also include a cover letter to TDHCA explaining the recipients. i.e. What is the organization's name? Are they local? And if the organization's name doesn't say "veterans", how does this organization serve veterans? Provide copies of all of these documents to TDHCA.

2. **Supportive Services:** TDHCA has previously accepted eight points worth of services, including: Partnership with law enforcement (3 points), Food pantry (1 point), quarterly nutritional courses (1 point), twice monthly arts and crafts (2 points), twice monthly on-site social events (1 point). One more point is required.

   a. If a notary is currently provided at the Property: Provide details regarding when the notary is available, and copies of documents such as flyers advertising the notary service to residents; OR

   b. If a notary is not provided, implement an alternate supportive service that is worth one or more points from the list of services at Addendum B of the LURA. You may not receive duplicate points for the previously accepted services noted above.

3. **Tenant Rights and Resources Guide:** Present each household with the Tenant Rights and Resources Guide, have them sign the acknowledgment page, and place the executed acknowledgment in each file. Submit to the Department an owner certification that these actions have been taken and that going forward, the development will comply with the requirements of 10 TAC §10.613(l).

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1414 **Agenda Date:** 4/9/2026 **Agenda #:** 15.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 13, Multifamily Direct Loan Rule, and an order adopting the new 10 TAC Chapter 13, Multifamily Direct Loan Rule, and directing its publication in the Texas Register for adoption

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) is authorized to make awards of loans or grants to developers for the State of Texas;

WHEREAS, the Department plans to administer the varying fund sources used in making these awards of loans and grants in a specific manner that necessitates this Multifamily Direct Loan Rule;

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

WHEREAS, public comment was accepted on this rule, although none was received, and such rulemaking is being adopted without substantive changes for publication in the Texas Register;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the repeal of 10 TAC Chapter 13, Multifamily Direct Loan Rule, and adopting new 10 TAC Chapter 13, Multifamily Direct Loan Rule, together with the preamble presented to this meeting, is hereby ordered and approved for publication in the Texas Register and its adoption; and

FURTHER 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 10 TAC Chapter 13, Multifamily Direct Loan Rule, together with the preamble 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 requested revisions to the preambles.

BACKGROUND

Attached to this Board Action Request is the final 10 TAC Chapter 13, Multifamily Direct Loan Rule. The changes shown in the rule represent the revisions made from the prior rule to this final version. As is explained below, no changes have been made from the version approved by the Board for public comment at the meeting held on January 15, 2026.

The Board approved the proposed repeal and replacement of 10 TAC Chapter 13, Multifamily Direct Loan Rule, at the Board meeting on January 15, 2026, as published in the Texas Register for public comment on January 30, 2026. Public comment, in accordance with the Citizen Participation Plan requirements in 24 CFR §91.105, was accepted between 8:00 a.m. Austin local time on January 30, 2026, and 5:00 p.m. Austin local time on March 3, 2026. No public comments were received.

Preamble, including required analysis, for adoption of the repeal of 10 TAC Chapter 13, the Multifamily Direct Loan Rule

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 13, Multifamily Direct Loan Rule, §§ 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, 13.10, 13.11, 13.12, and 13.13. The purpose of the repeal is to provide for clarification of the existing rule through new rulemaking action.

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

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

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

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

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

4. The repeal does not result in an increase in fees paid to the Department nor 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 action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, administration of the Multifamily Direct Loan Program.

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

8. The repeal will not negatively or positively affect 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 repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

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

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

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section would be increased clarity and improved access to the Multifamily Direct Loan funds. 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.

SUMMARY OF PUBLIC COMMENT. The public comment period was held from January 30, 2026, to March 3, 2026, to receive input on the proposed repealed section. No comments on the repeal were received.

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

10 TAC Chapter 13, Multifamily Direct Loan Rule

§13.1. Purpose.

§13.2. Definitions.

§13.3. General Loan Requirements.

§13.4. Set-Asides, Regional Allocation, and NOFA Priorities.

§13.5. Application and Award Process.

§13.6. Scoring Criteria.

§13.7. Maximum Funding Requests and Minimum Number of MFDL Units.

§13.8. Loan Structure and Underwriting Requirements.

§13.9. Construction Standards.

§13.10. Development and Unit Requirements.

§13.11. Post-Award Requirements.

§13.12. Pre-Closing Amendments to Direct Loan Terms.

§13.13. Post-Closing Amendments to Direct Loan Terms.

§13.11 Post-Award Requirements

§13.12 Pre-Closing Amendments to Direct Loan Terms

§13.13 Post-Closing Amendments to Direct Loan Terms

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Preamble, including required analysis, for adoption of new 10 TAC Chapter 13, Multifamily Direct Loan Rule

The Texas Department of Housing and Community Affairs (the Department) adopts with changes new 10 TAC Chapter 13, Multifamily Direct Loan Rule, §§ 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, 13.10, 13.11, 13.12, and 13.13. The purpose of the new sections is to provide compliance with Tex. Gov't Code §2306.111 and to update the rule to: clarify program requirements in multiple sections, codify in rule practices of the division, and change citations to align with changes to other multifamily rules. In general, most changes are corrective in nature, intended to gain consistency with state or federal rules, delete duplicative language or provisions, correct or update rule references, and clarify language or processes to more adequately communicate the language or process.

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

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

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

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

1. The rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, administration of the Multifamily Direct Loan Program.

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

3. The rule changes do not require additional future legislative appropriations.

4. The rule changes will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

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

6. The rule will not expand, limit, or repeal an existing regulation.

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

8. The 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 rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code §2306.111.

1. The Department has evaluated this 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 for multifamily direct loan applications and award through various Department fund sources. Other than in the case of a small or micro-business that is an applicant for such a loan product, no small or micro-businesses are subject to the rule. It is estimated that approximately 200 small or micro-businesses are such applicants; for those entities the new rule provides for a more clear, transparent process for applying for funds and does not result in a negative impact for those small or micro-businesses. There are not likely to be any rural communities subject to the rule because this rule is applicable only to direct loan applicants for development of properties, which are not generally municipalities. The fee for applying for a Multifamily Direct Loan product is $1,000, unless the Applicant is a nonprofit that provides supportive services or the Applicant is applying for Housing Tax Credits in conjunction with Multifamily Direct Loan funds, in which case the application fee may be waived. These 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.

There are 1,363 rural communities potentially subject to the rule for which the economic impact of the rule is projected to be $0. 10 TAC Chapter 13 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 MFDL resources that are located in rural areas is approximately fifteen. In those cases, a rural community securing a loan will experience an economic benefit, including, potentially, increased property tax revenue from a multifamily Development.

3. The Department has determined that because there are rural MFDL 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 MFDL 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 rule does not contemplate or authorize a taking by the Department, therefore no Takings Impact Assessment is required.

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

The Department has evaluated the 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 rule may provide a possible positive economic effect on local employment in association with this rule since MFDL Developments, layered with housing tax credits, often involve a typical minimum investment of $10 million in capital, and more commonly an investment from $20 million to $30 million. Such a capital investment has 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 predict during rulemaking where these 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 MFDL awards and LIHTCs are actually awarded to a proposed Development, given the unique characteristics of each proposed multifamily Development.

Texas 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 MFDL Development layered with LIHTC 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. If anything, positive effects will ensue in those communities where developers receive MFDL 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 sections are in effect, the public benefit anticipated as a result of the new sections will be improved clarity of program requirements in multiple sections, codification in rule practices of the division, and change citations to align with changes to other multifamily rules. There will not be any economic cost to any individuals required to comply with the new sections because this rule does not have any new requirements that would cause additional costs to applicants.

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 sections are in effect, enforcing or administering the new sections does not have any foreseeable implications related to costs or revenues of the state or local governments because it does not have any new requirements that would cause additional costs to applicants.

SUMMARY OF PUBLIC COMMENT. The public comment period was held from January 30, 2026, to March 3, 2026, to receive input on the proposed new sections. No comment was received.

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CHAPTER 13 MULTIFAMILY DIRECT LOAN RULE

§13.1. Purpose.

(a) Authority. The rules in this chapter apply to the funds provided to Multifamily Developments through the Multifamily Direct Loan Program (MFDL or Direct Loan Program) by the Texas Department of Housing and Community Affairs (the Department). Notwithstanding anything in this chapter to the contrary, loans and grants issued to finance the development of multifamily rental housing are subject to the requirements of the laws of the State of Texas, including but not limited to Tex. Gov't Code, Chapter 2306, and federal law pursuant to the requirements of Title II of the Cranston-Gonzalez National Affordable Housing Act, Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008 - Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes, Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act: Additional Assistance for Neighborhood Stabilization Programs, Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289), and the implementing regulations 24 CFR Parts 91, 92, 93, and 570 as they may be applicable to a specific fund source. The Department is authorized to administer Direct Loan Program funds pursuant to Tex. Gov't Code, Chapter 2306.

(b) General. This chapter applies to Applications submitted for, and award of, MFDL funds by the Department and establishes the general requirements associated with the application and award process for such funds. Applicants pursuing MFDL assistance from the Department are required to certify, among other things, that they have familiarized themselves with all applicable rules that govern that specific program including, but not limited to this chapter, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), Chapter 10 of this title (relating to Uniform Multifamily Rules), Chapter 11 of this title (relating to Qualified Allocation Plan (QAP)), and Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules) as applicable. The Applicant is also required to certify that it is familiar with the requirements of any other federal, state, or local financing sources that it identifies in its Application. Any conflict with rules, regulations, or statutes will be resolved on a ~~case by case~~case-by-case basis that allows for compliance with all requirements. Conflicts that cannot be resolved may result in Application ineligibility, with the right to an Appeal as provided in 10 TAC §1.7 of this title (relating to Appeals Process) or 10 TAC §11.902 of this title (relating to Appeals Process for the Housing Tax Credit program), as applicable.

(c) Waivers. Requests for waivers of any program rules or requirements must be made in accordance with 10 TAC §11.207 of this title (relating to Waiver of Rules), as limited by the rules in this chapter. Waiver requirements are provided in paragraphs (1) through (3) of this subsection:

(1) Rule Waivers and NOFA Amendments prior to Construction Completion.~~ ~~For Direct Loan Developments, an Applicant may request, at the latest at Application submission, that the Department amend its NOFA, amend its Consolidated Plan or One Year Action Plan, or ask HUD to grant a waiver of its regulations, if such request will not impact the timing of the

Application's review, nor alter the scoring or satisfaction of threshold requirements for the Housing Tax Credits or other Department resources. ~~-~~Such requests will be presented to the Department's Board. The Board may not waive rules that are federally required, or that have been incorporated as a required part of the Department's Consolidated Plan or One Year Action Plan (OYAP) to the U.S. Department of Housing and Urban Development (HUD), unless those Plans are so amended by the earlier of a date the NOFA is~~is~~ closed or by an earlier date that is identified by the Board. ~~–~~Such items include §13.8 of this chapter, relating to Loan Structure and Underwriting Requirements, the interest rate published in the NOFA, the maximum subsidy limits as published in the NOFA, the priorities listed in the NOFA, the eligibility requirements of applicants described in rule or the NOFA, scoring, and the tiebreaker procedure. ~~–~~Prior to Contract, except as otherwise described in rule, the Application Acceptance Date will then be the date the Department completes the amendment process or receives a waiver from HUD, if funds are still available in the NOFA. After Contract, but prior to Construction Completion staff will not recommend a waiver or NOFA Amendment;

(2) Build America, Buy America (BABA) Waiver. If the Applicant intends to request a waiver of BABA, such request must be submitted no later than the date on which the Application is submitted. The Department will submit this waiver request to HUD. This waiver, if granted by HUD the earlier of 90 days before the NHTF Commitment deadline or one year from Board Award, will not require the Development to receive a new Application Acceptance Date; ~~(2) **Utility Allowance Waivers with Project-Based Vouchers.** Upon request before or with the submittal of the Application or at the time the Application is amended to reflect the vouchers, for Developments that are layered with Project-Based Vouchers awarded under 24 CFR Part 983 from a Housing Authority that is not Moving to Work Housing Authority, Department staff will submit a waiver to the Office of Community Planning and Development at HUD to allow the Development to use the Public Housing Utility Allowance. For Project-Based Vouchers from a Housing Authority that is a Moving to Work Housing Authority, the Applicant must have the Moving to Work Housing Authority obtain this waiver from the appropriate HUD office or agree that the Development will be all bills paid before Contract Execution. These waivers, if granted by HUD,will not require the Development to receive a new Application Acceptance Date; and~~

~~-~~(3) Waivers under Closed NOFAs. The Board may not waive any portion of a closed NOFA prior to Construction Completion. Thereafter, the Board may only waive any portion of a closed NOFA as part of an approved Asset Management Division work out. Allowable Post-Closing Amendments are described in 10 TAC §13.13 of this chapter (relating to Post-Closing Amendments to Direct Loan Terms).

(d) Eligibility and Threshold Requirements. Applications for Multifamily Direct Loan funds must meet all applicable eligibility and threshold requirements of Chapter 11 of this title (relating to the Qualified Allocation Plan (QAP)), unless otherwise excepted in this rule or NOFA.

§13.2. 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, 142, and 145 of the Internal Revenue Code; 24 CFR Parts 91, 92, and 93; 2 CFR Part 200; and 10 TAC Chapters 1 of this title regarding Administration, 2 of this title regarding Enforcement, 10 of this title regarding Uniform Multifamily Rules, and 11 of this title regarding the Qualified Allocation Plan.

(1) Application Acceptance Date--The date the MFDL Application is considered received by the Department as described in this cchapter, Cchapter 11 of this title, or in the NOFA.

(2) Community Housing Development Organization (CHDO)--A private nonprofit organization with experience developing or owning affordable rental housing that meets the requirements in 24 CFR Part 92 for purposes of receiving HOME Investment Partnerships Program (HOME) funds under the CHDO Set-Aside. A member of a CHDO's board cannot be a Principal of the Development beyond their role as a board member of the CHDO or be an employee of the development team, and may not receive financial benefit other than reimbursement of expenses from the CHDO (e.g., a voting board member cannot also be a paid executive). A CHDO's service area may not be the entire state; however, a CHDO that services the entire state, minus one Metropolitan Area, may qualify.

(3) Construction Completion or Development Period--The Development Period is the time allowed to complete construction, which includes, without limitation, that necessary title transfer requirements and construction work has been fully performed, the certificate(s) of occupancy (if New Construction or reconstruction), Certificate of Substantial Completion (AIA Form G704), Form HUD-92485 (for instances in which a federally insured HUD loan is utilized), or equivalent notice has been issued, and that all deficiencies have been corrected. It includes the construction term, but could be longer.

(4) Deobligated Funds--The funds released by the Development Owner or recovered by the Department canceling a Contract or award involving some or all of a contractual financial obligation between the Department and a Development Owner or Applicant.

(5) Federal Affordability Period--The period commencing on the later of the date after Construction Completion and after all Direct Loan funds have been disbursed for the project, or the date of Project Completion as defined in 24 CFR §92.2 or §93.3, as applicable, and ending on the date which is the required number of years as defined by the federal program.

(6) HOME--the HOME Investment Partnership Program, authorized by Title II of the Cranston-Gonzalez National Affordable Housing Act,

(7) HOME Match-Eligible Unit--A Unit in the Development that is not assisted with HOME Program funds, but would qualify as eligible for Match under 24 CFR Part 92. The restrictions on Qualified Units combined with Project Based Vouchers subject to the 2013 HOME Final Rule also apply to HOME Match Units subject to the 2013 HOME Final Rule. Unless otherwise identified by the provisions in the NOFA, TCAP RF and matching contribution on TCAP-RF, NSP and NHTF Developments must meet all criteria to be classified as HOME-Match Eligible Units.

(8) Housing Contract System (HCS)--The electronic information system established by the Department for tracking, funding, and reporting Department Contracts and Developments. The HCS is primarily used by the Department for Direct Loan Programs administered by the Department.

(9) Land Use Restriction Agreement (LURA) Term--The period commencing on the effective date of the LURA and ending on the date which, at a minimum, is the greater of the loan term or 30 years. The LURA may include the Federal Affordability Period, in addition to the State Affordability Period requirements and State restrictive criteria.

(10) Matching Contribution (Match)--A contribution to a Development from nonfederal sources that may be in one or more of the forms provided in subparagraphs (A) through (E) of this paragraph:

(A) Cash contribution (grant), except for cash contributions made by investors in a limited partnership or other business entity subject to pass through tax benefits in a tax credit transaction or owner equity (including Deferred Developer Fee and General Partner advances);

(B) Reduced fees or donated labor from certain eligible contractors, subcontractors, architects, attorneys, engineers, excluding any contributions from a party related to the Developer or Owner;

(C) Net present value of yield foregone from a below market interest rate loan as described in HUD Community Planning and Development (CPD) Notice 97-03 or subsequent HUD written guidance;

(D) Waived or reduced fees or taxes from cities or counties not related to the Applicant in connection with the proposed Development. In accordance with 24 CFR §92.219(b)(2)(iv), this form of Match is not available for a Development that is not assisted with HOME funds; or

(E) Donated land or land sold by an unrelated third party at a price below market value, as evidenced by a third party appraisal.

(11) NHTF--National Housing Trust Fund.

(12) NOFA--Notice of Funding Availability.

(13) NSP--Neighborhood Stabilization Program.

(14) Qualifying Unit--means a Unit designated for Multifamily Direct Loan use and occupancy in compliance with State and federal regulations, as set forth in the Contract. For Developments subject to the 2013 HOME final rule, unless the Development is all-bills paid, Qualifying Units may not also have a Project-Based Voucher issued under 24 CFR Part 983, unless the Application contains permission from the Public and Indian Housing Division of HUD for the layered units to use a utility allowance that is not the Public Housing Utility Allowance, or the Applicant has received permission from the Community Planning and Development Division of HUD for the layered units to use the Public Housing Utility Allowance.

(15) Relocation Plan--A residential anti-displacement and relocation assistance plan and budget in an Application that addresses residential and non-residential displacement and complies with the Uniform Relocation Assistance and Real Property Act as implemented at 49 CFR Part 24, HUD Handbook 1378, and the TDHCA Relocation Handbook. Additionally, some HOME and NSP funded Developments must comply with Section 104(d) of the Housing and Community Development Act of 1974 (as amended), and 24 CFR Part 42 (as modified for NSP and HOME American Rescue Plan (ARP) funds), which requires a one-for-one replacement of occupied and vacant, occupiable low- and moderate-income dwelling units demolished or converted. Guidance is on the Department's website at https://www.tdhca.state.tx.us/multifamily/home/index.htm. The Relocation Plan must be in form and substance consistent with requirements of the Department.

(16) Section 234 Condominium Housing Basic Mortgage Limits (Section 234 Condo Limits)--The per-unit subsidy limits for all MFDL funding. These limits take into account whether or not a Development is elevator served and any local conditions that may make development of multifamily housing more or less expensive in a given metropolitan statistical area. If the high cost percentage adjustment applicable to the Section 234 Condo Limits for HUD's Fort Worth Multifamily Hub is applicable for all Developments that TDHCA finances through the MFDL Program, then confirmation of that applicability will be included in the applicable NOFA.

(17) Site and Neighborhood Standards--HUD requirements for New Construction or reconstruction Developments funded by NHTF (24 CFR §93.150) or New Construction Developments funded by HOME (24 CFR §92.202). Proposed Developments must provide evidence that the Development will comply with these federal regulations in the Application. Guidance for successful submissions is provided on the Department website at https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm. Applications that are unable to comply with requirements in 24 CFR §983.57(e)(2) and (3) will not be eligible for HOME or NHTF.

(18) State Affordability Period--The LURA Term as described in the MFDL contract and loan documents and as required by the Department in accordance with ~~the~~ Chapter 2306, Texas Gov't Code which may be an additional period after the Federal Affordability Period.

(19) Surplus Cash--Except when the first lien mortgage is a federally insured HUD mortgage that is subject to HUD's surplus cash definition, Surplus Cash is any cash remaining:

(A) After the payment of:

(i) All sums due or currently required to be paid under the terms of any superior lien;

(ii) All amounts required to be deposited in the reserve funds for replacement;

(iii) Operating expenses actually incurred by the borrower for the Development during the period with an appropriate adjustment for an allocable share of property taxes and insurance premiums;

(iv) Recurring maintenance expenses actually incurred by the borrower for the Development during the period; and

(v) All other obligations of the Development approved by the Department; and

(B) After the segregation of an amount equal to the aggregate of all special funds required to be maintained for the Development; and

(C) Excluding payment of:

(i) All sums due or currently required to be paid under the terms of any subordinate liens against the property;

(ii) Any development fees that are deferred including those in eligible basis; and

(iii) Any payments or obligations to the borrower, ownership entities of the borrower, related party entities; any payment to the management company exceeding 5% of the effective gross income; incentive management fee; asset management fees; or any other expenses or payments that shall be negotiated between the Department and the borrower.

(20) TCAP Repayment Funds (TCAP RF)--~~(TCAP RF)~~ ~~t~~The Tax Credit Assistance Payment program funds.

§13.3. General Loan Requirements.

(a) Funding Availability. Direct Loan funds may be made available through a NOFA or other similar governing document that includes the method for applying for funds and funding requirements.

(b) Oversourced Developments. A Direct Loan request may be reduced or not recommended if the Department's Underwriting Report concludes the Development does not need all or part of the MFDL funds requested in the Application because it is oversourced, and for which a timely appeal has been completed, as provided in 10 TAC §1.7 of this title (relating to Appeals Process) or 10 TAC §11.902 of this title (relating to Appeals Process for Competitive HTC Applications), as applicable.

(c) Funding Sources. Direct Loan funds are composed of annual HOME and National Housing Trust Fund (NHTF) allocations from HUD and associated Program Income, repayment of TCAP or TCAP RF loans, HOME Program Income, NSP Program Income (NSP PI or NSP), and any other similarly encumbered funding that may become available, except as otherwise noted in this chapter. Similar funds include any funds that are identified by the Board to be loaned or granted for the development of multifamily property and are not governed by another chapter in this title, with the exception of State funds appropriated for a specific purpose.

(d) Eligible and Ineligible Activities.

(1) Eligible Activities. Direct Loan funds may be used for the predevelopment, acquisition, New Construction, reconstruction, Adaptive Reuse, rehabilitation, or preservation of affordable housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, or operating cost reserves, subject to applicable HUD guidance. Other expenses, such as financing costs, relocation expenses of any displaced persons, families, businesses, or organizations may be included. MFDL funds may be used to assist Developments previously awarded by the Department when approved by specific action of the Board. Eligible Activities may have fund source restrictions or may be restricted by a NOFA.

(2) Ineligible Activities. Direct Loan funds may not be awarded to a Development:

(A) Layered with Housing Tax Credits that have elected the income averaging election under Section 42(g)(1)(C) of the Internal Revenue Code that have more than 15% of the Units designated as Market Rate Units;

(B) In which the Applicant will not be directly leasing Units to residents, except as specifically described in the NOFA;

(C) Applicants applying for HOME or NSP funds may not commit any choice limiting activities as defined by HUD in 24 CFR Part 58 prior to obtaining environmental

clearance, and will be subject to termination of the Direct Loan award if such action is undertaken. For an Applicant applying for NHTF funds, choice limiting activities prior to full execution of a Contract with the Department are not prohibited, but the eligibility of costs associated with these activities will be impacted in keeping with 24 CFR §93.201(h) and all applicable federal regulations. Furthermore, certain activities which prohibit environmental mitigation may cause the Development to be ineligible and will cause the termination of the Direct Loan award.

(e) Ineligible Costs. All costs associated with the Development and known by the Applicant must be disclosed as part of the Application. Other federal funds will be included in the Final Direct Loan Eligible Costs located in Table 1 of the Direct Loan Calculator as part of the required per-unit subsidy limit calculation. Costs ineligible for reimbursement with Direct Loan funds in accordance with 24 CFR Parts 91, 92, 93, and 570, and 2 CFR Part 200, as federally required or identified in the NOFA, include, but are not limited to:

(1) Offsite costs;

(2) Stored Materials;

(3) Site Amenities, such as swimming pools and decking, landscaping, playgrounds, and athletic courts;

(4) The purchase of equipment required for construction;

(5) Furnishings and Furniture, Fixtures and Equipment (FF&E) required for the Development;

(6) Detached Community Buildings;

(7) Carports and/or parking garages, unless attached as a feature of the Unit;

(8) Commercial Space costs;

(9) Personal Property Taxes;

(10) TDHCA fees;

(11) Syndication and organizational costs;

(12) Reserve Accounts, except Initial Operating Deficit Reserve Accounts;

(13) Delinquent fees, taxes, or charges;

(14) Costs incurred more than 24 months prior to the effective date of the Direct Loan Contract, unless the Application is awarded TCAP RF, and if specifically allowed by the

Board;

(15) Costs that have been allocated to or paid by another fund source (except for soft costs that are attributable to the entire project as specifically identified in the applicable federal rule, or for TCAP RF if specifically allowed by the NOFA), including but not limited to, contingency, including soft cost contingency, and general partner loans and advances;

(16) Deferred Developer Fee;

(17) Texas Bond Review Board (BRB) fees;

(18) Community Facility spaces that are not for the exclusive use of tenants and their guests;

(19) The portion of soft costs that are allocated to support ineligible hard costs;

(20) Other costs limited by Award or NOFA, or as established by the Board;

(21) Interest on Construction Loans; and

(22) Acquisition that occurred before the Application Acceptance Date and environmental clearance for HOME and NSP projects. For NHTF, acquisition that occurred prior to Contract signing.

§13.4. Set-Asides, Regional Allocation, and NOFA Priorities.

(a) Set-Asides. Specific types of Activities or Developments for which a portion of MFDL funds may be reserved in a NOFA will be grouped in categories called Set-Asides. Not all Set-Asides will be available in every NOFA, and the Board may approve Set-Asides not described in this section. The amount of a single award may be credited to multiple Set-Asides, in which case the credited portion of funds may be repositioned into an oversubscribed Set-Aside prior to a defined collapse deadline. Applications under any and all Set-Asides may or may not be layered with other Department Multifamily programs except as provided in this section or as determined by the Board to address unique circumstances not addressed by these rules.

-(~~A~~1) General / Soft Repayment Set-Aside.

(~~A~~i) Applicants seeking to qualify for NHTF under this set-aside must propose Developments in which all Units assisted with MFDL funds are available for households earning the greater of the poverty rate or 30% AMI, and have rents no higher than the rent limits for extremely low-income tenants in 24 CFR §93.302(b).

(B~~ii~~) Applicants seeking to qualify for HOME under this set-aside must propose

Developments in which all Units assisted with MFDL funds are available to households earning no more than 80% AMI and have rents no higher than the rent limits under 24 CFR §92.2.

(Ciii) A portion of the General / Soft Repayment Set-Aside may be reallocated into the CHDO Set-Aside in order to fully fund a CHDO award that exceeds the remaining amount in the CHDO Set-Aside.

(2B) CHDO Set-Aside. Unless waived or reduced by HUD, a portion of the Department's annual HOME allocation will be set aside for eligible CHDOs meeting the requirements of the definition of Community Housing Development Organization in 24 CFR §92.2 and 10 TAC §13.2(2) of this chapter. Applicants under the CHDO Set-Aside must be proposing to develop housing on Development Sites located outside Participating Jurisdictions (PJ), unless the award is made within a Persons with Disabilities (PWD) Set-Aside, or the requirement under Tex. Gov't Code §2306.111(c)(1) has been waived by the Governor. A grant for CHDO operating expenses may be awarded in conjunction with an award of MFDL funds under this Set-Aside, if no other CHDO operating grants have been awarded to the Applicant in the same Calendar year, in accordance with 24 CFR §92.208. Applications under the CHDO Set-Aside may not have a for-profit special limited partner within the ownership organization chart.

(b) Regional Allocation and Collapse. All funds subject to Tex. Gov't Code §2306.111 or as described to HUD in planning documents will be allocated to regions and potentially subregions based on a Regional Allocation Formula (RAF) within the applicable Set-Asides (unless the funds have already been through a RAF of the annual NOFA and/or Special Purpose NOFA). The RAF methodology may differ by fund source. HOME funds will be allocated in accordance with Tex. Gov't Code Chapter 2306. The end date and Application Acceptance Date for the regionally allocated funds will be identified in the NOFA but in no instance shall it be less than 30 days from the date a link to the Board approved NOFA or NOFA Amendment is published on the Department's website.

(1) After funds have been made available regionally and the period for regional allocation has expired, remaining funds within each respective Set-Aside may collapse and be pooled together on a date identified in the NOFA. All Applications received prior to these collapse dates will continue to hold their priority unless they are withdrawn, terminated, suspended, or funded.

(2) Funds remaining after expiration of the Set-Asides on the end date identified in the NOFA, which have not been requested in the form of a complete Application, may be collapsed and pooled together to be made available statewide on a first-come first-served basis to Applications submitted after the collapse dates, as further described in the NOFA.

(3) In instances where the RAF would result in regional or subregional allocations insufficient to fund an Application, the Department may use an alternative method of

distribution, including an early collapse, revised formula or other methods as approved by the Board, and reflected in the NOFA.

(c) Notice of Funding Availability (NOFA). MFDL funds will be distributed pursuant to the terms of a published NOFA that provides the specific collapse dates and deadlines as well as Set-Aside and RAF amounts applicable to each NOFA, along with scoring criteria, priorities, award limits, and other Application information. Set-asides, RAFs, and total funding amounts may increase or decrease in accordance with the provisions herein without further Board action as authorized by the Board.

§13.5. Application and Award Process.

(a) Applications. MFDL Applicants must follow the applicable requirements in 10 TAC Chapter 11, Subchapter C (relating to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules) and the Notice of Funding Availability for which the Application is submitted.

(b) Application Acceptance Date. Applications will be considered received on the business day of receipt, unless a different time period is described in the Department's rules or NOFA. If an Application is received after 5:00 p.m., Austin local time, it will be determined to have been received on the following business day. Applications received on a non-business day will be considered received on the next day the Department is open. Applications will be considered complete at the time all Application materials, required third party reports and application fee(s) are received by the Department. Within certain Set-Asides or priorities, the date of receipt may be fixed, regardless of the earlier actual date a complete Application is received, if so specified in the Department's rules or NOFA. If multiple Applications have the same Application Acceptance Date, in the same region or subregion (as applicable), within the same Set-Aside, and for 9%, then score and tiebreaker factors, as described in 10 TAC §11.7 of this title (relating to Tie Breaker Factors) will be used to determine the Application's rank, unless another priority is described in the NOFA.

(c) Market Analysis. Applications proposing Rehabilitation that request MFDL as the only source of Department funding may be exempted from the Market Analysis requirement in 10 TAC §11.205(2) (relating to Required Third Party Reports) if the Development's rent rolls for the most recent six months reflect occupancy of at least 80% of all Units.

(d) Required Site Control Agreement Provisions. All Applicants for MFDL funds must include the following provisions in the purchase contract or site control agreement if the subject property is not already owned by the Applicant:

(1) "Notwithstanding any other provision of this Contract, Purchaser shall have no obligation to purchase the Property, and no transfer of title to the Purchaser may occur,

unless and until the Department has provided Purchaser and/or Seller with a written notification that: (A) It has completed a federally required environmental review and its request for release of federal funds has been approved and, subject to any other Contingencies in this Contract, (i) the purchase may proceed, or (ii) the purchase may proceed only if certain conditions to address issues in the environmental review shall be satisfied before or after the purchase of the property; or (B) It has determined that the purchase is exempt from federal environmental review and a request for release of funds is not required."; and

(2) "The Buyer does not have the power of eminent domain relating to the purchase and acquisition of the Property. The Buyer may use federal funds from the U.S. Department of Housing and Urban Development (HUD) to complete this purchase. HUD will not use eminent domain authority to condemn the Property. All parties entered this transaction voluntarily and the Buyer has notified the Seller of what it believes the value of the Property to be in accordance with 49 CFR Part 24 Appendix A. If negotiations between both parties fail, Buyer will not take further action to acquire the Property."

(e) Oversubscribed Funds for Competitive HTC-Layered Applications. Should MFDL funds be oversubscribed in a Set-Aside or for a fund source that has geographic limitations within a Set-Aside, Applications concurrently requesting Competitive HTC will be notified and may amend their Application to accommodate another fund source and make changes that still meet threshold requirements in 10 TAC Chapters 11 and 13 of this title, if such changes do not impact scoring under 10 TAC §11.9 (relating to Competitive HTC Selection Criteria). The Department will provide notice to all impacted Applicants in the case of over-subscription, which will include a deadline by which the Applicant must respond to the Department. Multiple Applications from a single or affiliated Applicants do not constitute oversubscription, and the Applicant(s) will not be able to amend their Applications as described in this subsection. If MFDL funds become available between the Market Analysis Delivery Date, and the date of the Department's Board meeting at which final Competitive HTC awards are made, the MFDL funds will not be reserved for Competitive HTC-layered Applications, unless the reservation is described in the NOFA.

(f) Availability of funds for Non-Competitive HTC-layered Applications. If an Application requesting layered Non-Competitive HTC and Direct Loan funds is terminated under 10 TAC §11.201(2)(E) (relating to Withdrawal of Certificate of Reservation), the Application will receive a new Application Acceptance Date for purposes of Direct Loan funds upon submission to the Department of the new Certificate of Reservation if the Board has not made an award. Direct Loan funds will not be reserved for terminated Applications, and may not be available for the Application with a new Reservation.

(g) Eligibility Criteria and Determinations.

——(1) The Department will evaluate Applications received under a NOFA for eligibility and threshold pursuant to the requirements of this chapter and Chapter 11 of this title (relating to the Qualified Allocation Plan). The Department may terminate the Application if there

are changes at any point prior to MFDL loan closing that would have had an adverse effect on the score and ranking order of the Application that would have resulted in the Application not being recommended for an award or being ranked below another Application received prior to the subject Application.

(2) Applicants requesting MFDL as the only source of Department funds must be able to demonstrate that a Principal of the Developer, Development Owner, or General Partner has previously developed and placed into service a minimum of 50 multifamily housing units. -It is the Applicant's responsibility to identify and submit sufficient evidence of this experience in the Application.– If the Department determines that the evidence submitted is not substantial, additional evidence may be submitted through the Administrative Deficiency process, if it is available.– If the Applicant is unable to provide satisfactory evidence, the Applicant will be ineligible for funding.

–**(h) Effective rules and contractual terms.** The contractual terms of an award will be governed by and reflect the rules in effect at the time of Application; however, any changes in federal requirements will be reflected in the contractual terms. Further provided that,~~, that~~ if after award, but prior to execution of such Contract, there are new rules in effect, the Direct Loan awardee may elect to be governed by the new rules, provided the Application would continue to have been eligible for award under the rules and NOFA in effect at the time of Application.

§13.6. Scoring Criteria and Tie Breaker Factors.

(a) Scoring. The scoring items used to calculate the score for a Competitive HTC-Layered Application will be utilized for scoring for an MFDL Application, and evaluated in the same manner. For all other Applications, the Tie Breaker described below will be utilized to determine which Applications to recommend for an award if multiple Applications are given the same Application Acceptance Date within the same Set-Aside and with the same Priority as described in the NOFA.

-**(b) Tie Breaker**. In the event that two or more Applications receive the same Application Acceptance Date, within the same Set-Aside and having the same Priority, staff will utilize the Tie Breaker Factors established in §11.7, unless another tie-breaker is described in the NOFA.

§13.7. Maximum Funding Requests and Minimum Number of MFDL Units.

(a) Maximum Funding Request. The maximum funding request for an Application will be identified in the NOFA, and may vary by development type, set-aside, Priority, or fund source.

(b) Maximum New Construction or Reconstruction Per-Unit Subsidy Limits. The per-Unit subsidy limit for a Development will be determined by the Department as the Section 234 Condo limits with the applicable ~~high-cost~~high-cost percentage adjustment in effect at the start

date of the NOFA, which are the maximum MFDL eligible cost ~~cost~~ per-Unit subsidy limits that an Applicant may use to determine the amount of MFDL funds combined with other federal funds that may subsidize a Unit.

(c) Maximum Rehabilitation Per-Unit Subsidy Limits. The MFDL eligible cost per-Unit to rehabilitate a Development may not exceed the HUD 221(d)(4) statutory limits, subject to high cost factors as published in the NOFA.

(d) Minimum Number of MFDL Units. The minimum required number of MFDL Units will be determined by the MFDL per-Unit subsidy limits and the cost allocation analysis, which will ensure that the amount of MFDL Units as a percentage of total Units is equal to or greater than the percentage of MFDL funds requested as a percentage of total eligible MFDL Development costs.~~.~~

§13.8 Loan Structure and Underwriting Requirements

(a) Loan Structures. Loan structures must meet the criteria described in this section and as further described in a NOFA. The interest rate, amortization period, and term for the loan will be approved by the Board at the time of award, and can only be amended prior to loan closing by the process in 10 TAC §13.12 (relating to Pre-Closing Amendments to Direct Loan Terms).

(b) Criteria for Construction-to-Permanent Loans. Direct Loans awarded through the Department must adhere to the criteria as identified in paragraphs (1) - (7) of this subsection if being requested as construction-to-permanent loans, for which the interest rate will be specified in the NOFA and approved by the Board:

(1) The construction term for MFDL loans shall generally be coterminous with any superior construction loan~~(s)~~, but no greater than 36 months. In the event the MFDL loan is the only loan with a construction term or is the superior construction loan, the construction term may be up to 36 months.~~–~~ Shorter timeframes may be required to meet federal project completion or expenditure deadlines;

(2) No interest will accrue during the construction term; the Department may extend the Development Period without extending the construction term if the first lien permanent lender does not extend its loan term, or if the Development Period is approved by the Board to be over 36 months;

(3) The loan term shall be no less than 15 years and no greater than 40 years, and the amortization period shall be between 30 to 40 years. The Department's loan must mature at the same time or within six months of the shortest term of any senior debt, so long as neither exceeds 40 years. The permanent loan term generally commences following the end of the construction term;

(4) Loans shall be secured with a deed of trust with a ~~permanent~~ lien position, and for loans with monthly or annual payment provisions, a repayment position that is superior to any other sources for financing including hard repayment debt that is in an amount less than or equal to the Direct Loan amount and superior to any other sources that have soft repayment structures, non-amortizing notes, have deferred forgivable provisions, or in which the lender has an identity of interest with any member of the Development Team. Parity liens may only be considered with federal loan funds from USDA Rural Development;

~~–~~(5) In general, up to 50% of the MFDL loan may be advanced at loan closing, should there be sufficient eligible costs to reimburse that amount; however, this amount may be proportionally exceeded for a Development being awarded additional MFDL funds, if the Development is past 50% at loan closing, so long as the required Mid-Construction Inspection has been completed. In all cases, at least 10% of the funds will be reserved for the final Draw. Requests for funding at loan closing must be received by the Department at least 45 days prior to the closing.~~-~~

(c) Criteria for Construction Only Loans. MFDL Loans through the Department must adhere to the following criteria as identified in paragraphs (1) - (~~3~~2) of this subsection if being requested as construction only loans:

(1) The term of the construction loan shall generally be coterminous with any superior construction loan(s), but no greater than 36 months. In the event that the MFDL loan is the only construction loan or is the superior construction loan, the term may not exceed 36 months.~~–~~ Shorter timeframes may be required to meet federal project completion or expenditure deadlines; and

(2) Loans shall be secured with a deed of trust that is superior to any other sources for financing, including hard repayment debt that is in an amount less than or equal to the Direct Loan amount and superior to any other sources that have soft repayment structures, non-amortizing notes, have deferred forgivable provisions, or in which the lender has an identity of interest with any member of the Development Team.

(d) Criteria for Permanent Refinance Loans. If 90% of the Department's loan will repay existing debt, the first payment will be due the month after the month of loan closing; 90% of the loan may be advanced at loan closing, unless the Board approves another date.

(e) Evaluations. All Direct Loan Applicants in which third-party financing entities are part of the sources of funding must include a pro forma and lender approval letter evidencing review of the Development and the Principals, as described in 10 TAC §11.9(f)(1) of this title (relating to Competitive HTC Selection Criteria). Where no third-party financing exists, the Department reserves the right to procure a third-party evaluation which will be required to be prepaid by the Applicant.

(fe) Pass-Through Loans. Department funds may not be used as pass-through financing. The Department's Borrower must be the Development Owner.

§13.9. Construction Standards.

All Developments financed with Direct Loans will be required to meet at a minimum the applicable requirements in Chapter 11 of this title (relating to the Qualified Allocation Plan). In addition, Developments must meet all applicable state and local codes, ordinances, and standards; the 2021 International Existing Building Code (IEBC) or International Building Code (IBC), as applicable. Should IEBC be more restrictive than local codes, or should local codes not exist, then the Development must meet the requirements imposed by IEBC or IBC, as applicable. Developments must also meet the requirements in paragraphs (1) - (5) of this section:

(1) Third-Party Recommendations. Recommendations made in the Environmental Site Assessment (§11.305 of this title) and any Scope of Work and Cost Review (§11.306 of this title) with respect to health and safety issues, life expectancy of major systems (structural support; roofing; cladding and weatherproofing; plumbing; electrical; and heating, ventilation, and air conditioning) must be implemented;

(2) Lead and Asbestos Testing. For properties originally constructed prior to 1978, the Scope of Work and Cost Review must be provided to the party conducting the lead-based paint and/or asbestos testing, and the Development Owner must implement the mitigation recommendations of the testing report;

(3) Broadband Infrastructure. The broadband infrastructure requirements described in 24 CFR §92.251(a)(2)(vi) or (b)(1)(x) for HOME, NSP, or TCAP RF; or 24 CFR §93.301(a)(2)(vi) or 24 CFR §93.301(b)(2)(vi) for NHTF, as applicable;

(4) Properties in Catastrophe Areas. Developments located in the designated catastrophe areas specified in 28 TAC §5.4008 must comply with 28 TAC §5.4012 (relating to Applicable Building Code Standards in Designated Catastrophe Areas for Structures Constructed, Repaired or to Which Additions Are Made On and After April 1, 2020); and

(5) Minimum Construction Standards. Rehabilitation Developments funded with federal sources may also be required to meet Minimum Rehabilitation Standards, as required by HUD. Rehabilitation Developments funded by the Nnational Housing Trust Fund are required to meet the Multifamily Minimum Rehabilitation Standards approved by HUD, as posted on the Department's website at https://www.tdhca.state.tx.us/multifamily/home/index.htm, in addition to the Department's rules and NOFA requirements.

§13.10. Development and Unit Requirements.

(a) Proportionality. The bedroom/bathroom/amenities and square footages for Direct Loan Units must be comparable to the bedroom/bathroom/amenities and square footages for the total number of Units in the Development based on the amount of Direct Loan funds requested as a percentage of total MFDL eligible costs. As a result of this requirement, the Department will use the Proration Method as the Cost Allocation Method in accordance with HUD CPD Notice 16-15, except as described in subsection (b) of this section. Additionally, the amount of Direct Loan funds requested cannot exceed the per-unit subsidy limit described in this chapter or in the applicable NOFA. Direct Loan Units must be provided as a percentage of each Unit Type, in proportion to the percentage of total costs included in the Direct Loan.

(b) Floating Units. Floating Direct Loan Units and Match Units may only float among the Units as described in the Direct Loan Contract and Direct Loan LURA. The possibility of a designation of a Direct Loan Unit or Match Unit must be reflected in the Household's lease.

(1) For HOME, NSP, and TCAP RF, Direct Loan Units must float throughout the Development unless the Development also contains public housing Units that will receive Operating Fund or Capital Fund assistance under Section 9 of the 1937 Act as defined in 24 CFR §5.100.

(2) For NHTF, Direct Loan Units must float throughout the Development, except as prohibited by 24 CFR §93.203, concerning public housing units.

(c) Unit Match Requirements.

(1) For a Development funded with NSP and/or NHTF, a required matching contribution will result in at least one HOME Match-Eligible Unit, in addition to the NSP and/or NHTF Units.

(2) For a Development funded with HOME, a required matching contribution may or may not result in a HOME Match-Eligible Unit, beyond the Department's HOME assisted Units.

(3) For a Development funded with TCAP RF in the annual NOFA, a matching contribution in addition to the Match that the Department counts from the TCAP RF investment will result in some amount of TCAP RF assisted Units being considered HOME Match-Eligible Units.

(d) Minimum Affordability Period. The minimum affordability period for all Direct Loan Units awarded under a NOFA will match the greater of the term of the loan, or 30 years unless a lesser period is approved by the Board. The Department reserves the right to extend the Affordability Period for Developments that fail to meet Program requirements.

(e) Restricted Units. If the Department is the only source of permanent funding for the Development by virtue of equity from HTC and MFDL funding, all Units must be income and rent restricted under a combination of HTC and Direct Loan LURAs, regardless of the amount of deferred Developer Fee as a permanent source. If the MFDL funding is the only source of

permanent funding for the Development, all Units must be income and rent restricted by the Direct Loan LURA, and all costs must be MFDL eligible, regardless of the amount of deferred Developer Fee as a permanent source.

(f) Income Levels Committed at Time of Application. If the Direct Loan funds are used in a Competitive or non-Competitive HTC-Layered Development that is electing Income Averaging to qualify under IRC §42, the Direct Loan Units required by the LURA must continue to be provided at the income levels committed at the time of Application. Direct Loan Unit designations may not change to meet Income Averaging requirements.

(g) Mandatory Development Features. Development features described under 10 TAC §11.101(b)(4) (relating to Mandatory Development Amenities) may be selected to meet federal or state requirements, without a change to the number or description of features (e.g. selection of Broadband).

(h) Designation of Direct Loan Units and HOME Match Units. For a Development with fixed Units the Contract and the LURA will describe the Direct Loan Units and HOME Match Units by Unit Number or Property Address, as applicable. For a Development with floating Units the Contract and the LURA will describe the Direct Loan Units and HOME Match Units by Unit Type and Income and Rent Restrictions, as applicable, and the Owner must designate the Units as further described in §13.11(c)(11) of this Chapter.

§13.11. Post-Award Requirements.

(a) Direct Loan awardees must satisfactorily complete the Post-Award Requirements identified in this section after the Board approval date.

(b) If a Direct Loan award is declined by the Direct Loan awardee and returned after Board approval, or if the Direct Loan awardee or Affiliates fail to timely enter into the Contract, close the loan, begin and complete construction, or leave a portion of the Direct Loan award unexpended, penalties may apply under 10 TAC §11.9(f) (relating to Competitive HTC Selection Criteria), and/or the Department may prohibit the Applicant and all Affiliates from applying for MFDL funds for a period of two years.

(c) Benchmarks. Extensions to the benchmarks in paragraphs (1) – (8) of this subsection may only be approved by the Executive Director or authorized designee in accordance with §13.12 or §13.13 of this chapter (relating to Pre-Closing and Post-Closing Amendments), as applicable.

(1) Environmental Clearance. In order to obtain environmental clearance required by the National Environmental Policy Act (NEPA) and other related Federal and state environmental laws (if applicable), Direct Loan Applicants, including those previously awarded HTC, must submit a fully completed environmental review, including any applicable reports to the Department within 90 days of the Application Acceptance Date.

This includes required environmental clearance for FHA and HUD funding. If the NOFA is still open, a new Application Acceptance Date may be given if this Benchmark is not met.

(2) Contract Execution. After a Development receives environmental clearance (if applicable), the Department will draft a Contract to be emailed to the Direct Loan awardee. Direct Loan awardees must execute and return a Contract to the Department within 30 calendar days after receipt of the Contract or the Department may terminate the award.

(3) Loan Closing and Construction Commencement. Loan closing must occur and construction must begin on or before the dates described in the Contract. If construction has not commenced within 12 months of the Contract Effective Date, the award may be terminated.

(4) Loan Closing. In preparation for closing any Direct Loan, the Development Owner must submit the items described in subparagraphs (A) - (F) of this paragraph. Providing incomplete documents, or not responding timely to subsequent Department requests for materials needed to facilitate closing, may significantly delay closing. Any request to change the financing structure of the Development, or the ownership structure, will in most cases extend the amount of time it will take for the Department to meet closing timelines, and may move prioritization of the closing below that of other Developments.

(A) Documentation of the prior closing or concurrent closing with all sources of funds necessary for the long-term financial feasibility of the Development.

(B) Due diligence items determined by the Department to be prudent and necessary to meet the Department's rules and to secure the interests of the Department, as requested by Staff.

(C) When Department funds have a first lien position during the construction term, or if the Development is a public work under state law, assurance of completion of the Development in the form of payment and performance bonds in the full amount of the construction contract or equivalent guarantee as allowable under state law in the sole determination of the Department is required. Development Owners utilizing the USDA §515 program for a Development that is not a public work are exempt from this requirement, but must meet the alternative requirements set forth by USDA.

(D) Documentation required for preparation of closing loan documents includes, but is not limited to:

(i) Substantially final information necessary for REA staff to reevaluate the transaction prior to loan closing, including but not limited to a substantially final development cost schedule, sources and uses, operating pro forma, annual operating expenses, rent schedule, updated written financial commitments or term sheets, and any additional financing exhibits that have changed since the time of

Application;

(ii) Substantially final Draft Owner/General Contractor agreement and draft Owner/Architect agreement prior to closing with final executed copies required by the day of closing;

(iii) Survey of the Property that includes a certification to the Department, Development Owner, Title Company, and other lenders;

(iv) Plans and specifications for review by the Department's inspection staff. Inspection staff will issue a plan review letter that is intended to assist in identifying early concerns associated with the Department's final construction requirements; and

(v) If layered with Housing Tax Credits, a substantially final draft limited partnership agreement between the General Partner and the tax credit investor entity.

(E) If required by the fund source, prior to Contract Execution unless an earlier period is described in Chapters 10, 11, or 12 of this title, the Development Owner must provide verification of:

(i) Environmental clearance from the Department or HUD, as applicable;

(ii) Site and Neighborhood clearance from the Department;

(iii) Documentation necessary to show compliance with the Uniform Relocation Assistance and Property Act and any other relocation requirements that may apply;

(iv) Title Insurance Commitment or Policy showing the Department as Lender, with copies of all Schedule B documents; and

(v) Any other documentation that is necessary or prudent to meet program requirements or state or federal law in the sole determination of the Department.

(F) The Direct Loan Contract as executed, which will be drafted by the Department's counsel or its designee for the Department. No changes proposed by the Developer or Developer's counsel will be accepted unless approved by the Department's Legal Division or its designee.

(6) Loan Documents. The Development Owner is required to execute all loan closing documents required by and in the form and substance acceptable to the Department's Legal Division.

(A) Loan closing documents include but are not limited to a promissory note, deed of

trust, construction loan agreement (if the proceeds of the loan are to be used for construction), LURA, Architect and/or licensed engineer certification of understanding to complete environmental mitigation if such mitigation is identified in HUD's environmental clearance or the Underwriting Report and assignment and security instruments whereby the Developer, the Development Owner, and/or any Affiliates (if applicable) grants the Department their respective right, title, and interest in and to other collateral, including without limitation the Owner/Architect agreement and the Owner/General Contractor agreement, to secure the payment and performance of the Development Owner's obligations under the loan documents. Additional loan terms and conditions may be imposed by the loan closing documents.

(B) Loan terms and conditions may vary based on the type of Development, Real Estate Analysis Underwriting Report, and the Set-Aside under which the award was made.

(7) Quarterly Construction Status Reports. The Development Owner is required to submit quarterly Construction Status Reports to the Asset Management Division as described and by the deadlines specified in 10 TAC §10.401(e) of this title (relating to Construction Status Report).

(8) Mid-Construction Development Inspection Letter. In addition to any other obligations required as the result of any other Department funding sources, the Development Owner must submit a Mid-Construction Development Inspection Request once the Development has met at least 25% construction completion as indicated on the G703 Continuation Sheet or HUD equivalent form. Department inspection staff will issue a Mid-Construction Development Inspection Letter that confirms work is being done in accordance with the applicable codes, the construction contract, and construction documents.

(9) Construction Completion. Construction must be completed, as reflected by the Development's certificate(s) of occupancy (if new construction and/or reconstruction) and Certificate of Substantial Completion (AIA Form G704) or Form HUD-92485 for instances in which a federally insured HUD loan is being utilized, within the construction term of any superior construction loan(s) or up to 36 months of the actual loan closing date if no superior construction loan(s) exists, unless a shorter timeline is necessitated by the federal funding source.

(-10) Closed Final Development Inspection Letter. The Closed Final Development Inspection Letter must be issued by the Department within 36 months of loan closing, unless a shorter timeline is necessitated by the federal funding source. This letter will verify committed amenities have been provided and confirm compliance with all applicable accessibility requirements; this letter may include deficiencies that require resolution. The Closed Final Development Inspection may be conducted concurrently with a NSPIRE inspection. However, any letters associated with an NSPIRE- inspection will not satisfy the Closed Final Development Inspection Letter required by this subsection.

(11) Initial Occupancy. Initial occupancy and for floating Units designation of ~~all MFDL assisted Units~~NHTF Units by and for eligible households shall occur within~~-~~ 120 days, or for all other MFDL assisted Units or HOME Match Units, within six months of the final Direct Loan draw. Requests to extend the initial occupancy period must be accompanied by documentation of marketing efforts and a marketing plan. The marketing plan may be submitted to HUD for final approval, if required by the MFDL fund source.

(12) Per Unit Repayment. Repayment may be required on a per Unit basis for Units that have not been rented to eligible households within 120 days or ~~-~~18 months of the final Direct Loan draw, depending on the fund source.

(13) Termination and Repayment for Failure to Complete. Termination of the Direct Loan award and repayment of all disbursed funds will be required for any Development that is not completed within four years of the effective date of a Direct Loan Contract.

(14) Disbursement of Funds. The Borrower must comply with the requirements in subparagraphs (A) - (K) of this paragraph in order to receive a disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the Borrower's compliance with these requirements is required with a request for disbursement:

(A) All requests for disbursement must be submitted using the MFDL draw workbook or such other format as the Department may require;

(B) Documentation of the total construction costs incurred and costs incurred since the last disbursement of funds must be submitted. Such documentation must be signed by the General Contractor and certified by the Development architect and is generally in the form of an AIA Form G702/~~-~~G703 or HUD equivalent form;

(C) Disbursement requests must include a down-date endorsement to the Direct Loan (mortgagee) title policy or Nothing Further Certificate that includes a title search through the date of the Architect's signature on AIA form G702 or HUD equivalent form. For release of retainage, the down-date endorsement to the Direct Loan title policy or Nothing Further Certificate must be dated at least 30 calendar days after the date of the completion as certified on the Certificate of Substantial Completion (AIA Form G704) with $0 as the work remaining to be completed. If AIA Form G704 or HUD equivalent form indicates an amount of work remaining to be completed, the Architect must provide confirmation that all work has been completed. Disbursement requests for acquisition and closing costs are exempt from this requirement;

(D) Table Funding (the wiring of Direct Loan funds to the title company at loan closing) may be permitted at the time of closing, for disbursement of funds related to eligible acquisition costs and eligible soft~~s~~ costs incurred, and in an amount not to exceed 50% of the total funds. Table Funding must be requested in writing at least 30 calendar days prior to the anticipated closing date, and will not be considered unless the Direct Loan

Contract has been executed and all necessary documentation has been submitted to and accepted by the Department at least 10 calendar days prior to the anticipated closing date;

(E) At least 50% of Direct Loan funds (except as otherwise allowed for Permanent Refinance Loans described in 10 TAC §13.8(e)) will be withheld from the initial disbursement of loan funds to allow for periodic disbursements;

(F) The initial draw request for the Development (excluding Table Funding) must be entered into the Department's Housing Contract System no later than 180 days after loan closing~~, and may not be submitted prior to submission of all architectural drawings~~;

~~-~~(G) Developer Fee disbursement shall be limited by subparagraph (I) of this paragraph and is further conditioned upon clauses (i) - (iii), as applicable:

(i) For Developments in which the loan is secured by a first lien deed of trust against the Property, 75% shall be disbursed in accordance with percent of construction completed. 75% of the total allowable fee will be multiplied by the percent completion, as documented by the construction contract and as may be verified by an inspection by the Department. The remaining 25% shall be disbursed at the time of release of retainage; or

(ii) For Developments in which the loan is not secured by a first lien deed of trust or the Development is also utilizing Housing Tax Credits, Developer Fees will not be reimbursed by the Department, except as follows. If all other lenders and the syndicator in a Housing Tax Credit Development (if applicable) provide written confirmation that they do not have an existing or planned agreement to govern the disbursement of Developer Fees and expect that Department funds shall be used to fund Developer Fees, they shall be reimbursed in the same manner as described in subparagraph (A) of this paragraph; and

(iii) The Department may reasonably withhold any disbursement in accordance with the Loan Documents and if it is determined that the Development is not progressing as reasonably necessary to meet the benchmarks for the timely completion of construction of the Development as set forth in the loan documents, or that cost overruns have put the Development Owner's ability to repay its Direct Loan or complete the construction at risk in accordance with the terms of the loan documents and within budget. If disbursement has been withheld under this subsection, the Development Owner must provide evidence to the satisfaction of the Department that the Development will be timely completed and occupied in order to continue receiving funds. If disbursement is withheld for any reason, disbursement of any remaining Developer Fee will be made only after construction of the Development has been completed, and all requirements for expenditure and occupancy have been met;

(H) Expenditures must be allowable and reasonable in accordance with federal and state rules and regulations. The Department shall review each expenditure requested for reasonableness. The Department may request the Development Owner make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of Department funds to Development Owner as may be necessary or advisable for compliance with all program requirements;

~~-~~(I) Following 50% construction completion, any funds will be released in accordance with the percentage of construction completion as documented on AIA Form G702/703 or HUD equivalent form. 10% of requested Hard Costs will be retained and will not be released until the final draw request. If the Development is receiving funds from more than one MFDL source, the retainage requirement will apply to each fund source individually.

(J) All of the items described in clauses (i) - (ix~~viii~~) of this subparagraph are required in order to approve the final draw request. The Executive Director or authorized designee may for good cause allow for the final draw to be released prior to the receipt of the items unless prohibited by state or federal statute. Such allowances are not guaranteed:

(i) Fully executed Certificate of Substantial Completion (AIA Form G704) or Form HUD-92485 (for instances in which a federally insured HUD loan is being utilized) with $0 as the cost estimate of work that is incomplete. If AIA Form G704 or Form HUD-92485 indicates an amount of work remaining to be completed, the Architect must provide confirmation that all work has been completed;

(ii) A down date endorsement to the Direct Loan title policy or Nothing Further Certificate dated at least 30 calendar days after the date of completion as certified on the Certificate of Substantial Completion (AIA Form G704) or Form HUD-92485;

(iii) For Developments not layered with Housing Tax Credits, a Closed Final Development Inspection Letter from the Department;

(iv) For NHTF Developments layered with HTCs, a separate, additional cost certification form completed by an independent, licensed, certified public accountant of all Development costs (including project costs), subject to the conditions and limitations set forth in the executed Direct Loan Contract, commonly known as a cost certification;

(v) For Developments subject to the Davis-Bacon Act, written documentation ~~from the Department~~that the Department's Notice to Proceed ~~that serves to lock in the Department of Labor's worker prevailing wage mandates at the development and authorizes start of construction~~ was sent and final wage compliance report was received and approved, or confirmation that HUD or other entity maintains Davis-

Bacon oversight;

(vi) Certificate(s) of Occupancy (for New Construction or Reconstruction Units);

(vii) Development completion reports, which includes, but is not limited to, documentation of full compliance with the Uniform Relocation Act/104(d), Match Documentation requirements, and Section 3 of the Housing and Urban Development Act of 1968, as applicable to the Development, and any other applicable requirement;

(viii) If applicable to the Development, certification from Architect or a licensed engineer that all HUD environmental mitigation conditions have been met; and

(ix) evidence of Match being credited to the Development.

(K) No disbursement of funds will be approved without receipt of all closing documents in the form and substance required by the Department's Legal Division;

(L) The final draw request must be submitted within the Development Period~~construction term as determined in accordance with 10 TAC §13.8(c)(1) or (d)(1) as applicable, unless the construction term has been extended in accordance with 10 TAC §13.12 or 10 TAC §13.13 of this chapter, as applicable~~; ~~and~~

(M) Annually, Borrowers must submit at least one draw, and may not submit more than four draws, unless previously approved by the Executive Director or designee for good cause; and

(N) If allowed by NOFA, requests for draws to be disbursed at the time of closing (i.e., table funding) must be received by the Department at least 45 days prior to the closing of the MFDL loan.~~.~~

(15) Annual Audits and Cost Certifications under 24 CFR §93.406(b).

(A) Annual Audits under 24 CFR §93.406(b). Unless otherwise directed by the Department, the Development Owner shall arrange for the performance of an annual financial and compliance audit of funds received and performances rendered under the Direct Loan Contract, subject to the conditions and limitations set forth in the executed Direct Loan Contract. All approved audit reports will be made available for public inspection within 30 days after completion of the audit.

(B) Cost Certifications under 24 CFR §93.406(b).

(i) Non-HTC-Layered Developments. Within 180 calendar days of the later of all title transfer requirements and construction work having been performed, as reflected

by the Development's Certificate(s) of Occupancy (if New Construction) or Certificate of Substantial Completion (AIA Form G704 or HUD equivalent form), or when all modifications required as a result of the Department's Final Construction Inspection are cleared as evidenced by receipt of the Closed Final Development Inspection Letter, the Development Owner will submit to the Department a cost certification done by an independent licensed certified public accountant of all Development costs (including project NHTF eligible costs), subject to the conditions and limitations set forth in the executed Direct Loan Contract.

(ii) HTC-Layered Developments. With the Cost Certification required by the Low Income Housing Tax Credit Program, the Development Owner must submit to the Department a cost certification completed by an independent licensed certified public accountant of all Development costs (including NHTF project eligible costs), subject to the conditions and limitations set forth in the executed Direct Loan Contract.

§13.12. Pre-Closing Amendments to Direct Loan Terms.

(a) Closing Memo to Underwriting Report. Any changes to the total development cost, expenses, income, and/or other sources of funds from time of the publication of the initial Underwriting Report at the time of award to the time of loan closing, if the type or amount of the sources and uses have changed, must be reevaluated by the Real Estate Analysis division, which will typically publish a Closing Memo to the Underwriting Report. The Report may recommend changes to the principal amount and/or the repayment structure for the Multifamily Direct Loan pursuant to §11.302 of this title (relating to Underwriting Rules and Guidelines), except that the change must have been an available option in the rule or NOFA (as applicable), and may not be made to awards that were competitively scored to the extent that change would have caused the Development to lose points. This will allow the Department to uphold the competitive process, mitigate any increased risk, and to ensure that the Development is not oversubsidized. Where the Department determines such risk is not adequately mitigated, the award may be terminated or reconsidered by the Board. If the changes cause the total Debt Coverage Ratio (DCR) to no longer comply with 10 TAC §11.302 of this title (relating to Underwriting Rules and Guidelines), the award may be subject to termination. The Department may require the Closing Memo to be completed before providing a Contract to the Development Owner.

(b) Executive Approval Required Pre-Closing. The Executive Director or authorized designee may approve amendments to loan terms prior to closing as described in paragraphs (1) - (6) of this subsection. Under no circumstances may an amendment cause the Department to violate or be at risk of violating a federal requirement or deadline.

(1) Extensions to the loan closing date required in 10 TAC §13.11(c)(4) of this chapter

(relating to Post-Award Requirements) may be approved prior to closing. An Applicant must submit sufficient evidence documenting good cause, including but not limited to, documented delays caused by circumstances outside the control of the applicant or constraints in arranging a multiple fund source closing.

(2) Changes to the construction term and/or loan maturity date to accommodate the requirements of other lenders or to maintain parity of term may be approved prior to closing.

(3) Extensions to the Construction Completion date or date of receipt of a Closed Final Development Inspection Letter required in 10 TAC §13.11(c)(~~8~~10) of this chapter may be requested but generally are not approved prior to initial loan closing. Extensions under this paragraph are determined based on documentation that the extension is necessary to complete construction and that there is good cause for the extension.

(4) Only to the extent determined necessary by Real Estate Analysis to maintain financial feasibility, changes to the amortization period (not to exceed 40 years) or interest rate (to not less than the minimum specified in rule or NOFA) may be approved if such changes continue to meet all requirements of Chapter 11, Chapter 13, and the NOFA.

(5) Decreases in the Direct Loan amount, provided the decrease does not jeopardize the financial viability of the Development in the determination of Real Estate Analysis may be approved prior to closing, though the Development Owner may be subject to penalties as further described in 10 TAC §13.11 of this chapter (relating to Post-Award Requirements). Increases will not generally be approved unless the Applicant applies for the additional funding under an open NOFA.

(6) Changes to other loan terms or requirements that would not require a waiver, as necessary to facilitate the loan closing without exposing the Department to undue financial risk.

(c) Board Approval Required Pre-Closing. Board approval is necessary for any other changes prior to closing.

§13.13. Post-Closing Amendments to Direct Loan Terms.

(a) Good Cause Extensions. The Executive Director or authorized designee may approve extensions ~~of up to 12 months~~ under 10 TAC §13.11(c)(1~~7~~) - (8) ~~or (14)(L) of this chapter (relating to Post-Award Requirements)~~ based on documentation that there is good cause for the extension and the extension would not cause the Department to violate or be at risk of violating a federal requirement or deadline.

(b) Amendments to MFDL Awards. Except in cases of Force Majeure, changes to terms of awards subject to mandatory HUD reporting requirements will only be processed after the Construction Completion is reported to the federal oversight entity as completed, and the last of the MFDL funds have been drawn.

(c) Executive Amendments. The Executive Director or authorized designee may approve amendments to loan terms post-closing as described in paragraphs (1) - (3) of this subsection. Board approval is necessary for any other changes post-closing.

(1) Changes in Terms. Changes to the amortization or maturity date to accommodate the requirements of other lenders or maintain parity of term may be approved post-closing, provided the changes result in the Direct Loan continuing to meet the requirements of 10 TAC §13.8(c)(1) and (3) of this chapter (relating to Loan Structure and Underwriting Requirements), and NOFA requirements.

(2) Post-Closing Subordinations or Re-subordinations of MFDL Liens where no Ownership Transfer is Occurring. Re-subordination of the Direct Loan in conjunction with refinancing may be approved post-closing, provided the conditions in subparagraphs (A) - (F~~E~~) of this paragraph are met:

(A) The Borrower is current with loan payments to the Department, and no notice has been given of any Event of Default on any MFDL loan. Histories of late or non-payment on any other MFDL loan may result in denial of the request;

(B) The refinance does not propose payment to any of the Development Owner or Developer parties (including the Limited Partners);

(C) A proposal for partial repayment of the MFDL lien is made with the request, but this is not required if the Borrower is proposing to apply at least $35,000 a Unit to property improvements;

(D) The loan documents do not state that the MFDL lien is due upon refinance;

(~~D~~E) The new superior lien is in an amount that is equal to or less than the original senior lien and does not negatively affect the financial feasibility of the Development.

(i) For purposes of this section, a negative effect on the financial feasibility of the Development shall mean a reduction in the total Debt Coverage Ratio (DCR) of more than 0.05, or if the DCR no longer meets the requirements of 10 TAC §11.302 of this title; and

(ii) Changes to accommodate refinancing with a new superior lien that is in an amount that exceeds the original senior lien and which will be directly applied to property improvements, as evidenced by the loan or security agreements (exclusive

of fees associated with the refinance and any required reserves), will be considered on a case by case basis; and

(FE) The subordination or re-subordination request does not include a request to subordinate or resubordinate any MFDL LURA, with the exception of partial subordination or re-subordination of receivership rights (subject to the proposed receiver entity or Affiliate not having been Debarred by the Department or on the Federal Suspended or Debarred Listing).

(3) Workout Arrangements. Changes required to the Department's loan terms or amounts that are part of an approved Asset Management Division work-out arrangement may be approved after Construction Completion.

(d) Contract Assignments and Assumptions of MFDL Liens. The Executive Director or authorized designee may approve the Contract Assignment and Assumption of MFDL Liens following approval of an Ownership Transfer request if the conditions in paragraphs (1) - (3) of this subsection are met and the conditions in (c)(2) of this section are met:

(1) The assignment or assumption is not prohibited by the Contract, Loan Documents, or regulations and the loan documents do not state that the MFDL loan is due upon sale, transfer, or refinance;

(2) The assignment or assumption request is based on either subparagraph (A) or (B) of this paragraph:

(A) There are insufficient funds available in the transaction to fully repay the Direct Loan at the time of acquisition, for which Deferred Developer Fee, Development Owner or Affiliate Contributions, or other similar liabilities will not be considered in determining whether the Direct Loan could be repaid at the time of acquisition; or

(B) The new superior lien will be directly applied to property improvements as evidenced by the loan or security agreements, exclusive of fees associated with the new financing and any required reserves; and

(3) The corresponding Ownership Transfer has been approved in accordance with all requirements in 10 TAC §10.406 of this title (relating to Ownership Transfers), and no prospective Owner including any person, or affiliate, as those terms are defined in 2 CFR Part 180 and 2 CFR Part 2424, Subpart I, has been subject to state Debarment or are on the Federal Suspended or Debarred Listing. This includes Board Members and Limited Partners.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1336 **Agenda Date:** 4/9/2026 **Agenda #:** 16.

Presentation, discussion, and possible action on an order adopting the repeal and adoption of new 10 TAC Chapter 7 Subchapter A, General Policies and Procedures; 10 TAC Chapter 7 Subchapter C, Emergency Solutions Grants (ESG), §§7.31-7.43 and directing their publication in the Texas Register.

RECOMMENDED ACTION

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

WHEREAS, staff has evaluated these rules and recommends to the Board that the rule sections be revised and adopted as new rules in order to assist in the administration of the Department's grants**;**

WHEREAS, these actions were published in the Texas Register for public comment from January 30, 2026 through March 3, 2026, public comment was received, the rule actions were not amended in response to such comment, and the comment is summarized and responded to in the attached preamble to the rule; and

WHEREAS, staff recommends the repeal and adoption of 10 TAC Chapter 7 Subchapter A, General Policies and Procedures and 10 TAC Chapter 7 Subchapter C, Emergency Solutions Grants (ESG), §§7.31-7.43;

NOW, therefore, it is hereby

RESOLVED, that the repeal and adoption of 10 TAC Chapter 7 Subchapter A, General Policies and Procedures and 10 TAC Chapter 7 Subchapter C, Emergency Solutions Grants (ESG), §§7.31-7.43 are hereby approved; and

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

preambles.

BACKGROUND

The Department last amended 10 TAC Chapter 7 Subchapter A, General Policies and Procedures in February 2024. These rules provide the overarching administrative framework for Chapter 7 programs, including eligibility requirements, application procedures, documentation, monitoring standards, and compliance obligations. Staff identified areas requiring refinement to enhance clarity, remove outdated language, and better align with current federal and state funding regulations. Key updates include standardizing terminology related to Homelessness, clarifying definitions, updating subrecipient contract and reporting requirements, clarifying construction and LURA oversight, and aligning program marketing, records retention, and waiver procedures. Certain subsections, including Contract Termination and Deobligation (§7.9) and Compliance Monitoring (§7.11), were not updated.

The Department last amended the majority of 10 TAC Chapter 7 Subchapter C, Emergency Solutions Grants (ESG), in July 2022, with subsequent updates to individual sections in March 2023 and May 2025. These rules govern ESG program operations, including fund allocation, program eligibility, reporting, and Subrecipient compliance. Staff identified the need for revisions to update terminology, improve clarity, ensure consistency across Chapter 7, and remove outdated references. Key updates include replacing references to ESG CARES with "Special Allocation," clarifying use of ESG funds and eligibility requirements, standardizing terminology related to Homelessness, and aligning rules with current federal and state program regulations. Certain subsections, including Application Review (§7.37) and General Administrative Requirements (§7.42), were not updated.

The proposed repeal and adoption of new rules for both Subchapter A and Subchapter C were approved by the Board at the January 15, 2026, meeting for publication in the Texas Register for public comment from January 30, 2026, through March 3, 2026. Public comment was received from one commenter, Texas Housers (1), comments are included as Attachment. Staff is not recommending changes to the proposed rules based on comment received. However, staff made a technical update to §7.40, Competitive Program Participant Services Selection Criteria, to clarify scoring related to Language Access. The update specifies that points are awarded when a member of staff is fluent in one or more languages spoken by the population served in the Applicant's service area, consistent with 10 TAC §7.10(c)(2). This technical correction was made to align the rule with current program administration of 10 TAC §7.10(c)(2) and was not prompted by public comment.

The summary of comment and the Department's response is provided in the preamble. The rules are now presented to the Board for adoption as proposed.

Attachment A: Preamble, including required analysis, for adoption of the repeal of 10 TAC Chapter 7, Subchapter A, General Policies and Procedures, §§7.1 - 7.12.

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 7, Subchapter A, General Policies and Procedures, §§7.1 - 7.12. The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule.

The rules provide guidance on program eligibility, applications, documentation, monitoring, and compliance. The Department's analysis identified the need to clarify terminology, refine definitions, update contract and reporting requirements, enhance oversight of construction and LURAs, and align marketing, records retention, and waiver procedures with current federal and state regulations.
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 repeal would be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, General Policies and Procedures for the Department's Homelessness Programs.

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

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

4. The repeal does not result in an increase in fees paid to the Department, nor 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 action will repeal an existing regulation but is associated with a simultaneous readoption making changes to an existing activity, General Policies and Procedures for the Department's Homelessness Programs.

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

8. The repeal will not negatively or positively affect 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 repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

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

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

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

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

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between January 30, 2026 and March 3, 2026, and no comment was received on the repeal.

The Board adopted the final order adopting the repeal on April 9, 2026.

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 proposed repealed sections affect no other code, article, or statute.

§7.1. Purpose and Goals.
§7.2. Definitions.
§7.3. HHSP and EH Construction Activities.
§7.4. Subrecipient Contract.
§7.5. Subrecipient Reporting.
§7.6. Subrecipient Data Collection.
§7.7. Subrecipient Contact Information.

§7.8. Records Retention.
§7.9. Contract Termination and Deobligation.
§7.10. Inclusive Marketing.
§7.11. Compliance Monitoring.
§7.12. Waivers.

Attachment B: Preamble for adopting new 10 TAC Chapter 7, Subchapter A, General Policies and Procedures, §§7.1 - 7.12.

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 7, Subchapter A, General Policies and Procedures, §§7.1 - 7.12. The purpose of the new subchapter is to update the rule to include special allocations of funds and to further clarify program requirements.

The rule provides guidance on program eligibility, applications, documentation, monitoring, and compliance. The Department's analysis identified the need to clarify terminology, refine definitions, update contract and reporting requirements, enhance oversight of construction and LURAs, and align marketing, records retention, and waiver procedures with current federal and state regulations.
The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

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

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

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

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

1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, General Policies and Procedures for the Department's Homelessness Programs.

2. The new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The new rule does not require additional future legislative appropriations.

4. The new rule will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

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

6. The new rule will not limit or repeal an existing regulation, but can be considered to "expand" the existing regulations on this activity because the proposed new rule provides a regulatory framework for instances where the Department receives an additional allocation of funds for homelessness programs not contemplated by the current rule. However, this addition to the rule is necessary to ensure compliance with federal and state fund commitment deadlines.

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

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

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this new rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, §2306. The Department has evaluated this new rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

The Department has determined that because this rule only impacts nonprofits and units of local government by outlining administrative requirements of existing programs, there will be no economic effect on small or micro-businesses or rural communities.

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

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

The Department has evaluated the new rule as to its possible effects on local economies and has determined that for the first five years the new rule will be in effect the new rule has no economic effect on local employment because this rule only outlines administrative requirements of existing programs; therefore, no local employment impact statement is required to be prepared for the new rule.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the new rule on employment in each geographic region affected by this new rule…" Considering

that these programs are offered in all areas of the state, there are no "probable" effects of the new rule on particular geographic regions.

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

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

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment, to receive input on the proposed action, between January 30, 2026 and March 3, 2026. Comments regarding the repeal were accepted in writing with comments received from one commenter: 1) Sidney Beaty, Texas Housers.

Comment opposing the removal of Language Access Plans
Rule Section §7.10(c)(2)

COMMENT SUMMARY: Commenter (1) opposed the removal of Language Access Plans at §7.10(c)(2), noting that Executive Order 14224 does not require agencies to eliminate such plans. They emphasized that maintaining language access is essential to ensure meaningful participation by individuals with limited English proficiency (LEP) in TDHCA-funded programs. Citing the Department of Justice, they highlighted that removing these plans could create barriers to critical services and harm low-income Texans seeking assistance.

STAFF RESPONSE: The Department acknowledges the comment regarding the importance of Language Access Plans (LAP) and affirms that maintaining language access is essential to ensure meaningful participation by individuals with limited English proficiency (LEP) in TDHCA-funded programs. Although the proposed repeal removes the specific requirement for a formal LAP, no change to the rule is necessary. The rule continues to require that subrecipients follow federal regulations and guidance when interacting with Program Participants with LEP. Consistent with Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987, subrecipients must take reasonable steps to ensure meaningful access to programs and activities for LEP persons, thereby preserving protections and accessibility for all participants.

The Board adopted the final order adopting the repeal on April 9, 2026.

STATUTORY AUTHORITY. The new rules are adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. The rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

Except as described herein the proposed new rules affect no other code, article, or statute.

CHAPTER 7 HOMELESSNESS PROGRAMS

SUBCHAPTER A GENERAL POLICIES AND PROCEDURES

§7.1. Purpose and Goals.

(a) The rules established in this Chapter relate to Homelessness Programs, for which the General Provisions provided in this subchapter apply to all of the Homelessness Programs, unless otherwise noted. Additional program specific requirements are contained within each program subchapter.

(b) The Homelessness Programs administered by the Texas Department of Housing and Community Affairs (the "Department") support the Department's statutorily assigned mission to address homelessness among Texans.

(c) The Department accomplishes this mission by acting as a conduit for state and federal funds directed for homelessness programs. Ensuring program compliance with the state and federal laws that govern these programs is another important part of the Department's mission. Oversight and program mandates ensure state and federal resources are expended in an efficient and effective manner.

(d) Unless otherwise noted herein or required by federal law or regulation, or state statute, all provisions of this chapter apply to any Application received for federal funds and any Contract of state funds on or after the effective date of this rule.

§7.2. Definitions.

The words and terms in this chapter shall have the meanings described in this section unless the context clearly indicates otherwise. Other definitions may be found in Chapter 1 of this title, concerning Administration, Chapter 2 of this title, concerning Enforcement, or in federal or state law, including, but not limited to, 24 CFR Parts 91, 200, 576, 582, and 583, and TXGMS.

(1) Affiliate--An entity related to an Applicant that controls by contract or by operation of law the Applicant or has the power to control the Applicant or a third entity that controls, or has the power to control both the Applicant and the entity. Examples include but are not limited to entities submitting under a common application, or instrumentalities of a unit of government. This term also includes any entity that is required to be reported as a component entity under Generally Accepted Accounting Standards, is required to be part of the same Single Audit as the Applicant, is reported on the same IRS Form 990, or is using the same federally approved indirect cost rate.

(2) Allocation Formula--Mathematical relationship among factors, authorized by the Board, that determines, when applicable, how much funding is available in an area or region in Subchapters B, C, and D of this chapter, relating to Homelessness Programs.

(3) Applicant--A unit of local government, nonprofit corporation or other entity, as applicable, who has submitted to the Department an Application for Department funds or other assistance.

(4) Application--A request for a Contract award submitted by an Applicant to the Department, in a form prescribed by the Department, including any exhibits or other supporting material.

(5) At-risk of Homelessness--Defined by 24 CFR §576.2, except as otherwise defined by Contract, the income limits for Program Participants are determined by the Subrecipient but, at a minimum, do not exceed the moderate income level pursuant to Tex. Gov't Code §2306.152.

(6) CoC Lead Agency--CoC collaborative applicant in the HUD CoC Program per 24 CFR §578.3.

(7) Code of Federal Regulations (CFR)--The codification of the general and permanent rules and regulations of the federal government as adopted and published in the Federal Register.

(8) Continuum of Care (CoC)--The group composed of representatives of relevant organizations, which generally includes nonprofit homeless providers; victim service providers; faith-based organizations; governments; businesses; advocates; public housing agencies; school districts; social service providers; mental health agencies; hospitals; universities; affordable housing developers; law enforcement; organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons that are organized to plan for and provide, as necessary, a system of outreach, engagement, and assessment; emergency shelter; rapid re-housing; transitional housing; permanent housing; and prevention strategies to address the various needs of homeless persons and persons at risk of homelessness for a specific geographic area. HUD funds a CoC Program designed to assist sheltered and unsheltered homeless people by providing the housing and/or services needed to help individuals move into transitional and permanent housing, with the goal of long-term stability.

(9) Contract--The executed written agreement between the Department and a Subrecipient performing a program activity that describes performance requirements and responsibilities assigned by the document.

(10) Contract Close Out Period--The period between the final date of Contract Term and the final reporting deadline.

(11) Contract System--The electronic recordkeeping system established by the Department, as required by the program.

(12) Contract Term--Period of time identified in the Contract during which program activities may be conducted.

(13) Cost Reimbursement--A Contract sanction whereby reimbursement of costs incurred by the Subrecipient occurs only after the Department has reviewed all relevant documentation provided by the Subrecipient to support Expenditures. Reimbursement will only be approved by the Department where the documentation clearly supports the eligible use of funds.

(14) Declaration of Income Statement (DIS)--A Department-approved form used only when it is not possible for a Subrecipient to obtain third-party or firsthand verification of income, per 24 CFR §576.500(e)(4).

(15) Dwelling Unit--A residence that meets Habitability Standards that is not an emergency shelter, hotel, jail, institution, or similar temporary lodging. Transitional Housing is included in this definition unless the context clearly states otherwise. Common areas supporting the Dwelling Unit are also included in this definition.

(16) Elderly Person--

(A) For state funds, a person who is 60 years of age or older; and

(B) For ESG, a person who is 62 years of age or older.

(17) Emergency Solutions Grants (ESG)--A HUD-funded program which provides funds for services necessary to help persons that are at risk of homelessness or homeless quickly regain stability in permanent housing.

(18) Ending Homelessness (EH) Fund--The voluntary-contribution state program established in Texas Transportation Code §502.415.

(19) ESG Interim Rule--The regulations with amendments promulgated at 24 CFR Part 576 as published by HUD for the ESG Program.

(20) Expenditure--An amount of money accounted for by a Subrecipient as spent.

(21) Finding--A Subrecipient's material failure to comply with rules, regulations, the terms of the Contract, or to provide services under each program to meet appropriate standards, goals, and other requirements established by the Department or funding source (including performance objectives). A Finding impacts the organization's ability to achieve the goals of the program and jeopardizes continued operations of the Subrecipient. Findings include the identification of an action or failure to act that results in disallowed costs.

(22) Head of Household--As defined in the most recent Homeless Management Information System (HMIS) Data Dictionary issued by HUD.

(23) HMIS Data Dictionary--The Dictionary published by HUD which defines terms for the use of HMIS and comparable databases.

(24) HMIS Data Standards Manual--Manual and guidance published by HUD which documents the requirements for the programming and use of all HMIS and comparable databases.

(25) HMIS Lead Agency--The entity designated by the CoC to operate the CoC's HMIS on its behalf.

(26) HMIS-Comparable Database--Database established and operated by a victim service provider or legal service provider that is comparable to HMIS and collects Program Participant-level data over time.

(27) Homeless Housing and Services Program (HHSP)--The state-funded program established under Tex. Gov't Code §2306.2585.

(28) Homeless Management Information System (HMIS)--Information system designated by the CoC to comply with the HUD's data collection, management, and reporting standards and used to collect Program Participant-level data and data on the provision of housing and services to homeless individuals and families and persons at-risk of homelessness.

(29) Homeless or Homeless Individual--An individual as defined by 42 U.S.C. §§11371 - 11378 and 24 CFR §576.2. For state-funded programs, a homeless individual may have right of occupancy because of a signed lease, but still qualify as homeless if his or her primary nighttime residence is an emergency shelter or place not meant for human habitation.

(30) Homelessness Programs--Reference to programs that have the specific purpose of addressing homelessness administered by the Department, including ESG Program, HHSP, EH Fund, and Special Allocation Programs.

(31) Homeless Subpopulations--Persons experiencing Homelessness who are part of the special population categories as defined by the most recent Point In Time Data Collection guidance issued by HUD.

(32) Household--A Household is a single individual or a group of persons who apply together for assistance and who live together in one Dwelling Unit, or, for persons who are not housed or in a shelter, who would live together in one Dwelling Unit if they were housed, or as defined in the most recent HMIS Data Dictionary issued by HUD.

(33) Households Served--A single individual or a group of persons who apply for Homelessness Program assistance, meets a Homelessness Program's eligibility requirements, receives a Homelessness Program's services, and whose data is entered into an HMIS or comparable database.

(34) Land Use Restriction Agreement (LURA)--An agreement, regardless of its title, between the Department and a property owner, including an emergency shelter, which is a binding covenant upon the property owner and successors in interest, that, when recorded, encumbers the property with respect to the requirements of the programs for which it receives funds.

(35) Match--A contribution to the ESG Program from a non-ESG source governed by 24 CFR §576.201.

(36) Monthly Expenditure Report (MER)--Information on Expenditures from Subrecipient to the Department.

(37) Monthly Performance Report (MPR)--Information on Program Participants and program activities from Subrecipient to the Department.

(38) Notice of Funding Availability (NOFA)--Notice of Funding Availability or announcement of funding published by the Department notifying the public of available funds for a Program with certain requirements.

(39) Outcome--A benefit or change achieved by a Program Participant served by the Department's Homeless Programs.

(40) Performance Target--Number of persons/Households to be served, outcomes to be reached, or construction/rehabilitation/conversion to be performed that the Subrecipient commits to accomplish during the Contract Term.

(41) Private Nonprofit Organization--An organization described in §501(c) of the Internal Revenue Code (the "Code") of 1986 and which is exempt from taxation under subtitle A of the Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance. This does not include a governmental organization such as a public housing authority or a housing finance agency.

(42) Program Participant--An individual or Household that is assisted by a Homelessness Program.

(43) Program Year--Contracts with funds from a specific federal allocation (ESG) or year of a state biennium (HHSP).

(44) Project--A group of eligible activities identified in an Application or Contract to the Department, and designated in HMIS or HMIS-comparable database.

(45) Recertification--Required review of a Program Participant's eligibility determination for continuation of assistance.

(46) Service Area--The city(ies), county(ies) and/or place(s) identified in the Application (as applicable), and Contract that the Subrecipient will serve.

(47) Special Allocation--Funding made available to the Department outside of its allocation cycle, authorized through federal or state legislation or other governmental action. Special Allocations provide funds for eligible activities consistent with the authorizing statute or funding notices, and may include, but are not limited to, allocations for disaster recovery, public health emergencies, or other time-limited initiatives.

(48) Special Allocation Program--A Department administered program that utilizes funds from a Special Allocation to carry out eligible activities in accordance with the terms and conditions established by the authorizing statute, regulation, or funding notice.

(49) State--The State of Texas or the Department, as indicated by context.

(50) Subcontract--A contract made between the Subrecipient and a purveyor of goods or services through a procurement relationship.

(51) Subcontractor--A person or an organization with whom the Subrecipient contracts to provide services.

(52) Subgrant--An award of financial assistance in the form of money made under a grant by a Subrecipient to an eligible Subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases.

(53) Subgrantee--The legal entity to which a Subgrant is awarded and which is accountable to the Subrecipient for the use of the funds provided.

(54) Subrecipient--An organization that receives federal or state funds passed through the Department to operate ESG and/or state funded Homelessness Programs.

(55) Texas Administrative Code (TAC)--A compilation of all state agency rules in Texas.

(56) Unit of General Purpose Local Government--A unit of government which has, among other responsibilities, the authority to assess and collect local taxes and to provide general governmental services.

(57) United States Code (U.S.C.)--A consolidation and codification by subject matter of the general and permanent laws of the United States.

(58) United States Department of Housing and Urban Development (HUD)--Federal department that provides funding for ESG.

(59) Youth Headed Household--Household that includes unaccompanied youth 24 years of age and younger, parenting youth 24 years of age and younger and children of parenting youth 24 years of age and younger.

§7.3. Construction Activities.

(a) A Subrecipient of Homelessness Program funds that constructs or rehabilitates a building or Dwelling Unit, or converts a building(s) for use as a shelter with HHSP, EH Fund, or Special Allocation Programs may be required to enter into a LURA.

(b) ESG funds that are not a Special Allocation must not be utilized for Renovation as defined in 24 CFR §576.102(a)(3).

(c) Tex. Gov't Code §2306.185 requires certain multifamily rental developments to have, among other provisions, a 30-year LURA.

(d) A Subrecipient that intends to expend funds for new construction, rehabilitation, or conversion must submit a copy of the activity budget inclusive of all sources and uses of funding, documents for a construction plan review, and identification of the entity and signature authorization of the individual (name and title) that will execute the LURA. These documents must be submitted no less than 90 calendar days prior to the end of the Contract Term under which funds for the activity are provided. The Department may elect to reconsider award amounts if financial resources other than those presented in the Application are subsequently committed to an activity.

(e) A Subrecipient must request a final construction inspection within 30 calendar days of construction completion. The inspection will cover the Shelter and Housing Standards, National Standards for the Physical Inspection of Real Estate, 2012 International Residential Code (or municipality adopted later version), Minimum Energy Efficiency Requirements for Single Family Construction Activities, and the Accessibility Standards in Chapter 1, Subchapter B, as applicable for the Homelessness Program and activity.

§7.4. Subrecipient Contract.

(a) Subject to prior Board approval, the Department and a Subrecipient shall enter into and execute a Contract for the disbursement of program funds. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver authorized modifications and/or amendments to the Contract, as allowed by state and federal laws and rules.

(b) Subrecipients of state funds may Subcontract for the delivery of Program Participant assistance without obtaining Department's prior approval, but must obtain the Department's written permission before entering into a Subgrant. Department ESG funds and ESG Match may not be Subgranted.

(c) The Subrecipient is responsible for ensuring that the performance rendered under all Subcontracts, Subgrants, and other agreements are rendered so as to comply with Homelessness Program requirements, as if such performance rendered were rendered by the Subrecipient. Department maintains the right to monitor and require the Subrecipient's full compliance with the terms of the Subrecipient Contract.

(d) A performance statement and budget are attachments to the Contract between the Subrecipient and the Department. Execution of the Contract enables the Subrecipient to access funds through the Department's Contract System.

(e) Amendments and Extensions to Contracts.

(1) Except for amendments that only move funds within budget categories, program staff will recommend denial of amendment requests if any of the following conditions exist:

(A) if the award for the Contract was competitively awarded and the amendment would materially change the scope of the Contract performance or affected the score;

(B) if the Subrecipient is delinquent in the submission of their Single Audit or their Single Audit Certification form required by §1.403 of this title (relating to Single Audit Requirements);

(C) for an amendment adding funds to the Contract, if the Subrecipient owes the Department disallowed amounts in excess of $1,000 and a Department-approved repayment plan is not in place or has been violated;

(D) for an amendment adding funds (not applicable to amendments for extending time), if the Department has cited the Subrecipient for violations within §7.11 of this subchapter (related to Compliance Monitoring) and the corrective action period has expired without correction of the issue or a satisfactory plan for correction of the issue;

(E) the Contract has expired, except for requests submitted during the Contract Close Out Period to extend the Contract Close Out Period; or

(F) a member of the Subrecipient's board has been debarred and has not been removed.

(2) Except for amendments that only move funds within budget categories, program staff may recommend denial of amendment requests if any of the following conditions exist:

(A) the request for an amendment was received in writing less than 30 calendar days from the end of the Contract Term; or

(B) if the funds associated with the Contract will reach their federal or state expiration date within 45 calendar days of the request.

(3) Denial of an amendment may be subject to §1.7 of this title (relating to Appeals Process).

(4) The Executive Director may on appeal approve an amendment where the Single Audit Certification Form has not been submitted as reflected in paragraph (1)(B) of this subsection. In addition, the Executive Director may on appeal approve an amendment where the conditions in paragraph (2)(A) and (B) of this subsection exist. The Subrecipient must demonstrate good cause for the amendment, and such an amendment must not cause the Department to miss a federal obligation or expenditure deadline, or a state expenditure deadline.

(5) Additional program specific requirements for amendments and extensions to Contracts are found in the program rules of this chapter, relating to Homelessness Programs.

(f) The Department reserves the right to request supporting Expenditure documentation at any time in reviewing an Expenditure report for approval. The Department will use full Cost Reimbursement method of payment whenever any of the following conditions exists:

(1) The Department determines that the Subrecipient has maintained cash balances in excess of need;

(2) The Department identifies significant deficiency in the cash controls or financial management system used by the Subrecipient; or

(3) The Subrecipient fails to comply with the reporting requirements in §7.5 (relating to Subrecipient Reporting) and §7.6 (relating to Subrecipient Data Collection) of this subchapter.

(g) Voluntary deobligation. The Subrecipient may fully relinquish funds in the form of a written request signed by the signatory, or successor thereto, of the Contract. The Subrecipient may partially relinquish funds under a Contract in the form of a written request from the signatory if the partial relinquishment in performance measures and budget would not have impacted the award of the Contract. Voluntary relinquishment of a Contract does not limit a Subrecipient's ability to participate in future funding.

(h) Funds provided under a Contract may not be used for sectarian or explicitly religious activities such as worship, religious instruction, or proselytization and must be for the benefit of persons regardless of religious affiliation.

§7.5. Subrecipient Reporting.

(a) Subrecipient will be reimbursed for the amount of actual cash disbursements as reflected in the approved Monthly Expenditure Reports.

(b) Subrecipient must submit a Monthly Performance Report and a Monthly Expenditure Report through the Contract System not later than the last day of each month which reflects performance and expenditures conducted in the prior month.

(c) For performance reports, Program Participants that are assisted continuously as a Contract ends and a new Contract begins in the same program will count as new Program Participants for the new Contract. However, the start of a new Contract does not require new eligibility determination or documentation for Program Participants, except as required for Recertification.

(d) Subrecipient shall reconcile their Expenditures with their performance at least monthly before seeking a request for funds for the following month. If the Subrecipient is unable to reconcile on a month-to-month basis, the Subrecipient must provide, at the request of the Department, a written explanation for the variance and take appropriate measures to reconcile the subsequent month. It is the responsibility of a Subrecipient to ensure that it has documented the compliant use of all funds provided prior to receipt of additional funds, or if this cannot be done to address the repayment of such funds.

(e) Failure of a Subrecipient to provide reports as required under Department rules or the Contract may be sufficient reason for the Department to deobligate funds for which a Monthly Expenditure Report has not been submitted.

(f) If the Subrecipient fails to submit within 45 calendar days of its due date, any report or response required by this section and responses to monitoring reports, Department may, in its sole discretion, suspend payments, place the Subrecipient on Cost Reimbursement method of payment, and initiate proceedings to terminate any active Contract.

(g) Subrecipient must report on all measures in the Monthly Performance Report for demographics and Program Participant Services for which they are awarded.

(h) Subrecipient must submit information requested by the Department for annual or biannual reporting. The annual reporting may extend over multiple Contracts.

(1) ESG Subrecipients will submit information yearly as required for the Consolidated Annual Performance and Evaluation Report (CAPER), including, but not limited to:

(A) HMIS exports as required per HUD;

(B) Narrative outcome results for emergency transfer requests received under VAWA; and

(C) Section 3 provision of the HUD Act of 1968, as required per HUD.

(2) Subrecipients of state funds will submit information for biennial reporting to the Texas Legislature, including, but not limited to:

(A) The successes and challenges of the program, including using state funding in ways that cannot be used by other funding sources; and

(B) How funds were used to leverage other funding sources to persons experiencing homelessness.

§7.6. Subrecipient Data Collection.

(a) Subrecipient must ensure that data on all persons served and all activities assisted under Homelessness Programs is entered into the applicable HMIS or HMIS-comparable database for domestic violence or legal service providers in order to integrate data from all homeless assistance and homelessness prevention projects in a CoC.

(b) The Performance Targets shall be indicated in the Contract.

§7.7. Subrecipient Contact Information.

(a) In accordance with §1.22 of this title (relating to Providing Contact Information to the Department), Subrecipient will notify the Department and provide contact information for staff that approve the Contract and submit/approve reports in the Contract System. A primary and secondary contact are required to be provided to the Department for submission and approval of reports. The notification will be sent to the Department by updating its Contract System access request information.

(b) If the organization is a nonprofit organization, contact information for the chair and vice-chair of the organization's governing board must be provided to the Department and shall include the:

(1) Board Member's name;

(2) Beginning and end dates of the member's term;

(3) Member's mailing address (which must be different from the organization's mailing address);

(4) Member's phone number (different from the organization's phone number); and

(5) Member's direct email address.

(c) Subrecipient will notify the Department and provide contact information for Subcontractors and Subgrantee within 30 calendar days of the effective date of the Subcontract or Subgrant. Contact information for the entities with which the Subrecipients' Subcontract or Subgrant must be provided to the Department, including the organization name, name and title of authorized person who entered into the Subgrant or Subcontract, phone number, e-mail address, and type of services provided.

(d) At the start of the Contract and within 30 calendar days of contact information changes, including entering into Subcontracts or Subgrants, Subrecipient will notify the Department of contact information used for the public to receive assistance through Homelessness Programs. The contact information for the public should include, but is not limited to, organization name, phone number to receive assistance, email to receive assistance, type of assistance offered, and Service Area in which the assistance is offered.

(e) The Department will rely solely on the contact information supplied by the Subrecipient as indicated in the Department's web-based Contract System. It is the Subrecipient's sole responsibility to ensure such information is current, accurate, and complete. Correspondence sent to the email or physical address shown in the Contract System will be deemed delivered to the Subrecipient. The Department is not required to send a paper copy and if it does so it does as a voluntary and non-precedential courtesy only.

§7.8. Records Retention.

(a) Records must be kept in accordance with §1.409 of this title (relating to Records Retention).

(b) Record retention for construction/rehabilitation/conversion of emergency shelters or Dwelling Units must be retained until the expiration of the LURA.

(c) For ESG, retention for records relevant to the ESG Contract (including but not limited to shelter and habitability inspections) shall be kept in accordance with 24 CFR §576.500 and TXGMS, as defined at §1.401 of this title (relating to Definitions), as applicable except if any litigation, claim, negotiation, audit, monitoring, inspection, or other action has started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise

from it, or until the end of the required period, whichever is later. The record retention period does not begin until one year after the expiration of the Contract.

(d) For state funds, retention for records relevant to the Contract (including but not limited to shelter and habitability inspections) shall be kept in accordance with UGMS or TXGMS, as applicable, and retained by the Subrecipient for a period of three years from the expiration of the Contract except if any litigation, claim, negotiation, audit, monitoring, inspection, or other action has started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

§7.9. Contract Termination and Deobligation.

(a) When a Contract is terminated or voluntarily relinquished, the procedures described in this section will be implemented.

(b) The terminology of a "terminated" Subrecipient is intended to include the Subrecipient that is voluntarily or involuntarily terminating their Contract, but does not include Contracts that expire without being sent a termination letter.

(1) The Department will issue a termination letter to the Subrecipient no less than 30 calendar days prior to terminating the Contract. The Department may determine to take any of the following actions: suspend funds immediately or allow a temporary transfer to another Subrecipient; or provide instructions to the Subrecipient to prepare a proposed budget and written plan of action that supports the closeout of the Contract. The plan must identify the name and current titles of staff that will perform the closeout and an estimated dollar amount to be incurred. The plan must identify the CPA or firm which will perform the Single Audit. The Department will issue an official termination date to allow all parties to calculate deadlines which are based on such date.

(2) No later than 30 calendar days after the Contract is terminated, the Subrecipient will take a physical inventory of Program Participant files, including case management files.

(3) The terminated Subrecipient will have 30 calendar days from the date of the physical inventory to make available to the Department all Program Participant files. Current and active case management files also must be inventoried.

(4) The terminated Subrecipient will prepare and submit, no later than 30 calendar days from the date the Department retrieves the files, a final report containing a full accounting of all funds expended under the Contract.

(5) A Monthly Expenditure Report and a Monthly Performance Report for all remaining expenditures incurred during the closeout period must be received by the Department no later than 45 calendar days from the date the Department determines that the closeout of the program and the period of transition are complete.

(6) The Subrecipient will submit to the Department no later than 45 calendar days after the termination of the Contract, an inventory of the non-expendable personal property acquired in whole or in part with funds received under the Contract.

(7) The Department may require transfer of Equipment title to the Department or to any other entity receiving funds under the program in question. The Department will make arrangements to remove Equipment covered by this paragraph within 90 calendar days following termination of the Contract.

(8) A current year Single Audit must be performed for all entities that have exceeded the federal expenditure threshold under 2 CFR Part 200, Subpart F or the State expenditure threshold under TXGMS, as applicable. The Department will allow a proportionate share of program funds to pay for accrued audit costs, when an audit is required, for a Single Audit that covers the date up to the closeout of the Contract. To be reimbursed for a Single Audit, the terminated Subrecipient must have a binding contract with a CPA firm on or before the termination date of the Contract. The actual costs of the Single Audit and accrued audit costs including support documentation must be submitted to the Department no later than 45 calendar days from the date the Department determines the closeout is complete. See §1.403 of this title (relating to Single Audit Requirements) for more information.

(9) Subrecipient shall submit within 45 calendar days after the date of the closeout process all financial, performance, and other applicable reports to the Department. The Department may approve extensions when requested by the Subrecipient. However, unless the Department authorizes an extension, the Subrecipient must abide by the 45 calendar day requirement of submitting all referenced reports and documentation to the Department.

§7.10. Program Marketing.

(a) The purpose of this section is to highlight certain policies and/or procedures that are required to have written documentation. Other items that are required for written standards are included in the federal or state rules.

(b) Participant selection criteria:

(1) Selection criteria will be applied in a manner consistent with all applicable laws, including the Texas and Federal Fair Housing Acts, program guidelines, and the Department's rules.

(2) If the local CoC has adopted priority for certain Homeless subpopulations or a specific funding source has a statutory or regulatory preference, then those subpopulations may be given priority by the Subrecipient. Such priority must be listed in the participant selection criteria.

(3) For ESG and federally funded Special Allocations, Subrecipient may not deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking.

(4) Notifications on denial, non-renewal, or termination of Assistance must:

(A) State that a Person with a Disability may request a reasonable accommodation in relation to such notice;

(B) Include any appeal rights the participant may have in regards to such notice; and

(C) For ESG and federally funded Special Allocations, inform Program Participants in any denial, non-renewal or termination notice information on rights they may have under VAWA.

(c) Other policies and procedures:

(1) Affirmative Fair Housing Marketing Plan. Subrecipients providing project-based rental assistance under ESG or federally funded Special Allocations must have an Affirmative Fair Housing Marketing Plan created in accordance with HUD requirements (if any) to direct specific marketing and outreach to potential tenants who are considered "least likely" to know about or apply for housing based on an evaluation of market area data. Subrecipient must comply with the Fair Housing Act and the Age Discrimination Act of 1975.

(2) Language Access Requirements. Subrecipient must follow federal regulations and guidance when interacting with Program Participants with Limited English Proficiency. In addition, consistent with Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987, Subrecipient must take reasonable steps to ensure meaningful access to programs and activities for LEP persons.

(3) Affirmative Outreach. If it is unlikely that outreach will reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for those facilities and services, the Subrecipient must establish policies and procedures that target outreach to those persons. Subrecipient must take appropriate steps to ensure effective communication with persons with disabilities including, but not limited to, adopting procedures that will make available to interested persons information concerning the location of assistance, services, and facilities that are accessible to persons with disabilities. Subrecipient must make known that use of the facilities, assistance, and services that are available to all on a nondiscriminatory basis.

(4) Reasonable Accommodation. Subrecipient must comply with state and federal fair housing and antidiscrimination laws. Subrecipient's policies and procedures must address Reasonable Accommodation, including, but not limited to, consideration of Reasonable Accommodations requested to apply for assistance. See Chapter 1, Subchapter B of this title, relating to Accessibility and Reasonable Accommodations, for more information.

§7.11. Compliance Monitoring.

(a) Purpose and Overview

(1) This section provides the procedures that will be followed for monitoring for compliance with the programs in this chapter.

(2) Any entity administering any or all of the programs detailed in this chapter is a Subrecipient. A Subrecipient may also administer other programs, including programs administered by other state or federal agencies and privately funded programs. If the Subrecipient has Contracts for other programs through the Department, including, but not limited to, the HOME Partnerships Program, the Neighborhood Stabilization Program, or the Texas Housing Trust Fund, the Department may, but is not required to and does not commit to, coordinate monitoring of those programs with monitoring of those programs under this Chapter.

(3) Any entity administering any or all of the programs provided for in subsection (a)(2) of this section as part of a Memorandum of Understanding (MOU), contract, or other legal agreement with a Subrecipient is a Subgrantee.

(b) Frequency of Reviews, Notification and Information Collection.

(1) In general, the Subrecipient or Subgrantee will be scheduled for monitoring based on state or federal monitoring requirements and/or a risk assessment. Factors to be included in the risk assessment include,

but are not limited to: the number of Contracts administered by the Subrecipient or Subgrantee, the amount of funds awarded and expended, the length of time since the last monitoring, findings identified during previous monitoring, issues identified through the submission or lack of submission of a Single Audit, complaints received by the Department, and reports of fraud, waste, and/or abuse. The risk assessment will also be used to determine which Subrecipients or Subgrantees will have an onsite review and which may have a desk review.

(2) The Department will provide the Subrecipient or Subgrantee with written notice of any upcoming onsite or desk monitoring review, and such notice will be given to the Subrecipient and Subgrantee by email to the Subrecipient's and Subgrantee's Contract contact at the email address most recently provided to the Department by the Subrecipient or Subgrantee. In general, a 30 calendar day notice will be provided. However, if a credible complaint of fraud or other egregious noncompliance is received the Department reserves the right to conduct unannounced monitoring visits. It is the responsibility of the Subrecipients to provide to the Department the current contact information for the organization and the Board in accordance with §7.7 of this subchapter (relating to Subrecipient Contact Information) and §1.22 of this title (relating to Providing Contact Information to the Department).

(3) Upon request, Subrecipient and Subgrantee (if applicable) must make available to the Department all books and records that the Department determines are reasonably relevant to the scope of the Department's review. Typically, these records may include, but are not limited to:

(A) Minutes of the governing board and any committees thereof, together with all supporting materials;

(B) Copies of all internal operating procedures or other documents governing the Subrecipient's operations;

(C) The Subrecipient's Board approved operating budget and reports on execution of that budget;

(D) The Subrecipient's strategic plan or comparable document if applicable and any reports on the achievement of that plan;

(E) Correspondence to or from any independent auditor;

(F) Contracts with any third parties for goods or services and files documenting compliance with any applicable procurement and property disposition requirements;

(G) All general ledgers and other records of financial operations (including copies of checks and other supporting documents);

(H) Applicable Program Participant files with all required documentation;

(I) Applicable human resources records;

(J) Monitoring reports from other funding entities;

(K) Program Participant files regarding complaints, appeals, and termination of services; and

(L) Documentation to substantiate compliance with any other applicable state or federal requirements including, but not limited to, the Davis-Bacon Act, HUD requirements for environmental clearance, Lead Based Paint, the Personal Responsibility and Work Opportunity Act, VAWA, LEP requirements, and requirements imposed by Section 3 of the Housing and Urban Development Act of 1968.

(c) Post Monitoring Procedures.

(1) In general, within 30 calendar days of the last day of the monitoring visit, a written monitoring report will be prepared for the Subrecipient describing the monitoring assessment and any corrective actions, if applicable. The monitoring report will be emailed to the Subrecipient's Board Chair and Executive Director. All Department monitoring reports and Subrecipient responses to monitoring reports must be provided to the governing body of the Subrecipient within the next two regularly scheduled meetings. Issues of concern over which there is uncertainty or ambiguity may be discussed by the Department with the staff of cognizant agencies overseeing federal funding. Certain types of suspected or observed improper conduct may trigger requirements to make reports to other oversight authorities, state and federal, including, but not limited to, the State Auditor's Office and applicable Inspectors General.

(2) Subrecipient Response. If there are any Findings of noncompliance requiring corrective action, the Subrecipient will be provided 30 calendar days from the date of the email to respond, which may be extended for good cause. In order to receive an extension, the Subrecipient must submit a written request to the Director of Compliance within the corrective action period, stating the basis for good cause that justifies the extension. The Department will approve or deny the extension request within five calendar days.

(3) Monitoring Close Out. Within 45 calendar days after the end of the corrective action period, a close out letter will be issued to the Subrecipient. If the Subrecipient's response satisfies issues raised in the monitoring letter, the issue of noncompliance will be noted as resolved. If the Subrecipient's response does not correct all Findings, the follow-up letter will identify the documentation that must be submitted to correct the issue.

(4) Options for Review. If, following the submission of corrective action documentation, Compliance staff continues to find the Subrecipient or Subgrantee in noncompliance, and the Subrecipient disagrees, the Subrecipient may request or initiate review of the matter using the following options, where applicable:

(A) If the issue is related to a program requirement or prohibition of a federal program, the Subrecipient may contact the applicable federal program officer for guidance or request that the Department contact applicable federal program officer for guidance without identifying the Subrecipient.

(B) If the issue is related to application of a provision of the Contract or a requirement of the Texas Administrative Code, the Subrecipient may request to submit an appeal to the Executive Director consistent with §1.7 of this title (relating to Appeals Process).

(C) The Subrecipient may request Alternative Dispute Resolution (ADR). Subrecipient may send a proposal to the Department's Dispute Resolution Coordinator to initiate ADR pursuant to Chapter 1, Subchapter A of this title, relating to General Policies and Procedures.

(5) If the Subrecipient does not respond to a monitoring letter or fails to provide acceptable evidence of compliance, the matter will be handled through the procedures described in Chapter 2 of this title, relating to Enforcement.

§7.12. Waivers.

(a) The Department's Governing Board (the "Board") may waive rules in this chapter for good cause to meet the purpose of the Homelessness Programs described further in §7.1 of this title (relating to Purpose and Goals). However, any waiver cannot conflict with the federal statutes or regulations, the Department's Action Plan, or state statutes governing any of the Homelessness Programs.

(b) A provision of a closed NOFA may not be waived except in the case of a disaster as described in §1.5 of this title (related to Waiver Applicability in the Case of Federally Declared Disasters) or a change in federal law that makes adherence to the requirements of the NOFA impossible or impracticable as determined by the Board.

Attachment C: Preamble, including required analysis, for adoption of the repeal of 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants (ESG) §§7.31 - 7.43.

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants (ESG) §§7.31 - 7.43. The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule.

These rules govern ESG program operations, including funding, eligibility, reporting, and Subrecipient compliance. The revisions update terminology, improve clarity, ensure consistency across Chapter 7, and align the rules with current federal and state program requirements. The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

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

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

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

4. The repeal does 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 action will repeal an existing regulation but is associated with a simultaneous readoption making changes to an existing activity, administration of the Emergency Solutions Grants Program.

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

8. The repeal will not negatively or positively affect 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 repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

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

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

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

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

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between January 30, 2026 and March 3, 2026. No comment was received.

The Board adopted the final order adopting the repeal on April 9, 2026.

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.

§7.31. Purpose.

§7.32. Use of ESG Funds.

§7.33. Apportionment of ESG Funds.

§7.34. Continuing Awards.

§7.35. Eligible Applicants.

§7.36. General Threshold Criteria.

§7.37. Application Review and Administrative Deficiency Process.

§7.38. Competitive Award and Funding Process.

§7.39. Uniform Selection Criteria.

§7.40. Competitive Program Participant Services Selection Criteria.

§7.41. Contract Term, Expenditure Benchmark, Return of Funds, and Performance Targets.

§7.42. General Administrative Requirements.

§7.43. Program Income.

Attachment D: Preamble for adopting new 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants (ESG) §§7.31 - 7.43.

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants (ESG) §§7.31 - 7.43**.** The purpose of the new subchapter is to update the rule to include special allocations of funds and to further clarify program requirements. Additionally, the Department has made a technical correction to clarify Language Access requirements in §7.40, Competitive Program Participant Services Selection Criteria. Previously, the rule awarded two points if a member of staff was fluent in one or more languages identified in the Applicant's Language Access Plan (LAP). The update clarifies that points are awarded when a staff member is fluent in one or more languages spoken by the population served in the Applicant's service area, consistent with §7.10(c)(2). This technical correction aligns the rule with current program administration and was not prompted by public comment.

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

The Department has analyzed this 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 new rule would be in effect:

1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, administration of the Emergency Solutions Grants Program.

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

3. The new rule does not require additional future legislative appropriations.

4. The new rule will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

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

6. The new rule will not limit or repeal an existing regulation, but can be considered to "expand" the existing regulations on this activity because the new rule provides a regulatory framework for instances where the Department receives an additional allocation of funds for homelessness programs not contemplated by the current rule. However, this addition to the rule is necessary to ensure compliance with federal and state fund commitment deadlines.

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

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

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this new rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, §2306. The Department has evaluated this new rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

The Department has determined that because this rule only impacts nonprofits and units of local government by outlining administrative requirements of an existing program, there will be no economic effect on small or micro-businesses or rural communities.

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

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

The Department has evaluated the new rule as to its possible effects on local economies and has determined that for the first five years the new rule will be in effect the new rule has no economic effect on local employment because this rule only outlines administrative requirements of an existing program; therefore, no local employment impact statement is required to be prepared for the new rule.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the new rule on employment in each geographic region affected by this new rule…" Considering that these programs are offered in all areas of the state, there are no "probable" effects of the new rule on particular geographic regions.

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

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

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between January 30, 2026 and March 3, 2026. No comment was received.

The Board adopted the final order adopting the repeal on April 9,2026.

STATUTORY AUTHORITY. The new rule(s) is/are adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. The rule, as adopted, has been reviewed by legal counsel and found it to be a valid exercise of the Department’s legal authority.

Except as described herein the proposed new rules affect no other code, article, or statute.

CHAPTER 7 HOMELESSNESS PROGRAMS

SUBCHAPTER C EMERGENCY SOLUTIONS GRANTS (ESG)

§7.31. Purpose.

(a) The purpose of this rule is to provide guidance and procedures for the Emergency Solutions Grants (ESG) and Special Allocations of ESG funding as authorized by Tex. Gov't Code §2306.053. ESG and federally-funded Special Allocation Program funds are federal funds awarded to the State of Texas by HUD and administered by the Department under this Chapter.

(b) The regulations in this subchapter, relating to ESG , govern the administration of funds and establish policies and procedures for use of ESG funds to meet the purposes contained in Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. §§11371 - 11378) (the Act), as amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act). This is also generally the case for federally-funded Special Allocation Programs administered under this Chapter.

(c) Federally-funded Special Allocation Programs are not subject to §7.33 of this title (relating to Apportionment of ESG Funds), §7.34 of this title (relating to Continuing Awards), §7.38 of this title (relating to Competitive Award and Funding Process), §7.39 of this title (relating to Uniform Selection Criteria), or §7.40 of this title (relating to Competitive Program Participant Services Section Criteria).

(d) In addition to this subchapter, a Subrecipient shall comply with the regulations applicable to the ESG and federally-funded Special Allocation programs as set forth in Chapters 1 and 2 of this title (relating to Administration and Enforcement, respectively), Subchapter A of Chapter 7 of this title (relating to General Policies and Procedures) and as set forth in 24 CFR Parts 5, 91, and 576 (the Federal Regulations). A Subrecipient must also follow all other applicable federal and state statutes and the regulations established in this chapter, relating to Homelessness Programs, as amended or supplemented.

(e) In the event that Congress, the Texas Legislature, or HUD add or change any statutory or regulatory requirements, special conditions, or waivers, concerning the use or administration of these funds, a Subrecipient shall comply with such requirements at the time they become effective.

§7.32. Use of ESG Funds.

(a) ESG Applications for provision of Program Participant services under emergency shelter, street outreach, homelessness prevention and/or rapid re-housing may include a request for funds for

Homeless Management Information Systems (HMIS) activities. Applications proposing to provide only HMIS activities are not eligible for an award of funds.

(b) Subrecipient may not Subgrant funds, but may Subcontract for the provision of services. Such Subcontracts are subject to applicable procurement requirements.

(c) The Department's Governing Board of Directors, Executive Director, or his/her designee may limit activities in a NOFA, or by Contract.

(d) Program Participant services may be provided under street outreach, emergency shelter, homelessness prevention or rapid re-housing, as described in this subsection or otherwise permitted in Federal Regulations.

(e) The street outreach component may be provided to unsheltered Homeless persons as defined in 24 CFR §576.101(a). Eligible costs for Program Participants of street outreach include the following services:

(1) Engagement costs to locate, identify, and build relationships with unsheltered Homeless persons, including assessment of needs, crisis counseling, addressing urgent physical needs, provision of information and referrals;

(2) Case management costs to assess housing and service needs and coordinate delivery of services;

(3) Emergency health services to the extent that other health services are inaccessible or unavailable in the area;

(4) Emergency mental health services to the extent that other mental health services are inaccessible or unavailable in the area; and

(5) Transportation for outreach workers and Program Participants, not including the purchase or lease of vehicles.

(f) The emergency shelter component may be provided to Homeless persons per 24 CFR §576.102. Eligible emergency shelter costs are for Program Participant services and costs related to the shelter building, relocation, and operation.

(1) Eligible costs for Program Participants of emergency shelter services include:

(A) Case management to coordinate individualized services;

(B) Child care for children under the age of 13, and for disabled children under the age of 18;

(C) Education services providing instruction or training to enhance their ability to obtain and maintain housing, including but not limited to literacy, English literacy, General Educational Requirement (GED) preparation, consumer education, health education, and substance abuse prevention;

(D) Employment assistance and job training services;

(E) Outpatient health services to the extent that other health services are inaccessible or unavailable in the area;

(F) Legal services, to the extent that legal services are unavailable or inaccessible within the community, to assist with housing needs, excluding immigration and citizenship matters, matters related to mortgages, legal retainers and contingency fees;

(G) Life skills training including budgeting resources, managing money, managing a household, resolving conflict, shopping for food and need items, improving nutrition, using public transportation, and parenting;

(H) Outpatient mental health services to the extent that other mental health services are inaccessible or unavailable in the area;

(I) Outpatient substance abuse treatment services up to 30 days, excluding inpatient treatment; and

(J) Transportation for staff and Program Participants related to the provision of essential services, not including the purchase or lease of vehicles.

(2) Eligible emergency shelter costs related to the shelter building, relocation, and operation include:

(A) Certain costs for operation of emergency shelters, including provision of hotel or motel vouchers to Program Participants when no appropriate emergency shelter is available and minor or routine repairs to the shelter facility; and

(B) Assistance required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

(g) The homelessness prevention component may be provided to Homeless persons and persons At-risk of Homelessness per 24 CFR §576.103, and the rapid re-housing component may be provided to Homeless persons per 24 CFR §576.104. Homelessness prevention and rapid re-housing may be provided for up to 24 months of assistance in a 36-month period. Eligible costs for homelessness prevention and rapid re-housing include housing relocation and stabilization for financial assistance, housing relocation and stabilization services, and rental assistance.

(1) Housing relocation and stabilization for financial assistance include:

(A) Rental application fees;

(B) Security deposits (equal to not more than two month's rent) and last month's rent;

(C) Utility deposits and/or utility payments;

(D) Moving costs, such as truck rental or hiring a moving company. Payment of arrearages for temporary storage is not an eligible cost; and

(E) Costs to break a lease to effect an emergency transfer per 24 CFR §5.2005(e), if Program Participant is receiving rental assistance under ESG.

(2) Housing relocation and stabilization services include:

(A) Housing search and placement costs to assist in locating, obtaining, and retaining suitable permanent housing;

(B) Housing stability case management for assessing, arranging, coordinating and monitoring the delivery of individual services to facilitate housing stability;

(C) Mediation between the Program Participant and the landlord/owner to prevent loss of current housing;

(D) Legal services for housing needs excluding immigration and citizenship matters, matters related to mortgages, legal retainers and contingency fees; and

(E) Credit repair and resolution, excluding payment or modification of debts.

(3) Non-duplicative rental assistance may be provided for up to 24 months within any 36-month period. Late payment penalties during the term of assistance are not eligible ESG expenses. Rental assistance includes:

(A) Short-term rental assistance which is up to three months of rent, inclusive of arrearages, late fees accrued prior to the term of assistance, and last month's rent; and

(B) Medium-term rental assistance which is more than three months of rent but not more than 24 months of rent, inclusive of up to six months of arrearages, late fees accrued prior to the term of assistance, and last month's rent.

(h) Costs to participate in HMIS are eligible ESG costs. Eligible costs related to HMIS include:

(1) Hardware, software, equipment, office space, utility costs;

(2) Salary and staff costs for operation of HMIS, including technical support;

(3) HMIS training and overhead costs, including travel to HUD sponsored and approved HMIS training programs and travel costs for staff to conduct intake;

(4) HMIS participation fees charged by the HMIS lead agency; and

(5) HMIS-comparable databases for victim services providers or legal services providers.

(i) Eligible administrative costs for ESG are:

(1) General management and oversight of the ESG award, excluding cost to purchase office space;

(2) Provision of ESG training and costs to attend HUD-sponsored ESG training; and

(3) Costs to carry out required environmental reviews.

(j) Eligible activities and costs for federally funded Special Allocation Programs not included in this section may be eligible or ineligible based on federal requirements specific to the Special Allocation, as further reflected in the Contract.

§7.33. Apportionment of ESG Funds.

(a) The Department will retain funds for Administrative activities. Funds for Administrative or Program Participant services may be retained by TDHCA to Subgrant specific ESG activities, such as legal services or as operating costs for non-congregate emergency shelters funded by the Department's allocation of funds from the HOME American Rescue Plan Act.

(b) If the Department receives ESG or other funding from the U.S. Department of Housing and Urban Development (HUD) that generally incorporates the ESG statutes and regulations, but that has additional activity or geographic restrictions, the Department may elect not to use the Allocation Formula. Funds retained under subsection (a) of this section are not subject to the Allocation Formula.

(c) ESG funds not retained for the purposes outlined or excluded from the Allocation Formula in subsections (a) and (b) of this section will be made available by CoC region based on an Allocation Formula. Allocation Formula factors noted in paragraphs (1) - (4) of this subsection will be used to calculate distribution percentages for each CoC region as follows:

(1) Fifty percent weight will be apportioned to renter cost burden for Households with incomes less than 30% Area Median Family Income (AMFI), as calculated in the HUD Comprehensive Housing Affordability Strategy;

(2) Fifty percent weight will be apportioned for the number of persons in poverty from the most recent five-year estimate of the American Community Survey released by the U.S. Census Bureau;

(3) Fifty percent weight will be apportioned to point-in-time counts, which are annual counts of sheltered and unsheltered persons experiencing homelessness on one day during the last two weeks of January as required by HUD for CoCs. If a CoC did not conduct a point-in-time count or only completed a partial point-in-time count, the results of the most recent point-in-time count conducted that covered both the sheltered and unsheltered persons experiencing homelessness will be utilized for the purposes of the Allocation Formula; and

(4) Negative 50% weight will be apportioned based on a total of all ESG funding allocated by HUD to local jurisdictions within the CoC region, and ESG funding awarded by the Department within the region from the previous fiscal year.

(d) Each CoC region is allocated a minimum amount of $100,000. This is accomplished by taking the amounts of all regions with over $100,000 during the initial allocation and redistributing a proportional share to the regions with less than $100,000. If the Department distributes by Allocation Formula less than the amount required to provide all regions with $100,000, then the funds will be split evenly among the CoC regions.

(e) Not less than 70% of ESG funding allocated to the CoC regions shall be initially withheld from competition for use by Subrecipients eligible for continuing awards as described under §7.34 of this title (relating to Continuing Awards).

(f) Those ESG funds allocated based on the formula in subsection (c) of this section will be made available for the provision of Program Participant services; they will be made available through a NOFA for both continuing awards described in subsection (e) of this section and for competitive Applications which will be released on an annual basis.

(1) Not more than 60% of total ESG funds under direct Subgrants, continuing, and competitive awards may be awarded for the provision of street outreach and emergency shelter activities. Funds will first be made available to direct Subgrants, then continuing awards. Remaining funds will be made available for competitive awards.

(2) Contract funding limits include the funding request for all Program Participant services proposed in the Application, HMIS, and Administrative funds.

(A) Funding request minimums and maximums will be noted in the NOFA.

(B) Funds awarded for HMIS are limited to 12% of the amount of funds awarded for Program Participant services.

(C) Administrative activities are limited to three percent of the amount of funds awarded for Program Participant services.

(g) ESG funds that have been deobligated by the Department or that have been voluntarily returned from an ESG Contract may be reprogrammed at the discretion of the Department, and are not included in the Allocation Formula or award process detailed in subsections (c) - (f) or (h) - (j) of this section.

(h) An ESG Applicant may have the right to appeal funding decisions per §1.7 of this title (relating to Appeals Process).

(i) The Department reserves the right to negotiate the final Contract amount and local Match requirement with an Applicant.

(j) Percentages described in this subchapter will not be rounded up to the nearest whole number.

§7.34. Continuing Awards.

(a) TDHCA will withhold a portion of funds from the competition for funds to be used for continuing awards to prior Subrecipients of its ESG allocation, not including Special Allocations or Contracts for reallocated funds from prior years only, in accordance with §7.33 of this title (related to Apportionment of ESG Funds).

(b) ESG funds withheld for continuing awards by the Department will be allocated in accordance with the Allocation Formula, and are not subject to the award process and requirements outlined in §7.38 of this title (relating to Competitive Award and Funding Process).

(c) The subsequent years of allocation of ESG funds received by the Department will be offered to eligible Subrecipients of ESG funds (not including federally-funded Special Allocations) that were awarded funds from at least three of the prior four allocations of ESG. An ESG Subrecipient is eligible for an offer of a continuing award of funds if the Subrecipient meets the following requirements:

(1) Submits an abbreviated Application for funding within 21 days of the request from the Department as promulgated by the Department;

(2) Resolves administrative deficiencies within the timeframe and in the manner outlined in §7.37 of this title (relating to Application Review and Administrative Deficiency Process for Department NOFAs);

(3) Submitted two or fewer delinquent monthly reports for each of their active ESG Contracts or for the most recently closed ESG Contract if there are no active ESG Contracts, (not including federally-funded Special Allocations) for reports due in the six-month period preceding the application submission deadline;

(4) Satisfies the requirements of the Previous Participation Review as provided for in §1.302 of this title (relating to Previous Participation Reviews for Department Program Awards Not Covered by §1.301 of this Subchapter);

(5) Does not have unresolved monitoring findings in any TDHCA funded program after the corrective action period;

(6) Does not have monitoring findings in any TDHCA funded program which resulted in disallowed costs in excess of $5,000;

(7) Does not apply for funds within the same COC Region under the competitive Application process for Program Participant service(s) in which they are already funded for a Continuing Award;

(8) Expended a minimum of 95% of their contracted award amount, as amended in their most recently closed ESG Contract (not including federally-funded Special Allocations);

(9) Did not voluntarily deobligate an amount that exceeds 5% of their contracted award amount, as amended for increases due to reallocated funds, on their most recently closed ESG Contract (not including federally-funded Special Allocations);

(10) Submitted the most recent yearly report information, as required in §7.5(h)(1) of this title (relating to Subrecipient Reporting), in SAGE by the deadline established by the Department for the report due in the period preceding the application submission deadline; and

(11) Is approved by the Department's Governing Board.

(d) Any offer of ESG funds made under this section is contingent on retaining similar terms and conditions or agreeing to adjustments reflective of funding amount, including but not limited to performance and match requirements, in the active ESG annual Contract issued under a NOFA.

(e) Offers of funding will be based on the prior year's award, excluding Contracts comprised exclusively of reallocated funds, before amendments, and will be proportionally increased or decreased in proportion to the total amount of ESG funds available subject to the allocation formula.

(f) If additional funds are made available due to reduced continuing awards in the region, awards may be increased proportionate to the increased withheld funds. In any event, an increased award from funds made available from reduced awards may not exceed 115% of the award amount under the allocation or the maximum award amount established in the NOFA.

(g) Funds that remain available after all eligible continuing awards have been accepted will be transferred to the competition for funds for the regional competition in accordance with §7.38 of this title.

(h) Percentages identified in this section will not be rounded up to the nearest whole number.

§7.35. Eligible Subrecipients.

(a) An eligible Subrecipient is a Unit of Local Government as defined by HUD in CPD Notice 17-10, or a Private Nonprofit Organization, except as limited by subsection (c) of this section.

(b) For ESG-funded Special Allocation Programs, eligible Subrecipients include any entity type determined to be eligible by HUD, except as limited by subsection (c) of this section.

(c) The Department reserves the option to limit eligible Subrecipient entities in a given NOFA or in a Request for Application.

§7.36. General Threshold Criteria.

(a) Applications submitted to the Department are subject to general threshold criteria. Applications which do not meet the general threshold criteria or which cannot resolve an administrative deficiency related to general threshold criteria are subject to termination. Applicants applying directly to the Department to administer the ESG Program must submit an Application on or before the deadlines specified in the NOFA, notification of a direct Subgrant, or notification of availability of a continuing award, and must include items in paragraphs (1) - (13) of this subsection:

(1) Application materials as published by the Department including, but not limited to, program description, budget, and performance statement.

(2) An ESG budget that does not exceed the total amount available within the CoC region, other geographic limitation, Subgrant, or offer of continuing award, as applicable.

(3) A copy of the Applicant's written standards that comply with the requirements of 24 CFR §576.400 and certification of compliance with these standards. Any occupancy standard set by the Subrecipient must not conflict with local regulations or Texas Property Code §92.010.

(4) A copy of the Applicant's policy for termination of assistance that complies with the requirements of 24 CFR §576.402 and certification of compliance with these standards.

(5) A Service Area which consists of at least the entirety of one county or multiple counties within the CoC region under which Application is made, unless a CoC region does not include an entire county. When the CoC region does not encompass at least the entirety of one county, the Service Area must encompass the entire CoC region. The Service Area selected within an Application must be fully contained within one CoC region.

(6) Except for a federally funded Special Allocation that does not have a federal Match requirement, commitment in the budget to the provision of 100% Match, or request for a Match waiver, as applicable. Match waivers will be considered by the Department based on the rank of the Application. Applicants requesting an award of funds in excess of the minimum award amount as described in the NOFA for Program Participant services are not eligible to request or receive a Match waiver. In the event that the Match waivers requested exceed $100,000, the waivers will be considered only for the highest scoring eligible Applications, subject to availability of excess Match provided by ESG Applicants. Applicants that do not receive the waiver and are unable to provide a source of Match will be ineligible for an ESG award.

(7) Applicant certification of compliance with State and federal laws, rules and guidance governing the ESG Program as provided in the Application.

(8) Evidence of a Unique Entity Identifier (UEI) number for Applicant.

(9) Documentation of existing Section 501(c) tax-exempt status, as applicable.

(10) Completed previous participation review materials, as outlined in Chapter 1, Subchapter C of this title (relating to Previous Participation), for Applicant.

(11) Local government approval per 24 CFR §576.202(a)(2) for an Applicant that will be providing shelter activities with ESG or as ESG Match, as applicable. This documentation must be submitted not later than 30 calendar days after the Application submission deadline as specified in the NOFA, or prior to execution of a Contract for Subrecipients subject to a direct Subgrant, or continuing award. Receipt of the local government approval is a condition prior to the Department obligating ESG funding.

(12) A resolution or other governing body action from the Applicant's direct governing body which includes:

(A) Authorization of the submission of the Application;

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

(C) Date that the resolution was passed by the governing body, which must be not older than 12 months preceding the date the Application is submitted.

(13) Applicants with an ESG Contract(s) must have submitted the most recent yearly report information, as required in §7.5(h)(1) of this title (relating to Subrecipient Reporting), in SAGE by the deadline

established by the Department for the report due in the period preceding the application submission deadline.

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

§7.37. Application Review and Administrative Deficiency Process.

(a) The Department will accept Applications on an ongoing basis during the Application acceptance period as specified in the NOFA or notification of an offer of a continuing award, as applicable. Applications will be reviewed for threshold criteria and selection criteria, if applicable, administrative deficiencies, and competitive Applications will be ranked based upon the score of the Application as determined by the Department upon completion of the review.

(b) The administrative deficiency process allows the Applicant to provide additional information with regard to an Application after the Application acceptance period has ended, but only if it is requested in writing by Department staff. Staff may request that an Applicant provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. Staff will request such information via a deficiency notice. Staff will send the deficiency notice via email and responses must be in kind unless otherwise defined in the notice. A review of the Applicant's response may reveal that additional administrative deficiencies are exposed or that issues initially identified as an administrative deficiency are actually determined to be beyond the scope of an administrative deficiency process, meaning that they are in fact matters of a material nature not susceptible to be resolved. For example, a response to an administrative deficiency that causes a new inconsistency which cannot be resolved without reversing or eliminating the need for the first deficiency response would be an example of an issue that is beyond the scope of an administrative deficiency. Department staff will make a good faith effort to provide an Applicant confirmation that an administrative deficiency response has been received and/or that such response is satisfactory. Communication from staff that the response was satisfactory does not establish any entitlement to points, eligibility status, or to any presumption of a final determination that the Applicant has fulfilled any other requirements as such is the sole determination of the Department's Board.

(c) An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, except in response to a direct written request from the Department to remedy an administrative deficiency or by amendment of an Application after the Board approval of an ESG award. An administrative deficiency may not be cured if it would, in the Department's determination, substantially change an Application including score, or if the Applicant provides any new unrequested information to cure the deficiency.

(d) The time period for responding to a deficiency notice commences on the first day following the deficiency notice date.

(1) If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 p.m. on the seventh calendar day following the date of the deficiency notice, then one point shall be deducted from the selection criteria score for each additional day the deficiency remains unresolved. If administrative deficiencies are not resolved by 5:00 p.m. on the fourteenth calendar day following the date of the deficiency notice for an Application in response to a NOFA, then the Application shall be terminated

(2) If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 p.m. on the seventh calendar day following the date of the deficiency notice for an Application in response to a continuing award offer, then the Application shall be terminated.

§7.38. Competitive Award and Funding Process.

(a) An Application may by submitted requesting funds for Program Participant services under street outreach, emergency shelter, homelessness prevention, and/or rapid re-housing. Each Application submission will include one uniform Application with information applicable across all Program Participant service types, and then information on each Program Participant service requested. Each Program Participant service reflected in an Application will be treated as a separate Application, assigned a separate Application number per service type, and will be scored and ranked separately for each service type selected. Applicants may be awarded funds for one or more Program Participant services in accordance with this section. Because each Program Participant service is reviewed separately and competes separately, an award of funds for provision of one Program Participant service does not affect an award of funds in any other Program Participant service reflected in that same Application submission.

(b) Applications submitted directly to the Department for under this section will receive points based on experience, program design, budget, previous performance, and performance measures. Applications will be scored and ranked based on selection criteria described in this subchapter.

(c) Applicants for a competitive award will be required to submit a self-score within the Application. In no event will the points awarded to the Applicant exceed the point value of the self-score in any selection criterion.

(d) Tie breakers. Each Application submitted to the Department for a competitive award shall be assigned a number between one and the total number of applications. The number assignment will be determined in a random selection process to occur immediately following the close of the application acceptance period, and Applicants will be notified of said number assignment as soon as possible thereafter. The randomly assigned numbers will be used to resolve ties, with the highest assigned number having the highest priority.

(e) Partial awards. In order to maintain funding within the Allocation Formula amounts designated for each CoC region as determined in this subchapter, an Applicant for a competitive award may be offered a partial award of their requested funds. An Applicant offered a partial award of funds must confirm their acceptance of a partial award, and submit updated information related to the reduction within seven calendar days following the date of notification. Scoring criteria may be updated based on the reduced funding request, but any changes to the scoring criteria must allow the Application to maintain its rank.

(f) Regional Funding Competition. Funding will be recommended first for Applicants within the CoC region up to the Allocation Formula amount designated for the CoC region as determined in this subchapter.

(1) Eligible Applications will be ranked in descending order by score within the CoC region which the Application proposes to serve. Subsection (d) of this section will be used to determine the priority of tied scores.

(2) ESG funds allocated to each CoC region will be awarded starting with the highest ranking Application and continue until the funds allocated for that CoC region are fully utilized, but not exceeded, or until the Applicant for the last Application to be recommended in the region declines an offer of a partial award.

(3) Applications proposing street outreach or emergency shelter will be ranked alongside all Applications in the region, however, a recommendation for a full award of an Application for street outreach or emergency shelter will not be made through the first level of funding if funding recommendations in the CoC region for street outreach and emergency shelter will exceed 60% of the funding remaining in the CoC region after direct Subgrants and acceptance of continuing awards. Applications proposing street

outreach and emergency shelter services but causing awards for such services in the region to exceed 60% of the available funding in the region, will be offered a partial award of up to the amount remaining to reach 60% for the region. If no funds remain available that would not exceed 60% at the regional level for a partial award, or if they decline such partial award, the Application will be passed over and recommendation of funding would proceed to the next highest scoring Application(s) in the region in order to fully fund the Formula Allocation amount for the region. Applications that were passed over for funding may be eligible to compete in the statewide funding competition, if no more than 60% of funds have been awarded for street outreach and emergency shelter in the total allocated funds.

(4) A partial award may be offered to the last highest ranking Application which is otherwise eligible for funding within the regional competition to ensure that the amount of funds recommended for a region does not initially exceed the amount identified in the Formula Allocation. Partial awards will be offered under the regional competition only if the funding remaining in the CoC region is more than $30,000.

(A) The Applicant or Applicants that accept an offer of a partial award may be required to amend the Application if the reduction in funds is expected to impact scored items and to adjust performance deliverables based on the reduced amount of funding. The revised score based on the partial award must still ensure the Application ranking would not be affected. If a partial award or the Applicant's subsequent adjustments results in a reduced score that alters their scoring rank within the regional competition, the opportunity to be funded from the first level of funding recommendations will not be offered to the Application.

(B) The Applicant may decline the partial award of funds and instead request to be included for consideration in the statewide competition.

(g) Statewide Funding Competition. If any funds remain after recommendations for all eligible Applications in the regional funding competition, such funds shall collapse and be made available in the statewide competition.

(1) All eligible Applications not recommended to be awarded under the regional funding competition will be ranked in descending order of score with the highest scoring unfunded Application, regardless of region, having the highest priority rank. Subsection (e) of this section will be used to determine the outcome of tied scores.

(2) Funds will be awarded in the statewide funding competition starting with the highest ranked Application and continuing until no funds remain available to award or until there are no eligible Applications left to be recommended for funding.

(3) Applications proposing street outreach or emergency shelter will be ranked alongside all Applications. If the 60% of the allocated funds has been awarded to Applications proposing street outreach and emergency shelter, Applications proposing these activities will not be recommended and will be passed over to fund Applications proposing homeless prevention or rapid re-housing.

(4) The final award in the statewide funding competition and the 60% capped street outreach and emergency shelter funding may be a partial award if an Application cannot be fully funded.

(A) An Applicant that accepts an offer of a partial award may be required to amend the Application if the reduction in funds is expected to impact scored items and to adjust performance deliverables based on the reduced amount of funding. The revised score based on the partial award must still ensure the Application's ranking would not be affected. Partial awards may only be offered if the remaining funding exceeds the minimum award amount as stated in the NOFA.

(B) The Applicant may decline a partial award of funds. Applicants that decline a partial award of funding within the statewide competition will be withdrawn from competition, as there are not sufficient remaining funds to award the Application.

(C) If a partial award or the Applicant's subsequent adjustments result in a reduced score that alters the scoring rank or an Applicant declines a partial award, the next highest ranked Application will be presented with the opportunity to be funded.

(h) If there are still funds available after the statewide funding competition, the Department may offer and recommend award amounts in excess of the funds requested and in excess of the award amount limits identified in §7.33(c) of this title (relating to Apportionment of ESG Funds), starting with the highest scoring Applications already identified to be recommended for an award, not to exceed an award more than 50% greater than their original request. The Department will provide notice of the proposed increase to the impacted Applicants. The budget and Performance targets would increase proportionally to the additional funding received. An Applicant will have the opportunity to accept or reject the recommendation for increased funding prior to final award by the Department.

(i) The Department reserves the right to negotiate the final Contract amount and local Match with a Subrecipient.

§7.39. Uniform Selection Criteria.

An Application for funding allocated in accordance with §7.33(b) of this title (relating to Apportionment of ESG Funds) and made to the Department may be awarded points under the following uniform

selection criteria. The total of the score under this part will be the uniform Application score. The uniform Application score will be comprised of points awarded under each of the following criteria:

(1) Homeless participation. An Application may receive a maximum of three points for the participation of persons who are Homeless in the Applicant's program design. Points may be earned under subparagraphs (A) and (B) of this paragraph for a total of up to three points.

(A) An Application may receive a maximum of two points when at least one person who is Homeless or formerly Homeless is a member of or consults with the Applicant's policy-making entity for facilities, services, or assistance under ESG; and

(B) An Application may receive a maximum of one point when at least one person who is Homeless or formerly Homeless is employed in a paid position with duties that include constructing, renovating, maintaining, or operating the Applicant's ESG facilities, or providing services for occupants of its ESG facilities.

(2) Organizational or management experience. An Application may receive a maximum of eight points for an Applicant or its management staff's experience administering federal or State homeless programs.

(A) An Application may receive a maximum of three points for an Applicant or its management staff with at least two but less than four years of experience;

(B) An Application may receive a maximum of five points for an Applicant or its management staff with at least four but less than six years of experience; or

(C) An Application may receive a maximum of eight points for an Applicant or its management staff with six or more years of experience.

(3) Percentage of prior ESG awarded funds expended. An Application may receive a maximum of six points for the Applicant's past expenditure performance of ESG funds proportionate to the award of funds from TDHCA to the Applicant. This will apply to any and all ESG Contract(s), exclusive of federally funded Special Allocation Contracts, administered by the Applicant that were closed within 12 months prior to the date of the Application deadline established in the by the Department. Contract Expenditures will be averaged among all ESG Contracts that were closed within 12 months of the Application deadline, without requiring an amendment if the Applicant was awarded multiple Contracts. The percentage of ESG funds expended will be calculated utilizing the amount of the Contract as of its closing as stated in the Contract prior to amendments, except where the Applicant voluntarily return

funds in accordance with this subchapter. Expenditure will be defined as the Applicant having reported the funds as expended. Applications may receive:

(A) Two points if the Applicant expended 91-94% of its prior ESG Contract funds as of its closing as stated in the Contract prior to amendments;

(B) Three points if the Applicant expended 95% to less than 100% of its prior ESG Contract funds as of its closing as stated in the Contract prior to amendments; or

(C) Six points if the Applicant expended 100% of its prior ESG Contract funds as of its closing as stated in the Contract prior to amendments.

(4) Contract History on Reporting and percentage of Outcomes. An Applicant may receive a maximum of twelve points for its prior timeliness of reports and performance achieved for previously awarded ESG Contract(s), exclusive of federally funded Special Allocation Contracts, that closed within 12 months prior to the date of the Application deadline established by the Department. Points may be requested under subparagraphs (A) - (E) of this paragraph, not to exceed a total of ten points. The Outcome percentages will be averaged among all prior ESG Contracts, exclusive of federally funded Special Allocation Contracts, that closed within 12 months prior to the date of the Application deadline to determine the final percentage amount for this scoring criterion. Applications may receive points as follows:

(A) Two points if the Applicant submitted the last three reports on or before the Contract end date within the reports' respective reporting deadlines;

(B) Two points if the Applicant met 100% or more of their street outreach target of persons exiting to temporary or transitional or permanent housing destination;

(C) Two points if the Applicant met 100% or more of their emergency shelter exits to permanent housing;

(D) Two points if the Applicant met 100% or more of their Homelessness prevention target for maintaining housing for three months or more;

(E) Two points if the Applicant met 100% or more of their rapid re-housing target for maintaining housing for three months or more; and

(F) Two points if the Applicant met 100% or more of their Match obligation.

(G) Twelve points if the Applicant has not previously been awarded an ESG Contract closed within 12 months prior to the date of the Application deadline.

(5) Monitoring history. Applications may receive a maximum of five points for the Applicant's previous ESG and federally funded Special Allocation program monitoring history. The Department will consider the monitoring history for three years before the date that Applications are first accepted under the NOFA when determining the points awarded under this criterion. Findings that were subsequently rescinded will not be considered Findings for the purposes of this scoring criterion. Applications may be limited to a maximum of:

(A) Five points if the Applicant has not received any monitoring Findings, including Applicants with no previous monitoring history;

(B) Not more than three points if the monitoring history has a close-out letter that included Findings, but the Findings were not related to Household eligibility or violations of procurement requirements;

(C) Not more than two points if the monitoring history has a close-out letter that included Findings related to Household eligibility;

(D) Not more than one point if the monitoring history has a monitoring close-out letter that included Findings related to violations of procurement requirements; or

(E) Zero points may be requested under this criterion if the Applicant received a Finding resulting in disallowed costs in excess of $5,000 which required repayment to the Department.

(6) Priority for certain communities. Applications may receive two points if at least one Colonia, as defined in Tex. Gov't Code §2306.083, is included in the Service Area identified in the Application. Applicants awarded points under this criterion will be contractually required to maintain a Service Area that includes at least one Colonia as identified on the Office of Attorney General's website.

(7) Previously unserved areas. Applications may receive a maximum of 10 points for provision of ESG services if at least one county in the Service Area included in the Application has not received ESG funds from the Department or directly from HUD within the previous federal funding year for services. Applications may receive a maximum (of ten points if at least one county within the Service Area as stated in the Application did not receive an award of ESG annual funds from the Department within the previous federal funding year.

(8) Percentages identified in this section will not be rounded up to the nearest whole number.

§7.40. Competitive Program Participant Services Selection Criteria.

(a) An Application for competitive funding allocated under §7.33(b) of this title (relating to Apportionment of ESG Funds), and made to the Department, may be awarded points for Program Participant services under each category. Points awarded for Program Participant services will be separately tabulated and added to the uniform Application score to determine a score for each of the Program Participant services Applications submitted. All scoring criteria that are based upon measurable future performance expectations will be measured and expected to be fulfilled by being included as a performance requirement in the Contract should the Application be awarded funds.

(b) Street outreach. An Application proposing street outreach may receive points under the following criteria:

(1) Matching funds for street outreach. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for street outreach.

(2) Street outreach serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title (relating to Definitions). An Applicant providing street outreach may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;

(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;

(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;

(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or

(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.

(3) Street outreach exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date who exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with street outreach who exited to positive housing destinations;

(B) Three points based on 35% of persons served with street outreach who exited to positive housing destinations;

(C) Four points based on 45% of persons served with street outreach who exited to positive housing destinations; or

(D) Five points based on 55% of persons served with street outreach who exited to positive housing destinations.

(4) Street outreach staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the street outreach component has one or more of the following qualifications:

(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;

(B) Two points if a member of staff is fluent in one or more languages identified ~~in~~ by the Applicant~~'s Language Access Plan~~ as necessary to provide equitable and~~,~~ meaningful access for persons with Limited English Proficiency (LEP), as required by §7.10(c)(2); and

(C) Two points if program includes a paid staff member who has formerly experienced homelessness.

(5) Street outreach temporary/transitional/permanent housing target. An Application may receive a maximum of three points based on the percentage of persons targeted to be served with street outreach who will be placed in temporary, transitional or permanent housing. An Application may receive a maximum of:

(A) One point based on a minimum target of 35% of persons served with street outreach who will be placed in temporary housing;

(B) Two points based on a minimum target of 45% of persons served with street outreach who will be placed in temporary housing; or

(C) Three points based on a minimum target of 55% of persons served with street outreach who will be placed in temporary housing.

(6) Street outreach services. An Application may receive a maximum of five points based on the number of street outreach services provided through ESG or other funds including engagement, case management, emergency health services, emergency mental health services, and transportation services. Emergency health services and emergency mental services may only be provided by ESG funds if these services are inaccessible or unavailable within the area. An Application may receive a maximum of:

(A) Two points if the Applicant provides street outreach engagement and case management;

(B) Three points if the Applicant provides street outreach engagement and case management, and one other service;

(C) Four points if the Applicant provides street outreach engagement and case management, and two other services; or

(D) Five points if the Applicant provides street outreach engagement and case management, and three other services.

(7) Experience providing street outreach. An Application may receive a maximum of 10 points based on the Applicant's experience providing street outreach services.

(A) Two points if the Applicant has provided street outreach for up to two years;

(B) Four points if the Applicant has provided street outreach for up to four years;

(C) Six points if the Applicant has provided street outreach for up to six years;

(D) Eight points if the Applicant has provided street outreach for up to eight years; or

(E) Ten points if the Applicant has provided street outreach for 10 or more years.

(c) Emergency shelter. An Application proposing emergency shelter may receive points under the following criteria:

(1) Matching funds for emergency shelter. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for emergency shelter.

(2) Emergency shelter serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title. An Applicant providing emergency shelter may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;

(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;

(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;

(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or

(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.

(3) Emergency shelter exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with emergency shelter who exited to positive housing destinations;

(B) Three points based on 35% of persons served with emergency shelter who exited to positive housing destinations;

(C) Four points based on 45% of persons served with emergency shelter who exited to positive housing destinations; or

(D) Five points based on 55% of persons served with emergency shelter who exited to positive housing destinations.

(4) Emergency shelter staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the street outreach component has one or more of the following qualifications:

(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;

(B) Two points if a member of staff is fluent in one or more languages, other than English, identified ~~in~~ by the Applicant~~'s Language Access Plan~~ as necessary to provide equitable~~,~~ and meaningful access for persons with Limited English Proficiency (LEP) in the Applicant's proposed service area under Contract, as required by §7.10(c)(2); and

(C) Two points if program includes a paid staff member who has formerly experienced homelessness.

(5) Emergency shelter permanent housing. An Applicant may receive a maximum of three points based on the percentage of persons served with emergency shelter targeted to be placed in permanent housing. An Application may receive a maximum of:

(A) One point based on a minimum target of 35% of persons served with emergency shelter who will be placed in permanent housing;

(B) Two points based on a minimum target of 45% of persons served with emergency shelter who will be placed in permanent housing; or

(C) Three points based on a minimum target of 55% of persons served with emergency shelter who will be placed in permanent housing.

(6) Emergency shelter services. An Applicant may receive a maximum of five points based on the number of emergency shelter services provided through ESG or other funds, as listed in 24 CFR §576.102. Emergency shelter services include case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, outpatient mental health services, outpatient substance abuse treatment services, and transportation. Outpatient health services, mental services, and substance abuse treatment services should only be provided by ESG funds if these services are otherwise inaccessible or unavailable within the Service Area. This

selection criterion will become a contractual requirement if the Applicant is awarded a Contract. An Application may receive a maximum of:

(A) Two points if the Applicant provides case management and two of the other services;

(B) Three points if the Applicant provides case management and three of the other services;

(C) Four points if the Applicant provides case management and four of the other services; or

(D) Five points if the Applicant provides case management and five of the other services.

(7) Experience providing emergency shelter. An Application may receive a maximum of 10 points based on the Applicant's experience providing emergency shelter services.

(A) Two points if the Applicant has provided emergency shelter for up to two years;

(B) Four points if the Applicant has provided emergency shelter for up to four years;

(C) Six points if the Applicant has provided emergency shelter for up to six years;

(D) Eight points if the Applicant has provided emergency shelter for up to eight years; or

(E) Ten points if the Applicant has provided emergency shelter for 10 or more years.

(d) Homelessness prevention. An Application proposing homelessness prevention may receive points under the following criteria:

(1) Matching funds for homelessness prevention. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for homelessness prevention.

(2) Homelessness prevention serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title. An Applicant providing homelessness prevention may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who have one or more special needs;

(B) Two points based on a minimum target of 80% of persons served who have one or more special needs;

(C) Three points based on a minimum target of 90% of persons served who have one or more special needs;

(D) Four points based on a minimum target of 95% of persons served who have one or more special needs; or

(E) Five points based on a minimum target of 100% of persons served who have one or more special needs.

(3) Homelessness prevention exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with homelessness prevention who exited to positive housing destinations;

(B) Three points based on 35% of persons served with homelessness prevention who exited to positive housing destinations;

(C) Four points based on 45% of persons served with homelessness prevention who exited to positive housing destinations; or

(D) Five points based on 55% of persons served with homelessness prevention who exited to positive housing destinations.

(4) Homelessness prevention staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the homelessness prevention component has one or more of the following qualifications:

(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;

(B) Two points if a member of staff is fluent in one or more languages, other than English, identified ~~in~~by the Applicant~~'s Language Access Plan~~ as necessary to provide equitable~~,~~ and meaningful access for

persons with Limited English Proficiency (LEP) in the Applicant's proposed service area under the Contract, as required by §7.10(c)(2) of this title relating to Language Access Requirements; and

(C) Two points if program includes a paid staff member who has formerly experienced homelessness.

(5) Homelessness prevention maintaining housing. An Application may receive a maximum of three points based on the percentage of persons served with Homelessness prevention who are targeted to maintain their housing for three months or more after program exit. Applications may receive a maximum of:

(A) One point based on a minimum target of 50% of persons served with homelessness prevention maintaining housing for three months;

(B) Two points based on a minimum target of (60% of persons served with homelessness prevention maintaining housing for three months; or

(C) Three points based on a minimum target of 70% of persons served with homelessness prevention maintaining housing for three months.

(6) Homelessness prevention services and rental assistance. An Application may receive a maximum of five points based on the number of homeless prevention services and type of rental assistance provided through ESG or other funds. Homeless prevention services and rental assistance include rental application fees, security deposits and last month's rent, utility payments/deposits, moving costs, housing search and placement, housing stability case management, mediation, legal services, credit repair, short-term rental assistance, and medium-term rental assistance. An Application may receive a maximum of:

(A) Two points if the Applicant provides housing stability case management and three of the other services or rental assistance;

(B) Three points if the Applicant provides housing stability case management and four of the other services or rental assistance;

(C) Four points if the Applicant provides housing stability case management and five of the other services or rental assistance; or

(D) Five points if the Applicant provides housing stability case management and six of the other services or rental assistance.

(7) Experience providing homelessness prevention or rental assistance services. An Application may receive a maximum of 10 points based on the Applicant's experience providing homelessness prevention or tenant-based rental assistance services.

(A) Two points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for up to two years;

(B) Four points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for up to four years;

(C) Six points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for up to six years;

(D) Eight points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for up to eight years; or

(E) Ten points if the Applicant has provided homelessness prevention or tenant-based rental assistance services for 10 or more years.

(e) Rapid re-housing. An Application proposing rapid re-housing may receive points under the following criteria:

(1) Matching funds for rapid re-housing. Applications may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for rapid re-housing.

(2) Rapid re-housing serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title. Applicants providing rapid re-housing may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;

(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;

(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;

(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or

(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.

(3) Rapid re-housing exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with rapid re-housing exited to positive housing destinations;

(B) Three points based on 35% of persons served with rapid re-housing who exited to positive housing destinations;

(C) Four points based on 45% of persons served with rapid re-housing who exited to positive housing destinations; or

(D) Five points based on 55% of persons served with rapid re-housing who exited to positive housing destinations.

(4) Rapid re-housing staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the rapid re-housing component has one or more of the following qualifications:

(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;

(B) Two points if a member of staff is fluent in one or more languages, other than English, identified ~~in~~by the Applicant~~'s Language Access Plan~~ as necessary to provide equitable~~,~~ and meaningful access for persons with Limited English Proficiency (LEP), as required by §7.10(c)(2); and

(C) Two points if program includes a paid staff member who has formerly experienced homelessness.

(5) Rapid re-housing maintaining housing. Applicants may receive a maximum of three points based on the percentage of persons served with rapid re-housing targeted to maintain their housing for three months or more after program exit. Applications may receive a maximum of:

(A) One point based on a minimum target of 50% of persons served with rapid re-housing maintaining housing for three months;

(B) Two points based on a minimum target of 60% of persons served with rapid re-housing maintaining housing for three months; or

(C) Three points based on a minimum target of 70% of persons served with rapid re-housing maintaining housing for three months.

(6) Rapid re-housing services and rental assistance. Applicants may receive a maximum of five points based on the number of rapid re-housing services and type of rental assistance provided through ESG or other funds. Rapid re-housing services and rental assistance include rental application fees, security deposits/last month's rent, utility payments/deposits, moving costs, housing search and placement, housing stability case management, mediation, legal services, credit repair, short-term rental assistance, medium-term rental assistance. Applications may receive a maximum of:

(A) Two points if the Applicant provides housing stability case management and three of the other services or rental assistance;

(B) Three points if the Applicant provides housing stability case management and four of the other components;

(C) Four points if the Applicant provides housing stability case management and five of the other components; or

(D) Five points if the Applicant provides housing stability case management and six of the other components.

(7) Experience providing rapid re-housing or tenant-based rental assistance services. Applications may receive a maximum of 10 points based on the Applicant's experience providing homeless prevention or tenant-based rental assistance services.

(A) Two points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to two years;

(B) Four points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to four years;

(C) Six points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to six years;

(D) Eight points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to eight years; or

(E) Ten points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for 10 or more years.

§7.41. Contract Term, Expenditure Benchmark, Return of Funds, and Performance Targets.

(a) The initial Contract Term for ESG funds may not exceed 12 months, unless otherwise approved by the Board for a federally-funded Special Allocation Program. All funds awarded under the Contract must be expended by the Subrecipient on or before the expiration of the Contract, unless an extension has been granted in accordance with this section. A request to extend the Contract Term must show evidence that the extension is necessary to provide services required under the Contract, and provide good cause for failure to timely expend the funds. Extensions of Contract Terms are considered on a case-by-case basis, but are subject to §7.4(e) of this title (relating to Amendments and Extensions of Contracts).

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

(2) Board approval is required if the Subrecipient requests to extend an ESG Contract Term for more than six months from the original Contract Term.

(3) Amendments of Expenditure requirements will not be granted by the Executive Director or the Board when such action would cause the Department to miss a federal Expenditure deadline.

(b) Subrecipient is required to have reported Expenditures in its Monthly Expenditure Reports reflecting at least 50% of the Contracted funds by month nine of the original Contract Term. A Subrecipient that has not met this Expenditure benchmark must submit a plan to the Department evidencing the ability of the Subrecipient to expend the remaining funds by the expiration of the original Contract Term. This Expenditure benchmark may not be extended though amendment.

(c) Not later than 60 days prior to the end of the Contract Term, a Subrecipient may submit a written request to voluntarily return some or all of its funds to the Department. Voluntary return of funds prior to the Expenditure benchmark constitutes a reduction in the awarded amount, and returned funds at or prior to the Expenditure benchmark will not be considered deobligated funds for the purpose of future funding recommendations. Subrecipient must return any funds that would result in a violation of the administrative and HMIS expenditure limits of the Contract, as outlined in §7.33(f) of this title (relating to Apportionment of ESG Funds) prior to approval of a request to voluntarily deobligate funds for any Program Participant services.

(d) Funds remaining at the end of Contract which are not reflected in the last Monthly Expenditure Report will be automatically deobligated. Deobligation of funds may affect future funding recommendations.

(e) The Department may request information regarding the performance or status of a Contract prior to the Expenditure benchmark, at various times during the Contract, or during the record retention period. Subrecipient must respond within the time limit stated in the request. Prolonged or repeated failure to respond may result in suspension of funds, termination of the Contract by the Department, and could impact future funding recommendations.

(f) If additional funds become available through returned or deobligated amounts from an award made under the allocation formula or program income generated from an award made under the allocation formula, the funds may be offered to ESG Subrecipients with active Contracts that have not been amended to extend the Contract Term. Returned or deobligated funds will be offered with priority given to ESG Subrecipients with the highest Expenditure rate as of the most recent Monthly Expenditure Report. However, funds may not be offered to any Subrecipient that returned funds, or from whom funds were deobligated. The Executive Director or designee may increase the Contract of an ESG Subrecipient or authorize a new Contract with a Subrecipient by up to 25% of the original Contract amount. The increase of reallocated funds may not exceed 25% of the initial Contract award, unless approved by the Board.

(g) Funds that have been returned more than once or returned less than three months before the federal Expenditure deadline may be retained by the Department.

(h) The Contract will reflect the Performance Targets that were utilized as selection criteria for the award of funds. Requests to amend Performance Targets may not be submitted less than 60 days prior to the end of the Contract Term. Requests to amend Performance Targets will not be granted if such an amendment would have precluded the award to the Subrecipient.

§7.42. General Administrative Requirements.

(a) Subrecipient must have written policies and procedures to ensure that sufficient records are established and maintained to enable a determination that applicable federal and state requirements are met. The written standards must be applied consistently for all Program Participants. Written policies must include, but not be limited to, Inclusive Marketing outlined in §7.10 of this title (relating to Inclusive Marketing).

(b) Subrecipient must obtain the correct level of environmental clearance prior to expenditure of funds. Activities for which the Subrecipient does not properly complete the Department's environmental review process are ineligible, and funds will not be reimbursed or will be required to be repaid.

(c) Subrecipient is prohibited from charging occupancy fees for emergency shelter activities supported by funds covered by this subchapter.

(d) If a Private Nonprofit Organization Subrecipient wishes to expand the geographic scope of its emergency shelter activities after Contract execution, an updated certification of approval from the Unit of General Purpose Local Government with jurisdiction over the updated Service Area must be submitted to the Department before funds are spent on emergency shelter in those areas.

(e) Subrecipient must document compliance with the shelter and housing standards per 24 CFR §576.500(j) and (k), including but not limited to, maintaining sufficient construction and shelter inspection reports.

(f) Rental developments must comply with all construction or operational requirements governing the development or program to which funds are comingled, and must comply with local health and safety codes.

(g) Subrecipient may be required to complete Contract orientation training prior to submission of the first Monthly Expenditure Report. Subrecipient must also complete training as requested by the Department in response to Findings or other issues identified while managing the Contract.

(h) Subrecipient must develop and establish written procurement procedures that comply with federal, State, and local procurement requirements. A conflict of interest related to procurement is prohibited by 2 CFR §200.317-318 or Chapter 171 of the Local Government Code, as applicable.

(i) In instances where a potential conflict of interest exists related to a beneficiary of assistance to a Program Participant, Subrecipient must submit a request to the Department to grant an exception to any conflicts prohibited using the procedures at 24 CFR §576.404. The request submitted to the Department must include a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict, a description of how the public disclosure was made, and an attorney's opinion that the conflict does not violate State or local law. No funds will be committed to assist a Household until HUD has granted an exception.

(j) Subrecipient will comply with the requirements under 24 CFR §576.409, "Protection for victims of domestic violence, dating violence, sexual assault, or stalking."

(1) Compliance with 24 CFR §576.409 includes, but is not limited to, providing two Departmental forms called "Notice of Occupancy Rights under the Violence Against Women Act" based on HUD form 5380 and "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking," HUD form 5382, to each of the following:

(A) All applicants for short- and medium-term rental assistance at the time of admittance or denial;

(B) Program Participants of short- and medium-term rental assistance prior to execution of a Rental Assistance Agreement;

(C) Program Participants of short- and medium-term rental assistance with any notification of eviction or notification of termination of assistance; and

(D) Program Participants of short- and medium-term rental assistance either during an annual Recertification or lease renewal process, whichever is applicable.

(2) Subrecipient will adopt and follow an Emergency Transfer Plan based on HUD's model Emergency Transfer Plan, pursuant to 24 CFR §5.2005(e). Within three calendar days after Program Participants request transfers, Subrecipient will inform Program Participants of their eligibility under their Emergency Transfer Plan and keep records of all outcomes.

§7.43. Program Income.

(a) Program income is gross income received by the Subrecipient or its Affiliates directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. Program income includes but is not limited to: income from fees for services performed, the use or rental of real or personal property acquired under this award, the sale of commodities or items fabricated

under this award, and from payments of principal and interest on loans made with this award, where authorized. Except as outlined in the Contract, Program income does not include interest on federal grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them.

(b) Program income received and expended during the Contract Term will count toward meeting the Subrecipient's Matching requirements, per 24 CFR §576.201(f), provided the costs are eligible costs that supplement the program.

(c) Security and utility deposits paid on behalf of a Program Participant should be treated as a grant to the Program Participant. The deposit must remain with the Program Participant, and if returned, is to be returned only to the Program Participant. If the landlord or the utility service provider requires that the deposit be returned to the Subrecipient, Affiliate, Subcontractor, or Subgrantee, the deposit is program income, and must be treated as described in this subsection.

(d) In accounting for program income, the Subrecipient must accurately reflect the receipt of such funds separate from the receipt of federal funds and Subrecipient funds.

(e) Program income that is received after the end of the Contract Term, or not expended within the Contract Term, along with program income received two years following the end of the Contract Term must be returned to the Department within 10 calendar days of receipt. Income directly generated by a grant-supported activity after the two year period is no longer program income and may be retained by the Subrecipient.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1367 **Agenda Date:** 4/9/2026 **Agenda #:** 17.

Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool and Family Leave Pool, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff assessed 10 TAC §1.3, Sick Leave Pool and Family Leave Pool, and confirmed that the reasons for the initial adoption of this rule continue to exist, which is to comply with statutory requirements upon agencies to provide in rule a sick leave pool and family leave pool policy;

WHEREAS, staff evaluated the rule and recommended that no changes to the rule as currently in effect were necessary, and staff sought public comment as part of the four-year rule review process; and

WHEREAS, the rule was released for public comment from February 6, 2026, through March 8, 2026, no public comment was received and the rule review is being readopted without changes;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

The Department last performed a Four-Year rule review on 10 TAC §1.3, Sick Leave Pool and Family Leave Pool, in January 2022. Therefore, under Tex. Gov't Code §2001.039, which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule was due to be evaluated in 2026. Staff determined that there was a continuing need for this rule to exist and that no revisions were warranted. The Secretary of State requires that even when no revisions are proposed, the rule be released for a public comment period, which took place from February 6, 2026, through March 8, 2026. No public comment was received and the rule is being readopted without

changes.

Attachment 1: Notice of Rule Review for 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool and Family Leave Pool

The Texas Department of Housing and Community Affairs (the Department) performed a rule review for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, 10 TAC §1.3, Sick Leave Pool and Family Leave Pool. The purpose of the action was to conduct a rule review in accordance with Tex. Gov't Code §2001.039, which requires a state agency to review its rules every four years.

The Department determined that there continued to be a need for this rule, which is to comply with statutory requirements upon agencies to provide in rule a sick leave pool and family leave pool policy. The Department also determined that no changes to this rule were necessary. The rule was proposed for readoption in the *Texas Register's* Review of Agency Rules section without publication of the text.

SUMMARY OF PUBLIC COMMENT. Public comment was accepted from February 6, 2026, through March 8, 2026. No comment was received on the readoption which is adopted with no changes.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1368 **Agenda Date:** 4/9/2026 **Agenda #:** 18.

Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12, Negotiated Rulemaking, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff assessed 10 TAC §1.12, Negotiated Rulemaking, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to satisfy Tex. Gov't Code §2306.082, which requires the Department to encourage negotiated rulemaking;

WHEREAS, staff has evaluated the rule and recommended that no changes to the rule as currently in effect were necessary, and as such staff requested Board approval to submit the proposed readoption of the rule as required by Tex. Gov't Code §2001.039 for a public comment period as part of the four-year rule review process; and

WHEREAS, such proposed action was published in the *Texas Register* for public comment from February 6, 2026, through March 8, 2026, and no public comment was received;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

The Department last amended 10 TAC §1.12, Negotiated Rulemaking, in April 2022. Therefore, under Tex. Gov't Code §2001.039, which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule is due to be evaluated in 2026. Staff has determined that there is a continuing need for this rule to exist and that no revisions are currently warranted. The Secretary of State requires that even when no revisions are proposed, the rule be released for a public comment period. Therefore, the rule was made available for public comment from February 6, 2026, through March 8, 2026. No public comment wase received and the rule is being adopted without changes.

Attachment 1: Notice of Proposed Rule Review for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12 Negotiated Rulemaking

The Texas Department of Housing and Community Affairs (the Department) files this notice of rule review for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12 Negotiated Rulemaking. The purpose of the action was to conduct a rule review in accordance with Tex. Gov't Code §2001.039, which requires a state agency to review its rules every four years.

The Department determined that there continues to be a need for this rule, which is to satisfy Tex. Gov't Code, §2306.082, which requires the Department to encourage negotiated rulemaking. The Department has also determined that no changes to this rule as currently in effect are necessary. This rule proposed for readoption was noted in the *Texas Register*'s Review of Agency Rules section without publication of the text.

SUMMARY OF PUBLIC COMMENT. Public comment was accepted from February 6, 2026, through March 8, 2026. No public comment was received and the rule is readopted with no changes.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1369 **Agenda Date:** 4/9/2026 **Agenda #:** 19.

Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.13, Contested Case Hearing Procedures, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff assessed 10 TAC §1.13, Contested Case Hearing Procedures, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to provide procedures for contested case hearings;

WHEREAS, staff evaluated the rule and recommended that no changes to the rule as currently in effect were necessary, and as such staff requested Board approval to submit the proposed readoption of the rule as required by Tex. Gov't Code §2001.039 for a public comment period as part of the four-year rule review process; and

WHEREAS, such proposed action was published in the *Texas Register* for public comment from February 6, 2026, through March 8, 2026, no public comment was received and the readoption is approved with no changes;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

The Department last amended 10 TAC §1.13, Contested Case Hearing Procedures, in May 2022. Therefore, under Tex. Gov't Code §2001.039, which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule was due to be evaluated in 2026. Staff determined that there is a continuing need for this rule to exist which is to provide procedures for contested case hearings. This section does not apply to matters such as appeals to the Board of staff decisions or waivers, and this section does not in itself create any right to a contested case hearing, but merely provides the process to be used for contested case hearings that are otherwise expressly provided for by law or rule.

Staff also concluded that no revisions were currently warranted. The Secretary of State requires that even when no revisions are proposed, the rule be released for a public comment period. Therefore, the rule was made available for public comment from February 6, 2026, through March 8, 2026, and no public comment was received. The rule is readopted with no changes.

Attachment 1: Notice of Rule Review for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.13, Contested Case Hearing Procedures

The Texas Department of Housing and Community Affairs (the Department) files this notice of rule review for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.13, Contested Case Hearing Procedures. The purpose of the action was to conduct a rule review in accordance with Tex. Gov't Code §2001.039, which requires a state agency to review its rules every four years.

The Department determined that there continues to be a need for this rule, which is to provide procedures for contested case hearings. The Department also determined that no changes to this rule as currently in effect were necessary. This rule proposed for readoption was noted in the Texas Register's Review of Agency Rules section without publication of the text.

SUMMARY OF PUBLIC COMMENT. Public comment was accepted from February 6, 2026, through March 8, 2026. No comment was received and the rule is readopted without changes.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1370 **Agenda Date:** 4/9/2026 **Agenda #:** 20.

Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.17, Alternative Dispute Resolution, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff assessed 10 TAC §1.17, Alternative Dispute Resolution, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to satisfy Tex. Gov't Code §2306.082, which requires the Department to encourage the use of alternative dispute resolution procedures;

WHEREAS, staff evaluated the rule and recommended that no changes to the rule as currently in effect were necessary, and as such staff requested Board approval to submit the proposed readoption of the rule as required by Tex. Gov't Code §2001.039 for a public comment period as part of the four-year rule review process; and

WHEREAS, such proposed action was published in the *Texas Register* for public comment from February 6, 2026, through March 8, 2026, and no comment was received;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles...end

BACKGROUND

The Department last amended 10 TAC §1.17, Alternative Dispute Resolution, in April 2022. Therefore, under Tex. Gov't Code §2001.039, which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule was due to be evaluated in 2026. Staff determined that there was a continuing need for this rule to exist and that no revisions were currently warranted. The Secretary of State requires that even when no revisions are proposed, the rule be released for a public comment period. Therefore, the rule was made available for public comment from February 6, 2026, through March 8, 2026, and no comment was received. The rule is readopted with no changes.

Attachment 1: Notice of Rule Review for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.17, Alternative Dispute Resolution

The Texas Department of Housing and Community Affairs (the Department) files this notice of rule review for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.17, Alternative Dispute Resolution. The purpose of the action is to conduct a rule review in accordance with Tex. Gov't Code §2001.039, which requires a state agency to review its rules every four years.

The Department determined that there continues to be a need for this rule, which is to satisfy Tex. Gov't Code, §2306.082, which requires the Department to encourage alternative dispute resolution procedures. The Department has also determined that no changes to this rule as currently in effect were necessary. This rule proposed for readoption was noted in the Texas Register's Review of Agency Rules section without publication of the text.

SUMMARY OF PUBLIC COMMENT. Public comment was accepted from February 6, 2026, through March 8, 2026. No public comment was received and the rule is readopted without changes.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1371 **Agenda Date:** 4/9/2026 **Agenda #:** 21.

Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, including §§21.1 through 21.6, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff assessed 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, including §§21.1 through 21.6, and confirms that the reasons for the initial adoption of this rule continue to exist: to comply with Tex. Gov't Code §2306.187, which requires that the Department develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs;

WHEREAS, staff evaluated the rule and recommended that no changes to the rule as currently in effect were necessary, and staff requested Board approval to submit the proposed readoption of the rule as required by Tex. Gov't Code §2001.039 for a public comment period as part of the four-year rule review process; and

WHEREAS, such proposed action was published in the *Texas Register* for public comment from February 6, 2026, through March 8, 2026, and no public comment was received;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

The Department last performed a Four-Year rule review on 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, including §§21.1 through 21.6, in January 2022. Therefore, under Tex. Gov't Code §2001.039, which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule was due to be evaluated in 2026. Staff determined that there

was a continuing need for this rule to exist and that no revisions are currently warranted. The Secretary of State requires that even when no revisions are proposed, the rule be released for a public comment period. Therefore, the rule was made available for public comment from February 6, 2026, through March 8, 2026, and no public comment was received.

Attachment 1: Notice of Rule Review for 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, including §§21.1 through 21.6

The Texas Department of Housing and Community Affairs (the Department) files this notice of rule review for 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, including §§21.1 through 21.6. The purpose of the action was to conduct a rule review in accordance with Tex. Gov't Code §2001.039, which requires a state agency to review its rules every four years.

The Department has determined that there continues to be a need for this rule to comply with Tex. Gov't Code §2306.187, which requires that the Department develop and adopt rules relating to Minimum Energy Efficiency requirements for new construction, reconstruction, and rehabilitation activities in Single Family Programs. The Department also determined that no changes to this rule are necessary. This rule proposed for readoption was noted in the Texas Register's Review of Agency Rules section without publication of the text.

SUMMARY OF PUBLIC COMMENT. The public comment period was from February 6, 2026, through March 8, 2026. No public comment was received and the rule is readopted without changes.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1372 **Agenda Date:** 4/9/2026 **Agenda #:** 22.

Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 25, Colonia Self-Help Center Program Rule, including §§25.1 through 25.10, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff assessed 10 TAC Chapter 25, Colonia Self-Help Center Program Rule, including §§25.1 through 25.10, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to establish the requirements governing the Colonia Self-Help Centers, created pursuant to Subchapter Z of Chapter 2306 of the Tex. Gov't Code;

WHEREAS, staff evaluated the rule and recommended that no changes to the rule were necessary, and staff requested Board approval to submit the proposed readoption of the rule as required by Tex. Gov't Code §2001.039 for a public comment period as part of the four-year rule review process; and

WHEREAS, such proposed action was published in the *Texas Register* for public comment from February 6, 2026, through March 8, 2026, and no public comment was received;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles...end

BACKGROUND

The Department last performed a Four-Year rule review on 10 TAC Chapter 25, Colonia Self-Help Center Program Rule, including §§25.1 through 25.10, in January 2022. Therefore, under Tex. Gov't Code §2001.039, which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule was due to be evaluated in 2026. Staff determined that there was a continuing need for this rule to exist and that no revisions were warranted. The Secretary of State requires that even when no revisions are proposed, the rule be released for a public comment period. Therefore, the rule was made available for public comment from February 6, 2026, through March 8, 2026. No

public comment was received.

Attachment 1: Notice of Proposed Rule Review for 10 TAC Chapter 25, Colonia Self-Help Center Program Rule, including §§25.1 through 25.10

The Texas Department of Housing and Community Affairs (the Department) files this notice of rule review for 10 TAC Chapter 25, Colonia Self-Help Center Program Rule, including §§25.1 through 25.10. The purpose of the action is to conduct a rule review in accordance with Tex. Gov't Code §2001.039, which requires a state agency to review its rules every four years.

The Department determined that there continues to be a need for this rule, which is to establish the requirements governing the Colonia Self-Help Centers, created pursuant to Subchapter Z of Chapter 2306 of the Tex. Gov't Code. The Department also determined that no changes to this rule were necessary. This rule was noted in the Texas Register's Review of Agency Rules section without publication of the text.

SUMMARY OF PUBLIC COMMENT. Public comment was accepted from February 6, 2026, through March 8, 2026. No public comment was received and the rule is readopted without changes.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1373 **Agenda Date:** 4/9/2026 **Agenda #:** 23.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; an order adopting new 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; and directing their publication 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, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist and this rule was last considered in March 2022;

WHEREAS, staff assessed 10 TAC Chapter 27, Texas First Time Homebuyer (FTHB) Program Rule, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to provide guidance relating to the Texas First Time Homebuyer Program;

WHEREAS, staff evaluated the rule and the rule was in need of a revision to reflect a new policy relating to lien status of Department loans; and

WHEREAS, such proposed rulemaking was published in the *Texas Register* for public comment from February 6, 2026, to March 8, 2026, and no public comment was received;

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 action herein in the form presented to this meeting, to be published in the *Texas Register,* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles...end

BACKGROUND

This rule lays out the parameters for administration of the Texas First Time Homebuyer Program. As part of the rule's four year rule review, it has been identified by staff as needing revisions. There have recently been instances where the Department's lien status on loans in the portfolio has been jeopardized by lien holders with smaller liens, such as liens held by Home Owner Associations (HOAs). When those lien holders pursue foreclosure it puts the Department's larger loan at risk of non-repayment.

To prevent this from occurring a policy has been drafted in the rule that specifies that a loan made by the Department must be: 1) first lien if it is the largest loan; or 2) the Department may accept a subordinate lien position if the original principal amount of the leveraged Mortgage Loan is at least 55% of the combined repayable or amortized loans (however, liens related to

other subsidized funds provided in the form of grants and non-amortizing mortgage loans, such as deferred payment or forgivable loans, must be subordinate to the Department's mortgage); and For real property encumbered by deed restrictions governed by a property owners' association or homeowners' association, the association shall subordinate its assessment liens in the deed restrictions to the Department's Mortgage Loan.

Upon prior Board approval, the proposed rule was published in the *Texas Register* and released for public comment from February 6, 2026, to March 8, 2026. No public comment was received and the rule is recommended for adoption with no further changes.

Attachment 1: Preamble, including required analysis, for the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule. The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

Tex. Gov't Code §2001.0045(b) does not apply to the rule being repealed because there are no costs associated with the repeal.

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

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

1. Robert Wilkinson, Executive Director, has determined that, for the first five years the repeal will be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous proposed adoption making changes to the rule governing the Texas First Time Homebuyer Program Rule.

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

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

4. The repeal does not result in an increase in fees paid to the Department, nor 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 action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to the existing procedures for the Texas First time Homebuyer Program.

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

8. The repeal will not negatively or positively affect 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 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 will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section would be an updated rule that better protects the Department's liens on applicable properties. There will be no 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.

SUMMARY OF PUBLIC COMMENT. The Department accepted public comment from February 6, 2026, to March 8, 2026. No public comment was received and the repeal is adopted without changes.

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

10 TAC Chapter 27, Texas First Time Homebuyer Program Rule

§27.1 Purpose
§27.2 Definitions
§27.3 Restrictions on Residences Financed and Applicant
§27.4 Occupancy and Use Requirements
§27.5 Application Procedure and Requirements for Commitments by Mortgage Lenders
§27.6 Criteria for Approving Participating Mortgage Lenders
§27.7 Resale of the Residence
§27.8 Conflicts with Bond Indentures and Applicable Law
§27.9 Waiver

Attachment B: Preamble, including required analysis, for new 10 TAC Chapter 27, Texas First

Time Homebuyer Program Rule

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule. The purpose of the rule is to make changes that address lien status for homes purchased under the program. There have recently been instances where the Department's lien status on loans in the portfolio has been jeopardized by lien holders with smaller liens; when those lien holders pursue foreclosure it puts the Department's larger loan at risk of non-repayment.

To prevent this from occurring a policy has been drafted in the rule that specifies that a loan made by the Department must be: 1) first lien if it is the largest loan; or 2) the Department may accept a subordinate lien position if the original principal amount of the leveraged Mortgage Loan is at least 55% of the combined repayable or amortized loans (however, liens related to other subsidized funds provided in the form of grants and non-amortizing mortgage loans, such as deferred payment or forgivable loans, must be subordinate to the Department's mortgage); and 3) For real property encumbered by deed restrictions governed by a property owners' association or homeowners' association, the association shall subordinate its assessment liens in the deed restrictions to the Department's Mortgage Loan.

Tex. Gov't Code §2001.0045(b) does not apply to the rule being adopted, because it meets the exceptions described under items (c)(4) and (9) of that section. The rules relate to a program through which the Department accesses federal bond authority to provide affordable housing opportunities to low income Texans under Treasury Regulations §143. The rule also ensures compliance with Tex. Gov't Code, Subchapter MM, Texas First-Time Homebuyer Program. Even though excepted, it should be noted that no costs are associated with this action that would have prompted a need to be offset.

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

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

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

1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to the rules that govern the Texas First Time Homebuyer Program.

2. The new rule does not require a change in work that would require the creation of new employee positions, nor will it reduce work load to a degree that eliminates any existing employee positions.

3. The new rule changes do not require additional future legislative appropriations.

4. The new rule 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 rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The rule will not limit, expand or repeal an existing regulation but merely revises a rule.

7. The new rule does not increase or decrease the number of individuals to whom this rule applies; and

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

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

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 general program guidelines for the First Time Homebuyer Program. The beneficiaries of this program are individual households, therefore no small or micro-businesses are subject to the rule.

3. The Department has determined that because this rule relates only to a revision to a rule that applies to a program for which individual households are the beneficiaries, there will be no economic effect on small or micro-businesses or rural communities.

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

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

The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment because this rule relates to homebuyer assistance to individual households, not limited to any given community or area within the state; therefore no local employment impact statement is required to be prepared for the rule.

Texas 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 the rule relates only to the continuation of the rules in place there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new sections are in effect, the public benefit anticipated as a result of the proposed new rule will be a more updated rule better protecting the Department's lien status. There will be no economic cost to any individuals required to comply with the proposed new rule because the activities described by the rule has already been in existence.

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 sections are in effect, enforcing or administering the new sections does not have any foreseeable implications related to costs or revenues of the state or local governments as this rule relates only to a process that already exists and is not being significantly revised.

SUMMARY OF PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department accepted public comment from February 6, 2026, to March 8, 2026. No public comment was received and the rule is adopted without changes.

STATUTORY AUTHORITY. The rule is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new sections affect no other code, article, or statute. The rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

CHAPTER 27 TEXAS FIRST TIME HOMEBUYER PROGRAM RULE

§27.1 Purpose

(a) The purpose of the Texas First Time Homebuyer Program is to facilitate the origination of single-family Mortgage Loans for eligible first time Homebuyers, and to make available down payment and closing cost assistance to eligible Homebuyers. The Texas First Time Homebuyer Program is administered in accordance with Texas Government Code, Chapter 2306. Chapter 20 of this title (relating to the Single Family Programs Umbrella Rule) does not apply to the activities under this chapter, except if these activities are combined with activities subject to Chapter 20 of this title.

(b) Assistance under this Program is dependent, in part, on the availability of funds. The Department may cease offering all or a part of the assistance available under the program at any time and in its sole discretion.

§27.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context or the Participation Packet indicates otherwise. Other definitions may be found in Texas Government Code, Chapter 2306; Chapter 1 of this title (relating to Administration); and Chapter 2 of this title (relating to Enforcement).

(1) Applicable Median Family Income--The Department's determination, as permitted by Texas Government Code, §2306.123, of the median income of an individual or family for an area using a source or methodology acceptable under federal law or rule. The Applicable Median Family Income, as updated from time to time, may be found on the Department's website in the "Combined Income and Purchase Price Limits Table."

(2) Applicant--A person or persons applying for financing of a Mortgage Loan under the Program.

(3) Areas of Chronic Economic Distress--Those areas in the state, whether one or more, designated from time to time as areas of chronic economic distress by the state and approved by the U.S. Secretaries of Treasury and Housing and Urban Development, respectively, pursuant to §143(j) of the Code.

(4) Average Area Purchase Price--With respect to a Residence financed under the Program, the average purchase price of single-family residences in the statistical area in which the Residence is located which were purchased during the most recent twelve (12) month period for which statistical information is available, as determined in accordance with §143(e) of the Code.

(5) Code--The Internal Revenue Code of 1986, as amended from time to time.

(6) Contract for Deed Exception--The exception for certain Mortgage Loan eligibility requirements, as provided in the Master Mortgage Origination Agreement, available with respect to a principal residence owned under a contract for deed by a person whose family

income is not more than 50% of the area's Applicable Median Family Income.

(7) Federal Housing Administration--A division of the U.S. Department of Housing and Urban Development, also known as FHA.

(8) First Time Homebuyer--A person who has not owned a home during the three (3) years preceding the date on which an application under this program is filed. A person will be considered to have owned a home if the person had a present ownership interest in a home during the three (3) years preceding the date on which the application was filed. In the event there is more than one person applying with respect to a home, each Applicant must separately meet this three year requirement.

(9) Homebuyer--An Applicant that is approved by the Program and purchases a Residence.

(10) Master Mortgage Origination Agreement--The contract between the Department and a Mortgage Lender, together with any amendments thereto, setting forth certain terms and conditions relating to the origination and sale of Mortgage Loans by the Mortgage Lender and the financing of such Mortgage Loans by the Department.

(11) Mortgage Lender--the entity, as defined in §2306.004 of the Tex. Gov't Code, that is participating in the Program and signatory to the Master Mortgage Origination Agreement.

(12) Participation Packet--The application submitted to the Department by the proposed Mortgage Lender to participate in the Program.

(13) Program--The Texas First Time Homebuyer Program.

(14) Purchase Price Limit--The Purchase Price Limits published and updated from time to time in the "Combined Income and Purchase Price Limits Table" found on the Department's website equal to 90% of the Average Area Purchase Price, subject to certain exceptions for Targeted Area Loans.

(15) Qualified Veteran Exemption to First Time Homebuyer Requirement--A qualified veteran who has not previously received financing as a First Time Homebuyer through a single family mortgage revenue bond program is exempt from the requirement to be a First Time Homebuyer. The veteran must certify that he or she has not previously obtained a Mortgage Loan financed by single family mortgage revenue bonds, and is utilizing the veteran exception set forth in §143(d)(2)(D) of the IRS Code. Qualified veterans must also complete a worksheet evidencing qualification as a veteran and provide copies of discharge papers.

(16) Regulations--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.

(17) Residence--A dwelling in Texas in which an Applicant intends to reside as the Applicant's principal living space. This is intended to have the same meaning as Home as defined in §2306.1071 of the Tex. Gov't Code.

(18) Rural Housing Service--A division of the United States Department of Agriculture, also known as RHS.

(19) Targeted Area--A qualified census tract, as determined in accordance with §6(a)103A-(2)(b)

(4) of the Regulations or any successor regulations thereto, or an Area of Chronic Economic Distress. Applicants purchasing in Targeted Areas may have higher income and purchase price limits as set forth in the "Combined Income and Purchase Price Limits Table" found on the Department's website.

(20) Targeted area exemption to First time Homebuyer Requirement--Applicants purchasing homes in targeted areas financed through the program are exempt from the requirement to be a First Time Homebuyer and income and purchase price limits may be higher as found in the "Combined Income and Purchase Price Limits Table" located on the Department's website.

(21) United States Department of Veterans Affairs--Also known as VA.

§27.3 Restrictions on Residences Financed and Applicant

(a) Type of Residence and Number of Units. To be eligible for assistance under the Program an Applicant must apply with respect to a Residence that is either a new or existing single family residence, new or existing condominium or townhome, or manufactured housing that has been converted to real property in accordance with the Texas Occupations Code, Chapter 1201 or FHA guidelines, as required by the Department. A duplex may be financed under the Program as long as one unit of the duplex is occupied by the Applicant as his or her Residence, and the duplex was first occupied for residential purposes at least five years prior to the closing of the Mortgage Loan.

(b) Homebuyer Education. Each Applicant must complete a Department approved pre-purchase homebuyer education course.

(c) Income Limits. An Applicant applying for a Mortgage Loan must meet Applicable Median Family Income requirements.

(d) Down Payment Assistance. An Applicant meeting the Applicable Median Family Income requirements in subsection (c) of this section may qualify for down payment and closing cost assistance in connection with the Mortgage Loan on a first come, first served basis, subject to availability of funds.

(e) Residential Property Standards. The Residence must meet all standards required by the State of Texas, local jurisdiction, and as required by the Federal Mortgage Lender.

(f) Lien Position Requirements.

(1) A Mortgage Loan made by the Department shall be secured by a first lien on the real property if the Department's Mortgage Loan is the largest Mortgage Loan secured by the real property; or

(2) The Department may accept a subordinate lien position if the original principal amount of the leveraged Mortgage Loan is at least 55% of the combined repayable or amortized loans; however, liens related to other subsidized funds provided in the form of grants and non-amortizing Mortgage Loans, such as deferred payment or Forgivable Loans, must be subordinate to the Department's payable Mortgage Loan; and

(3) For real property encumbered by deed restrictions governed by a property owners' association or homeowners' association, the association shall subordinate its assessment liens in the deed restrictions to the Department's Mortgage Loan.

§27.4 Occupancy and Use Requirements

(a) Occupancy requirement. The Homebuyer must occupy the property within a reasonable time (not to exceed 60 days) after the date of closing as his or her Residence.

(b) Use for a business. Homebuyer may not use more than 15% of the Residence in a trade or business (including childcare services) on a regular basis for compensation. If the Residence is to be used, in part, for a trade or business, a schematic drawing from an appraiser must be provided.

(c) Homebuyer may not use the Residence, or any part thereof, as an investment property, rental property, vacation or second home, or recreational home, and shall continue to occupy the Residence as Homebuyer's principal living space, unless waived by the Executive Director or their designee, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Homebuyer's control.

§27.5 Application Procedure and Requirements for Commitments by Mortgage Lenders

(a) An Applicant seeking assistance under the Program must first contact a participating Mortgage Lender. A list of participating Mortgage Lenders may be obtained on the Department's website or by contacting the Department.

(b) Applicant shall complete an application with a participating Mortgage Lender.

(c) Application Fees. Fees that may be collected by the Mortgage Lender from the Applicant relating to a Mortgage Loan include:

(1) an appropriate, as determined by the Department, origination fee and/or buyer/seller points; and

(2) all usual and reasonable settlement or financing costs that are permitted to be so collected by FHA , RHS, VA, Freddie Mac or Fannie Mae, as applicable, and other applicable laws, but only to the extent such charges do not exceed the usual and reasonable amounts charged in the area in which the Residence is located. Such usual and reasonable settlement or financing costs shall include an application fee as determined by the Department, the total estimated costs of a credit report on the Applicants and an appraisal of the property to be financed with the Mortgage Loan, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and expenses, credit report fees, FHA insurance premiums, private Mortgage guaranty insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, abstract fees, tax service fees, recording or registration fees, escrow fees, and file preparation fees.

(d) The Department will determine from time to time, a schedule of fees and charges necessary for expenses and reserves of the housing finance division as set forth in a Board resolution.

(e) The Mortgage Lender must register the Mortgage Loan in accordance with the Department's published procedures.

§27.6 Criteria for Approving Participating Mortgage Lenders

(a) To be approved by the Department for participation in the program, a Mortgage Lender must meet the requirements in the Participation Packet to be a qualified Mortgage Lender as specified by:

(1) FHA;

(2) RHS;

(3) VA; or

(4) be a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae's and/or Freddie Mac's requirements.

(b) As a condition for participation in the Program, a qualified Mortgage Lender must:

(1) agree to originate Mortgage Loans and assign those loans and related Mortgages and servicing to the Department's master servicer;

(2) originate, process, underwrite, close and fund originated loans; and

(3) be an approved Mortgage Lender with the Program's master servicer.

§27.7 Resale of the Residence

Mortgage Loans that are financed with the proceeds of tax-exempt bonds, or for which a Mortgage Credit Certificate has been or will be issued, will be subject to federal income tax recapture provisions. Assumption of a Mortgage Loan is allowed under the Program if the new owner meets the Program requirements at the time of the sale of the Residence.

§27.8 Conflicts with Bond Indentures and Applicable Law

All assistance provided under the Program is funded through or facilitated by the Department's mortgage revenue bond indentures and is subject to changes in the mortgage revenue bond indentures and applicable law. If there is a conflict between this chapter and any bond indenture or applicable law regarding the use of the funds from mortgage revenue bonds, the mortgage revenue bond indenture or applicable law shall control.

§27.9 Waiver

The Board, in its discretion and within the limits of federal and state law, may waive any one or more of the rules governing this Program, except 10 TAC §27.8, if the Board finds that waiver is appropriate to fulfill the purposes or polices of Texas Government Code, Chapter 2306.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1374 **Agenda Date:** 4/9/2026 **Agenda #:** 24.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 28, Taxable Mortgage Program; an order adopting new 10 TAC Chapter 28, Taxable Mortgage Program; and directing their publication 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, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist and this rule was last considered in March 2022;

WHEREAS, staff has assessed 10 TAC Chapter 28, Taxable Mortgage Program, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to provide guidance relating to the Taxable Mortgage Program;

WHEREAS, staff has evaluated the rule and the rule is in need of a revision to reflect a new policy relating to lien status of Department loans; and

WHEREAS, such proposed rulemaking was published in the *Texas Register* for public comment to be received from February 6, 2026, to March 8, 2026, and no comment was received;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

This rule lays out the parameters for administration of the Taxable Mortgage Program. As part of the rule's four year rule review, it has been identified by staff as needing revisions. There have recently been instances where the Department's lien status on loans in the portfolio has been jeopardized by lien holders with smaller liens, such as liens held by Home Owner Associations (HOAs). When those lien holders pursue foreclosure it puts the Department's larger loan at risk of non-repayment.

To prevent this from occurring a policy has been drafted in the rule that specifies that a loan made by the Department must be: 1) first lien if it is the largest loan; or 2) the Department may accept a subordinate lien position if the original principal amount of the leveraged Mortgage Loan is at least 55% of the combined repayable or amortized loans (however, liens related to other subsidized funds provided in the form of grants and non-amortizing mortgage loans, such

as deferred payment or forgivable loans, must be subordinate to the Department's mortgage); and 3) For real property encumbered by deed restrictions governed by a property owners' association or homeowners' association, the association shall subordinate its assessment liens in the deed restrictions to the Department's Mortgage Loan.

The proposed rule action was published in the *Texas Register* and released for public comment from February 6, 2026, to March 8, 2026. No public comment was received and the rule is adopted without changes.

Attachment 1: Preamble, including required analysis, for the repeal of 10 TAC Chapter 28, Taxable Mortgage Program

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 28, Taxable Mortgage Program. The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

Tex. Gov't Code §2001.0045(b) does not apply to the rule because there are no costs associated with the repeal.

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

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

1. Robert Wilkinson, Executive Director, has determined that, for the first five years the repeal will be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous proposed adoption making changes to the rule governing the Taxable Mortgage Program.

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

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

4. The repeal does not result in an increase in fees paid to the Department, nor 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 action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to the existing procedures for the Taxable Mortgage Program.

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

8. The repeal will not negatively or positively affect 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 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 will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section would be an updated rule that better protects the Department's liens on applicable properties. There will be no 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.

SUMMARY OF PUBLIC COMMENT. Public comment was accepted from February 6, 2026, to March 8, 2026. No public comment was received and the repeal is adopted without changes.

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

10 TAC Chapter 28, Taxable Mortgage Program

§28.1 Purpose
§28.2 Definitions
§28.3 Restrictions on Residences Financed and Applicant
§28.4 Occupancy and Use Requirements
§28.5 Application Procedure and Requirements for Commitments by Mortgage Lenders
§28.6 Criteria for Approving Participating Mortgage Lenders
§28.7 Resale of the Residence
§28.8 Conflicts with Bond Indentures and Applicable Law
§28.9 Waiver

Attachment B: Preamble, including required analysis, for new 10 TAC Chapter 28, Taxable Mortgage Program Rule

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 28, Taxable Mortgage Program Rule. The purpose of the new rule is to make changes that address lien status for homes purchased under the program. There have recently been instances where the Department's lien status on loans in the portfolio has been jeopardized by lien holders with smaller liens; when those lien holders pursue foreclosure it puts the Department's larger loan at risk of non-repayment.

To prevent this from occurring a policy has been drafted in the rule that specifies that a loan made by the Department must be: 1) first lien if it is the largest loan; or 2) the Department may accept a subordinate lien position if the original principal amount of the leveraged Mortgage Loan is at least 55% of the combined repayable or amortized loans (however, liens related to other subsidized funds provided in the form of grants and non-amortizing mortgage loans, such as deferred payment or forgivable loans, must be subordinate to the Department's mortgage); and 3) For real property encumbered by deed restrictions governed by a property owners' association or homeowners' association, the association shall subordinate its assessment liens in the deed restrictions to the Department's Mortgage Loan.

Tex. Gov't Code §2001.0045(b) does apply to the rule being adopted and no exceptions apply. However, no costs are associated with this action that would have prompted a need to be offset.

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

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

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

1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to the rules that govern the Taxable Mortgage Program.

2. The new rule does not require a change in work that would require the creation of new employee positions, nor will it reduce work load to a degree that eliminates any existing employee positions.

3. The new rule changes do not require additional future legislative appropriations.

4. The new rule 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 rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The rule will not limit, expand or repeal an existing regulation but merely revises a rule.

7. The new rule does not increase or decrease the number of individuals to whom this rule applies; and

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

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

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 general program guidelines for the Taxable Mortgage Program. The beneficiaries of this program are individual households, therefore no small or micro-businesses are subject to the rule.

3. The Department has determined that because this rule relates only to a revision to a rule that applies to a program for which individual households are the beneficiaries, there will be no economic effect on small or micro-businesses or rural communities.

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

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

The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment because this rule relates to homebuyer assistance to individual households, not limited to any given community or area within the state; therefore no local employment impact statement is required to be prepared for the rule.

Texas 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 the rule relates only to the continuation of the rules in place there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new sections are in effect, the public benefit anticipated as a result of the proposed new rule will be a more updated rule reflecting transparent compliant regulations. There will be no economic cost to any individuals required to comply with the proposed new rule because the activities described by the rule has already been in existence.

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 as this rule relates only to a process that already exists and is not being significantly revised.

SUMMARY OF PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. Public comment was accepted from February 6, 2026, to March 8, 2026. No public comment was received and the rule is adopted without further changes.

STATUTORY AUTHORITY. The rule is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new sections affect no other code, article, or statute. The rule, as adopted, has been reviewed by legal counsel

and found to be a valid exercise of the Department's legal authority.

CHAPTER 28 TAXABLE MORTGAGE PROGRAM

§28.1 Purpose

(a) The purpose of the Taxable Mortgage Program is to facilitate the origination of single-family mortgage loans and to refinance existing Mortgage Loans for eligible Homebuyers and in both cases to make down payment and closing cost assistance available to eligible Homebuyers. Chapter 20 of this title (relating to the Single Family Programs Umbrella Rule) does not apply to the activities under this chapter, except if these activities are combined with activities subject to Chapter 20 of this title.

(b) Assistance under this program is dependent, in part, on the availability of funds. The Department may cease offering all or a part of the assistance available under the program at any time and in its sole discretion.

§28.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context or the Participation Packet indicates otherwise. Other definitions may be found in Texas Government Code, Chapter 2306; Chapter 1 of this title (relating to Administration); and Chapter 2 of this title (relating to Enforcement).

(1) Applicable Median Family Income--The Department's determination, as permitted by Texas Government Code, §2306.123, of the median income of an individual or family for an area using a source or methodology acceptable under federal law or rule. The Applicable Median Family Income, as updated from time to time, may be found on the Department's website in the "Combined Income and Purchase Price Limits Table."

(2) Applicant--A person or persons applying for financing of a Mortgage Loan under the Program.

(3) Areas of Chronic Economic Distress--Those areas in the state, whether one or more, designated from time to time as areas of chronic economic distress by the state and approved by the U.S. Secretaries of Treasury and Housing and Urban Development, respectively, pursuant to §143(j) of the Code.

(4) Code--The Internal Revenue Code of 1986, as amended from time to time.

(5) Department Designated Areas of Special Need--Geographic areas designated by the Department from time to time as areas of special need.

(6) Federal Housing Administration--A division of the U.S. Department of Housing and Urban Development, also known as FHA.

(7) Homebuyer--An Applicant that is approved by the Program and purchases a Residence.

(8) Master Mortgage Origination Agreement--The contract between the Department and a Mortgage Lender, together with any amendments thereto, setting forth certain terms and conditions relating to the origination and sale of Mortgage Loans by the Mortgage Lender and the financing of such Mortgage Loans by the Department.

(9) Mortgage Lender--The entity, as defined in §2306.004 of the Texas Government Code,

participating in the Program and signatory to the Master Mortgage Origination Agreement.

(10) Participation Packet--The application submitted to the Department by the proposed Mortgage Lender to participate in the Program.

(11) Program--The Taxable Mortgage Program.

(12) Regulations--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.

(13) Residence--A dwelling in Texas in which an Applicant intends to reside as the Applicant's principal living space. Has the same meaning as Home in Chapter 2306 of the Texas Government Code.

(14) Rural Housing Service--A division of the United States Department of Agriculture, also known as RHS.

(15) Targeted Area--A qualified census tract, as determined in accordance with §6(a)103A-(2)(b)(4) of the Regulations or any successor regulations thereto, or an Area of Chronic Economic Distress, or a Department Designated Area of Special Need. Applicants purchasing in Targeted Areas may have higher income limits as set forth in the "Combined Income and Purchase Price Limits Table" found on the Department's website.

(16) United States Department of Veterans Affairs--Also known as VA.

§28.3 Restrictions on Residences Financed and Applicant

(a) Type of Residence and Number of Units. To be eligible for assistance under the Program an Applicant must apply with respect to a Residence that is either a new or existing single family residence, new or existing condominium or townhome, or manufactured housing that has been converted to real property in accordance with the Texas Occupations Code, Chapter 1201 or FHA guidelines, as required by the Department. A duplex may be financed under the Program as long as one unit of the duplex is occupied by the Applicant as his or her Residence, and the duplex was first occupied for residential purposes at least five years prior to the closing of the Mortgage Loan.

(b) Homebuyer Education. Each Applicant must complete a Department approved pre-purchase homebuyer education course.

(c) Income Limits. An Applicant applying for a Mortgage Loan must meet Applicable Median Family Income requirements.

(d) Down Payment Assistance. An Applicant meeting the Applicable Median Family Income requirements in subsection (c) of this section may qualify for down payment and closing cost assistance in connection with the Mortgage Loan on a first come, first served basis, subject to availability of funds.

(e) Residential Property Standards. The Residence must meet all standards required by the State of Texas, local jurisdiction, and as required by the Mortgage Lender.

(f) Lien Position Requirements.

(1) A Mortgage Loan made by the Department shall be secured by a first lien on the real

property if the Department's Mortgage Loan is the largest Mortgage Loan secured by the real property; or

(2) The Department may accept a subordinate lien position if the original principal amount of the leveraged Mortgage Loan is at least 55% of the combined repayable or amortized loans; however, liens related to other subsidized funds provided in the form of grants and non-amortizing Mortgage Loans, such as deferred payment or Forgivable Loans, must be subordinate to the Department's payable Mortgage Loan; and

(3) For real property encumbered by deed restrictions governed by a property owners' association or homeowners' association, the association shall subordinate its assessment liens in the deed restrictions to the Department's Mortgage Loan.

§28.4 Occupancy and Use Requirements

(a) Occupancy requirement. The Homebuyer must occupy the property within a reasonable time (not to exceed 60 days) after the date of closing as his or her Residence.

(b) Use for a business. Homebuyer may not use more than 15% of the Residence in a trade or business (including childcare services) on a regular basis for compensation. If the Residence is to be used, in part, for a trade or business, a schematic drawing from an appraiser must be provided.

(c) Homebuyer may not use the Residence, or any part thereof, as an investment property, rental property, vacation or second home, or recreational home, and shall continue to occupy the Residence as Homebuyer's principal living space, unless waived by the Executive Director or their designee, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Homebuyer's control.

§28.5 Application Procedure and Requirements for Commitments by Mortgage Lenders

(a) An Applicant seeking assistance under the Program must first contact a participating Mortgage Lender. A list of participating Mortgage Lenders may be obtained on the Department's website or by contacting the Department.

(b) Applicant shall complete an application with a participating Mortgage Lender.

(c) Application Fees. Fees that may be collected by the Mortgage Lender from the Applicant relating to a Mortgage Loan include:

(1) an appropriate, as determined by the Department, origination fee and/or buyer/seller points; and

(2) all usual and reasonable settlement or financing costs that are permitted to be so collected by FHA, RHS, VA, Freddie Mac or Fannie Mae, as applicable, and other applicable laws, but only to the extent such charges do not exceed the usual and reasonable amounts charged in the area in which the Residence is located. Such usual and reasonable settlement or financing costs shall include an application fee as determined by the Department, the total estimated costs of a credit report on the Applicants and an appraisal of the property to be financed with the Mortgage Loan, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and expenses, credit report fees, FHA insurance premiums, private Mortgage guaranty insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, abstract fees, tax service fees, recording or registration fees, escrow fees, and file

preparation fees.

(d) The Department will determine from time to time a schedule of fees and charges necessary for expenses and reserves of the housing finance division as set forth in a Board resolution.

(e) The Mortgage Lender must register the Mortgage Loan in accordance with the Department's published procedures.

§28.6 Criteria for Approving Participating Mortgage Lenders

(a) To be approved by the Department for participation in the program, a Mortgage Lender must meet the requirements in the Participation Packet to be a qualified Mortgage Lender as specified by:

(1) FHA;

(2) RHS;

(3) VA; or

(4) be a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae's and/or Freddie Mac's requirements.

(b) As a condition for participation in the Program, a qualified Mortgage Lender must:

(1) agree to originate Mortgage Loans and assign those loans and related Mortgages and servicing to the Department's master servicer;

(2) originate, process, underwrite, close and fund originated loans; and

(3) be an approved Mortgage Lender with the Program's master servicer.

§28.7 Resale of the Residence

Mortgage Loans that are financed with the proceeds of tax-exempt bonds, or for which a Mortgage Credit Certificate has been or will be issued, will be subject to federal income tax recapture provisions. Assumption of a Mortgage Loan is allowed under the Program if the new owner meets the Program requirements at the time of the sale of the Residence.

§28.8 Conflicts with Bond Indentures and Applicable Law

All assistance provided under the Program is funded through or facilitated by the Department's mortgage revenue bond indentures and is subject to changes in the mortgage revenue bond indentures and applicable law. If there is a conflict between this chapter and any bond indenture or applicable law regarding the use of the funds from mortgage revenue bonds, the mortgage revenue bond indenture or applicable law shall control.

§28.9 Waiver

The Board, in its discretion and within the limits of federal and state law, may waive any one or more of the rules governing this Program, except 10 TAC §28.8 of this chapter, if the Board finds that waiver is appropriate to fulfill the purposes or polices of Texas Government Code, Chapter 2306, or for good cause, as determined by the Board.

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1375 **Agenda Date:** 4/9/2026 **Agenda #:** 25.

Presentation, discussion, and possible action on an order adopting the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.4, Protest Procedures for Contractors, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist and this rule was last considered in April 2022;

WHEREAS, staff has assessed 10 TAC §1.4, Protest Procedures for Contractors, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to comply with 34 TAC Chapter 20, Subchapter F, Division 3, the rules of the Texas Comptroller of Public Accounts addressing procurement, which require state agencies to adopt protest procedures consistent with the Comptroller's procedures;

WHEREAS, staff evaluated the rule and recommended several minor changes to more closely align the rule with the Comptroller's rule noted above; and

WHEREAS, such proposed action was published in the *Texas Register* for public comment from February 6, 2026 to March 8, 2026, and no public comment was received;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

10 TAC §1.4, Protest Procedures for Contractors, as part of its four year rule review, has been identified by staff as needing revisions. This section of the rule provides for the procedures that a vendor having submitted a response to a procurement solicitation may use if they seek to protest to the Department. The rule is required to be consistent with the rules of the Texas Comptroller of Public Accounts found at 34 TAC Chapter 20, Subchapter F, Division 3. Staff identified two minor revisions that are necessary to bring the Department rule into greater alignment with the Comptroller's rule. This rule was released for public comment and no comment was received. The rule is adopted without further changes.

Preamble, including required analysis, for amendment to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.4, Protest Procedures for Contractors

The Texas Department of Housing and Community Affairs (the Department) adopts without changes the amendment to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.4, Protest Procedures for Contractors. The purpose of the amended section is to make several minor changes to bring this rule into greater compliance with the rules of the Texas Comptroller of Public Accounts found at 34 TAC Chapter 20, Subchapter F, Division 3.

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

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

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

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

1. The amended section does not create or eliminate a government program but relates to minor revisions to bring the rule into greater compliance with the Comptroller's rules on the same subject.

2. The amended section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The amended section does not require additional future legislative appropriations.

4. The amended 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 amended section is not creating a new regulation.

6. The amended section will not expand, limit, or repeal an existing regulation.

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

8. The amended 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 amended 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 amended 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 amended section as to its possible effects on local economies and has determined that for the first five years the amended 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 amended section is in effect, the public benefit anticipated as a result of the new section would be greater consistency between the Department's rule and the Comptroller's rule on the same subject. There will not be economic costs to individuals required to comply with the amended section.

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

SUMMARY OF PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department accepted public comment from February 6, 2026 to March 8, 2026. No public comment was received and the rule is adopted without changes.

STATUTORY AUTHORITY. The amended section is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amended section affects no other code, article, or statute. The amended rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§1.4 Protest Procedures for Contractors

(a) Purpose. The purpose of this rule provides for the Department's compliance with 34 TAC Chapter 20, Subchapter F, Division 3, the rules of the Texas Comptroller of Public Accounts addressing procurement, which require state agencies to adopt protest procedures consistent with the Comptroller's procedures.

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

(1) Board--The Governing Board of the Department.

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

(3) Interested Parties-- All vendors who have submitted bids or proposals for the contract involved. A list of interested parties is available upon request from the Department.

(4) Protest--A written objection submitted to the Department by any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation, evaluation, or award of a procurement contract by the Department.

(c) These procedures are for Department procurements only. Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with a solicitation, evaluation, or award

may formally protest to the Department's Purchasing Officer.

(d) To be considered timely, the Protest must be filed in accordance with the requirements of 34 TAC §20.535(b).

(e) To be considered complete, the Protest must be in writing, signed by an authorized representative, notarized, and contain:

(1) a specific identification of the statutory or regulatory provision(s) that the Person submitting the Protest alleges to have been violated;

(2) a specific description of each action that the Person submitting the Protest alleges to have been violated specified in the statutory or regulatory provision(s) identified in paragraph (1) of this Subsection;

(3) a precise statement of the relevant facts including:

(A) sufficient documentation to establish that the Protest has been timely filed;

(B) a description of the adverse impact to the Department and the state; and

(C) a description of the resulting adverse impact to the protesting vendor;

(4) a statement of the argument and authorities that the Person submitting the Protest offers in support of the Protest;

(5) an explanation of the subsequent action the Person submitting the Protest is requesting; and

(6) except for a Protest that concerns the solicitation documents or actions associated with the publication of solicitation documents, a statement confirming that copies of the Protest have been mailed or delivered to other identifiable Interested Parties.

(f) The Purchasing Officer shall have the initial authority to settle and resolve the Dispute concerning the solicitation or award of a contract. The Purchasing Officer may dismiss the Protest if it is not timely filed or does not meet the requirements of this section. The Purchasing Officer may solicit written responses to the Protest from other Interested Parties.

(g) If the Protest is not resolved by mutual agreement, the Purchasing Officer will provide a written recommendation to the Department's Executive Director.

(h) The Executive Director shall issue a final written determination on the Protest within 15 calendar days after receipt of the Purchasing Officer's recommendation in accordance with the requirements of 34 TAC §20.537(c).

(i) In the alternative, the Executive Director may, in his or her discretion, refer the matter to the Department's Governing Board for their consideration at a regularly scheduled meeting. The decision of the Board shall be final.

(j) A protesting party may appeal the determination of the Executive Director under Subsection (h) of this section to the Department's Governing Board. An appeal of the Executive Director's determination must be in writing and received by the Purchasing Officer not later than 10 calendar days after the date the Executive Director sent written notice of their determination. The scope of the appeal shall be limited to review of the Executive Director's determination. The protesting party must mail or deliver to all other interested parties a copy of the appeal,

which must contain a certified statement that such copies have been provided.

(1) The appeal will be presented for consideration at the next regularly scheduled meeting of the Governing Board. The decision of the Governing Board shall be final.

(2) An appeal that is not filed timely shall not be considered unless good cause for delay is shown in writing relating to issues that are significant to agency procurement practices or procedures, or the Department's General Counsel makes such a determination.

(k) All documents collected by the Department as part of a solicitation, evaluation, and/or award of a contract shall be retained with the procurement file according to Department's Records Retention Schedule.

(l) The Department reserves all of its rights under 34 TAC §20.536. The Department may award a solicitation or award without delay, in spite of a timely filed Protest, to protect the best interests of the state.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1376 **Agenda Date:** 4/9/2026 **Agenda #:** 26.

Presentation, discussion, and possible action on an order adopting the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.5, Waiver Applicability in the Case of State or Federally Declared Disasters, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist and this rule was last considered in April 2022;

WHEREAS, staff assessed 10 TAC §1.5, Waiver Applicability in the Case of State or Federally Declared Disasters, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to provide more nimble responsiveness in response to state or federally declared disasters;

WHEREAS, staff evaluated the rule and recommended several minor changes to improve clarity; and

WHEREAS, such proposed action was published in the *Texas Register* for public comment from February 6, 2026 to March 8, 2026, and no public comment was received;

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 action herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

10 TAC §1.5, Waiver Applicability in the Case of State or Federally Declared Disasters, as part of its four year rule review, has been identified by staff as needing revisions. This section of the rule provides for how the Department may waive, suspend or modify rules in the Texas Administrative Code if state or federal regulations have been waived in response to state or federally declared disasters. Staff identified minor revisions that make the rule more clear in when it applies. This rule was released for public comment and no comment was received.

Attachment 1: Preamble, including required analysis, for amendment to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.5, Waiver Applicability in the Case of State or Federally Declared Disasters

The Texas Department of Housing and Community Affairs (the Department) adopts the amendments to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.5, Waiver Applicability in the Case of State or Federally Declared Disasters. The purpose of the amended section is to make several minor changes to provide greater clarity around when the Executive Director can waive rules when there have been state or federal regulatory waivers in response to state or federal disasters.

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

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

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

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

1. The amended section does not create or eliminate a government program but relates to minor revisions to make the rule more clear.

2. The amended section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The amended section does not require additional future legislative appropriations.

4. The amended 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 amended section is not creating a new regulation.

6. The amended section will not expand, limit, or repeal an existing regulation.

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

8. The amended 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 amended 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 amended 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 amended section as to its possible effects on local economies and has determined that for the first five years the amended 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 amended section is in effect, the public benefit anticipated as a result of the new section would be a more clear rule. There will not be economic costs to individuals required to comply with the amended section.

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

SUMMARY OF PUBLIC COMMENT. Public comment was accepted from February 6, 2026 to March 8, 2026, to receive input on the proposed action. No public comment was received and the amendment is adopted without changes.

STATUTORY AUTHORITY. The amended section is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amended section affects no other code, article, or statute. The amended rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§1.5, Waiver Applicability in the Case of State or Federally Declared Disasters

(a) When the federal government has provided the Department a waiver, suspension, or contract amendment of a federal programmatic regulation, federal statute, or contract term in response to a state or federally declared disaster, and the requirement waived, suspended, or amended had been codified in this title, the Executive Director or designee may waive, suspend, or modify the rule within this title, if:

(1) the Executive Director or designee has determined that not doing so may negatively affect the health, safety, or welfare of program recipients;

(2) such waiver, suspension, or modification to the rule within this title is clearly related to the federally provided waiver, suspension, or modification; and

(3) such waiver or suspension would not have negatively affected the selection of an awardee who has received a competitive award of Department resources.

(b) When the state government has provided the Department a waiver or suspension of a state statute in response to a state or federally declared disaster, and the requirement waived or suspended had been codified in this title, the Executive Director or designee may waive, suspend, or modify the rule within this title, if:

(1) the Executive Director or designee has determined that not doing so may negatively affect the health, safety, or welfare of program recipients;

(2) such waiver, suspension, or modification to the rule within this title must be clearly related to the state provided waiver or suspension;

(3) such waiver or suspension would not have negatively affected the selection of an awardee who has received a competitive award of Department resources; and

(4) the Executive Director or designee has determined that doing so is not inconsistent with any applicable federal statute, regulations or contract requirements.

File #: 1397 **Agenda Date:** 4/9/2026 **Agenda #:** 27.

Presentation, discussion, and possible action on an order adopting the amended 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, the Asset Management Division and its Rules, as a whole, are an integral part of administering the Department's federal housing programs, assisting in reviewing and ensuring the long-term affordability and safety of multifamily rental housing Developments in the Department's portfolio as required under Tex. Gov't Code §§2306.185 and 2306.186, performing the functions of processing amendments and ownership transfers as required under §§2306.6712 and 2306.6713, and performing essential functions required under various federal program (HOME, HOME-ARP, NSP, NHTF, Exchange, TCAP) rules and under Section 42 of the Internal Revenue Code;

WHEREAS, at its meeting of January 15, 2026, the Board approved for publication and public comment in the *Texas Register*, the proposed amendments of 10 TAC Chapter 10 Subchapter E concerning the Post Award and Asset Management Requirements;

WHEREAS, the proposed amendments were published in the January 30, 2026, issue of the *Texas Register* for public comment between January 30, 2026, and March 3, 2026; and

WHEREAS, no public comment was received, and therefore, the final adoption of the rule will be published in the *Texas Register* as modified herein to meet formatting requirements;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the amendments to 10 TAC Chapter 10 Subchapter E, together with the preambles presented to the meeting, is hereby ordered and approved for publication in the *Texas Register*;

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the amended 10 TAC Chapter 10 Subchapter E concerning Post Award and Asset Management Requirements in the form presented to this meeting, to be published in the *Texas Register* for final adoption, and in connection therewith, make such non-substantive technical corrections,

or preamble-related corrections, as they may deem necessary to effectuate the foregoing, including the preparation and requested revisions to the subchapter specific preambles.

BACKGROUND

Tex. Gov't Code §2306.053 provides for the Department to administer federal housing, community affairs, or community development programs, including the low-income housing tax credit program. The Asset Management Division and its Rules, as a whole, are an integral part of administering the Department's federal housing programs, assisting in reviewing and ensuring the long-term affordability and safety of multifamily rental housing Developments in the Department's portfolio as required under Tex. Gov't Code §§2306.185 and 2306.186, performing the functions of processing amendments and ownership transfers as required under §§2306.6712 and 2306.6713, and performing essential functions required under various federal program (HOME, HOME-ARP, NSP, NHTF, Exchange, TCAP) rules and under Section 42 of the Internal Revenue Code.

While Tex. Gov't Code provides for direction and authority for certain specific activities for the Division, it does not provide the administrative specificity necessary to address all of the asset management activities that are necessary to ensure all state and federal program requirements are met. As such, these rules set Department policy to the extent necessary to provide for the administrative implementation of federal and state directives and requirements.

Staff recommends that these rules be retained and that this be accomplished through the adopted amendment of the existing rules. The amendments correct references to establish consistency with rules in 10 TAC Chapter 11 Subchapter D; add amendments to Contracts to the rules; identify when an expiration of the target populations for the elderly restrictions can be processed as a non-material LURA amendment; identify requests to opt into the 2025 HOME final rule as a non-material amendment to the Contract; add requirements for material LURA amendment requests that pertain to a right enforceable by a tenant or other third; add a requirement that for Developments subject to the 2025 update to 24 CFR 92 (HOME final rule), the Department and households must be notified at least 30 days prior to a foreclosure and that the notification must include information regarding the rent/income requirements post foreclosure for Developments; add a requirement for Community Housing Development Organization (CHDO) to renew their certification for ownership transfers that occur after April 30, 2026; identify that for ownership transfers, additional notification requirements may apply under 10 TAC §10.607 relating to Reporting Requirements; identify the Right of First Refusal requirements for a Multifamily Direct Loan LURA when the property is subject to the 2025 HOME final rule as identified in 10 TAC §10.601(g) relating to Compliance Monitoring Objectives and Applicability.

The Board approved the publication of the proposed amendments to 10 TAC Subchapter E, concerning Post Award and Asset Management Requirements at the meeting on January 15, 2026, to be published in the *Texas Register* for public comment. The proposed amendments were published in the January 30, 2026, issue of the *Texas Register* and made available for

public comment from January 30, 2026, through March 3, 2026. No comments to the proposed amendments were received from the public. Therefore, the document attached represents the amended 10 TAC Subchapter E as approved by the Board at the meeting held January 15, 2026, as modified to meet formatting requirements.

Attachment 1: Preamble, including required analysis, for adopting the amendment of 10 TAC Chapter 10, Subchapter E, §§10.400-10.408, Post Award and Asset Management Requirements

The Texas Department of Housing and Community Affairs (the "Department") adopts the amendment, with changes, to 10 TAC Chapter 10, Subchapter E, §§10.400 – 10.408, Post Award and Asset Management Requirements to the proposed text as published in the January 30, 2026, issue of the *Texas Register*. The purpose of the amendment is to make corrections to gain consistency across other sections of rule, correct references, clarify existing language and processes that will ensure accurate processing of post award activities, and to communicate more effectively with multifamily Development Owners regarding their responsibilities after funding or award by the Department.

Tex. Gov't Code §2001.0045(b) does not apply to the amended rule because it was determined that no costs are associated with this action, and therefore no costs warrant being offset. In general, most changes were corrective in nature and clarify language or processes to more adequately communicate the language or process.

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

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

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the amended rule would be in effect, the amendment does not create or eliminate a government program, but relates to changes to an existing activity, concerning the post award activities of Low-Income Housing Tax Credit (LIHTC) and other Department-funded multifamily Developments.

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

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

4. The amendment does not result in an increase in fees paid to the Department or in a substantial decrease in fees paid to the Department.

5. The amendment is not creating a new regulation, but are revisions to provide additional clarification.

6. The amendment will not repeal an existing regulation.

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

8. The amendment 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.

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

2. This amended rule relates to the procedures for the handling of post award and asset management activities of multifamily developments awarded funds through various Department programs. Other than

in the case of a small or micro-business that is an owner or a party to one of the Department's properties, no small or micro-businesses are subject to the amended rule. If a small or micro-business is such an owner or participant, the amended rule provides for a more clear, transparent process for doing so and do not result in a negative impact for those small or micro-businesses. There are not likely to be any rural communities subject to the amended rule because this amended rule is applicable only to the owners or operators of properties in the Department's portfolio, not municipalities.

3. The Department has determined that because this amended rule relates only to the process in use for the post award and asset management activities of the Department's portfolio, there will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The amendment 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 amended rule as to its possible effects on local economies and has determined that for the first five years the amended rule will be in effect, there will be no economic effect on local employment, because the amended rule only provides for administrative processes required of properties in the Department's portfolio. No program funds are channeled through this amended rule, so no activities under this amended rule would support additional local employment opportunities. Alternatively, the amended rule would also not cause any negative impact on employment. Therefore, no local employment impact statement is required to be prepared for the amended rule.

Texas 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 no impact is expected on a statewide basis, there are also no "probable" effects of the amended rule on particular geographic regions.

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 amended rule is in effect, the benefit anticipated as a result of the amended sections would be increased clarity and consistency across rule sections. There will not be economic costs to individuals required to comply with the amendment.

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 amended rule is in effect, enforcing or administering the amended rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENTS. The Department accepted public comment between January 30, 2026, and March 3, 2026. No comments were received from the public during the public comment period.

STATUTORY AUTHORITY. The amendment is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein, the amended sections affect no other code, article, or statute. The amendment has been reviewed by Legal Counsel and is within the Agency's authority to adopt.

Sections of the Post Award and Asset Management Requirements Proposed for Amendment

§10.400. Purpose.

(a) The purpose of this subchapter is to establish the requirements governing the post award and asset management activities associated with awards of multifamily Development assistance pursuant to Tex. Gov't Code, Chapter 2306 and its regulation of multifamily funding provided through the Texas Department of Housing and Community Affairs (the Department ["Department"]) as authorized by the legislature. This subchapter is designed to ensure that Developers and Development Owners of low-income Developments that are financed or otherwise funded through the Department maintain safe, decent and affordable housing for the term of the affordability period. Therefore, unless otherwise indicated in the specific section of this subchapter, any uncorrected issues of noncompliance outside of the corrective action period or outstanding fees (related to the Development subject to the request) owed to the Department must be resolved to the satisfaction of the Department before a request for any post award activity described in this subchapter will be acted upon. Non-compliance issues that cannot be corrected will be taken into account and will be reviewed by Asset Management staff to determine if additional action is required by the Development Owner.

(b) The capitalized terms in this subchapter shall have the meaning as defined in this title in Chapter 1 relating to Administration, Chapter 2 relating to Enforcement, Chapter 10 relating to Uniform Multifamily Rules, Chapter 11 relating to the Qualified Action Plan (QAP), Chapter 12 relating to the Multifamily Housing Revenue Bond Rules, Chapter 13 relating to the Multifamily Direct Loan Rule, Tex. Gov't Code Chapter 2306, Internal Revenue Code (the Code) §42, the applicable HOME Rule, the NHTF Interim Rule, and other federal or Department rules, as applicable.

§10.401. Housing Tax Credit and Tax Exempt Bond Developments.

(a) 10% Test (Competitive HTC Only). No later than July 1 of the year following the submission of the Carryover Allocation Agreement or as otherwise specified in the applicable year's Qualified Allocation Plan, documentation must be submitted to the Department verifying that the Development Owner has expended more than 10% of the Development Owner's reasonably expected basis, pursuant to §42(h)(1)(E)(i) and (ii) of the Code and Treasury Regulations, 26 CFR §1.42-6. The Development Owner must submit, in the form prescribed by the Department, documentation evidencing paragraphs (1) - (7) of this subsection, along with all information outlined in the Post Award Activities Manual. Satisfaction of the 10% Test will be contingent upon the submission of the items described in paragraphs (1) - (7) of this subsection as well as all other conditions placed upon the Application in the Commitment. Requests for an extension will be reviewed on a case by case basis as addressed in §10.405(c) of this subchapter and §11.2 of this title, as applicable, and a point deduction evaluation will be completed in accordance with Tex. Gov't Code §2306.6710(b)(2) and §11.9(f) of this title. Documentation to be submitted for the 10% Test includes:

(1) An Independent Accountant's Report and Taxpayer's Basis Schedule form. The report must be prepared on the accounting firm's letterhead and addressed to the Development Owner or an Affiliate of the Development Owner. The Independent Accountant's Report and Taxpayers Basis Schedule form must be signed by the Development Owner. If, at the time the accountant is reviewing and preparing their report, the accountant has concluded that the taxpayer's reasonably expected basis is different from the amount reflected in the Carryover Allocation agreement, then the accountant's report should reflect the taxpayer's reasonably expected basis as of the time the report is being prepared;

(2) Any conditions of the Commitment or Real Estate Analysis underwriting report due at the time of 10% Test submission;

(3) Evidence that the Development Owner has purchased, transferred, leased, or otherwise has ownership of the Development Site and a current title policy. The Development Site must be identical to the Development Site that was

submitted at the time of Application submission. For purposes of this paragraph, any changes to the Development Site acreage between Application and 10% Test must be addressed by written explanation or, as appropriate, in accordance with §10.405 of this subchapter (relating to Amendments and Extensions);

(4) A current survey or plat of the Development Site, prepared and certified by a duly licensed Texas Registered Professional Land Surveyor. The survey or plat must clearly delineate the flood plain boundary lines and show all easements and encroachments;

(5) For New Construction, Reconstruction, and Adaptive Reuse Developments, a certification from a Third Party civil engineer or architect stating that all necessary utilities will be available at the Development Site and that there are no easements, licenses, royalties, or other conditions on or affecting the Development that would materially or adversely impact the ability to acquire, develop, and operate as set forth in the Application. Copies of supporting documents may be required by the Department;

(6) For the Development Owner and on-site or regional property manager, training certificate(s) from a Department approved "property owner and manager Fair Housing trainer" showing that a controlling Principal in the Development Owner structure and an on-site or regional property manager attended and passed at least five hours of Fair Housing training. For architects and engineers, training certificate(s) from a Department approved "architect and engineer Fair Housing trainer" showing that the lead architect or engineer responsible for certifying compliance with the Department's accessibility and construction standards has attended and passed at least five hours of Fair Housing training. Certifications required under this paragraph must not be older than three years from the date of submission of the 10% Test Documentation, and must verify that all parts or phases of the offered training have been completed; two certificates supplied for the same part or phase of an offered training will not be counted towards the five hour required minimum, even if they were attended on different dates; and

(7) A Certification from the lender and syndicator identifying all known Guarantors. If identified Guarantors have changed from the Guarantors or Principals identified at the time of Application, a non-material amendment may be required in accordance with §10.405 of this subchapter (relating to Amendments and Extensions), and the new Guarantors or Principals must be reviewed in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee).

(8) Evidence of submission of the CMTS Filing Agreement pursuant to §10.607(a) of this title (relating to Reporting Requirements).

(b) Construction Status Report (All Multifamily Developments). All multifamily Developments must submit a construction status report. Construction status reports shall be due by the tenth day of the month following each reporting quarter's end (January, April, July, and October) and continue on a quarterly basis until the entire Development is complete as evidenced by one of the following: Certificates of occupancy for each building, the Architect's Certificate(s) of Substantial Completion (AIA Document G704 or equivalent form) for the entire Development, the final Application and Certificate for Payment (AIA Document G702 and G703), or an equivalent form approved for submission by the construction lender and/or investor. For Competitive Housing Tax Credit Developments, the initial report is due by October 10th following the year of award (this includes Developments funded with HTC and TDHCA Multifamily Direct Loans), and for Developments awarded under the Department's Multifamily Direct Loan programs only, the initial report is due by the 90th calendar day after loan closing. For Tax Exempt Bond Developments, the initial construction status report must be submitted as part of the Post Bond Closing Documentation and is due by the 60th calendar day following closing on the bonds. A Construction Status Report not submitted by the due date will incur an extension fee in accordance with §11.901 of this title (relating to Fee

Schedule). The initial report for all multifamily Developments shall consist of the items identified in paragraphs (1) - (6) of this subsection, unless stated otherwise. All subsequent reports shall contain items identified in paragraphs (4) - (6) of this paragraph and must include any changes or amendments to items in paragraphs (1) - (3) of this subsection if applicable:

(1) The executed partnership agreement with the investor or, for Developments receiving an award only from the Department's Direct Loan Program, other documents setting forth the legal structure and ownership. If identified Guarantors or Principals of a Guarantor entity were not already identified as a Principal of the Owner, Developer, or Guarantor at the time of Application, a non-material amendment must be requested in accordance with §10.405 of this subchapter, and the new Guarantors and all of its Principals, as applicable, must be reviewed in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee);

(2) The executed construction contract for the General Contractor, prime subcontractor(s) and Affiliates or Related Party subcontractor(s);

(3) The construction loan agreement. If the loan has not closed, the anticipated closing date must be provided and, upon closing, the agreement must be provided to the Department;

(4) The most recent Application and Certificate for Payment (AIA Document G702 and G703) certified by the Architect of Record (or equivalent form approved for submission by the construction lender and/or investor) for the General Contractor, prime subcontractor(s) and Affiliates or Related Party subcontractor(s);

(5) All Third Party construction inspection reports not previously submitted. If the lender and/or investor does not require third party construction inspection reports, the Development Owner must hire a Third Party inspector to perform these inspections on a quarterly basis, and the Third Party inspector, or Third Party lender or investor, must submit the inspection reports to the Department. Third Party construction inspection reports must include, at a minimum, the date construction started (initial submission only), a discussion of site conditions as of the date of the site visit, current photographs of the construction site and exterior and interior of buildings, an estimated percentage of construction completion as of the date of the site visit, identification of construction delays and other relevant progress issues, if any, and the anticipated construction completion date; and

(6) Minority Owned Business Report (HTC only) showing the attempt to ensure that at least 30% of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses as required and further described in Tex. Gov't Code §2306.6734.

(c) LURA Origination.

(1) The Development Owner must request origination of the HTC LURA as directed in the Post Award Activities Manual. The Department will draft a LURA for the Development Owner that will impose the income and rent restrictions identified in the Development's final underwriting report and other representations made in the Application, including but not limited to specific commitments to provide tenant services, to lease to Persons with Disabilities, and/or to provide specific amenities. After origination, the Department executed LURA and all exhibits and addendums will be sent to the Development Owner to execute and record in the real property records for the county in which the Development is located. A copy of the fully executed, recorded LURA must be returned to the Department no later than the end of the first year of the Credit Period. In general, no Housing Tax Credits are allowed to be issued for a building unless there is a properly executed and recorded LURA in effect at the end of the first year of the Credit Period. Nothing in this section negates a Development Owner's responsibility for full compliance with

§42(h)(6) of the Code. The Department will not issue IRS Form(s) 8609 until it receives a copy of the fully executed, recorded LURA.

(2) LURAs for Direct Loan awardees will be prepared by the Department's Legal Division and executed at loan closing.

(d) Cost Certification (Competitive and Non-Competitive HTC, and related activities only). The Department conducts a feasibility analysis in accordance with §42(m)(2)(C)(i)(III) of the Code and Chapter 11, Subchapter D of this title (relating to Underwriting and Loan Policy) to make a final determination on the allocation of Housing Tax Credits. For Non-Competitive HTC Developments, the amount of tax credits reflected in the IRS Form(s) 8609 may be greater or less than the amount set forth in the Determination Notice based upon the Department's determination as of each building's placement in service. Any increase of tax credits will only be permitted if it is determined necessary by the Department, as required by §42(m)(2)(D) of the Code through the submission of the Cost Certification package. Increases to the amount of tax credits that exceed 120% of the amount of credits reflected in the Determination Notice must be approved by the Board. Increases to the amount of tax credits that do not exceed 120% of the amount of credits reflected in the Determination Notice may be approved administratively by the Executive Director or designee. All credit increases are subject to the Tax-Exempt Bond Credit Increase Request Fee as described in Chapter 11, Subchapter E of this Part (relating to Fee Schedule, Appeals, and other Provisions). The requirements for cost certification include those identified in paragraphs (1) - (3) of this subsection.

(1) For Competitive HTC Developments, Development Owners must file cost certification documentation no later than January 15 following the first year of the Credit Period, as defined in §42(f)(1) of the Code. For Tax-Exempt Bond Developments, Development Owners must file cost certification documentation no later than May 15 following the first year of the Credit Period.

(2) The Department will evaluate the cost certification documentation and notify the Development Owner of any additional required documentation needed to complete the review. The Department reserves the right to request additional documents or certifications as it deems necessary or useful in the determination of the Development's eligibility for a final Housing Tax Credit allocation amount. Any communication issued to the Development Owner pertaining to the cost certification documentation may also be sent to the syndicator. In accordance with Tex. Gov't Code §2306.6724(g), IRS Form(s) 8609 will be issued no later than the 120th day following the date on which the Department receives a complete cost certification package, and the Development Owner has fulfilled any requests for information.

(3) The cost certification package must meet the conditions as stated in subparagraphs (A) - (G) of this paragraph. The Development Owner has:

(A) Provided evidence that all buildings in the Development have been placed in service by:

(i) December 31 of the year the Commitment was issued;

(ii) December 31 of the second year following the year the Carryover Allocation Agreement was executed; or

(iii) the approved Placed in Service deadline;

(B) Provided a complete final cost certification package in the format prescribed by the Department. As used herein, a complete final cost certification package means a package that meets all of the Department's criteria with all required information and exhibits listed in clauses (i) - (xxxiv) of this subparagraph, and pursuant to the Post Award Activities Manual. If any item on this list is determined to be unclear, deficient, or inconsistent with the cost certification review

completed by the Department, a Request for Information (RFI) will be sent to the Development Owner. Requirements include:

(i) Owner's signed and notarized Statement of Certification verifying the CPA firm's licenses and validity, including any restrictions;

(ii) Owner Summary & Organization Charts for the Owner, Developer, and Guarantors;

(iii) Evidence of Qualified Nonprofit or CHDO Participation;

(iv) Certification and evidence of Historically Underutilized Business (HUB) Participation;

(v) Development Team List;

(vi) Development Summary with Architect's Certification;

(vii) Development Change Documentation;

(viii) As Built Survey;

(ix) A copy of the fully executed Closing Statement for each parcel of land and/or buildings purchased and included in the Development;

(x) Development Owner's Title Policy for the Development;

(xi) Title Policy Update;

(xii) Placement in Service;

(xiii) Evidence of Placement in Service;

(xiv) Architect's Certification of Completion Date and Date Ready for Occupancy (for Developments located in areas where Certificates of Occupancy (COs) are not issued by a local government or rehabilitation Developments that cannot provide COs);

(xv) Auditor's Certification of Acquisition/Rehabilitation Placement in Service Election;

(xvi) Independent Auditor's Report;

(xvii) Independent Auditor's Report of Bond Financing;

(xviii) Development Cost Schedule;

(xix) Contractor's Application for Final Payment (G702/G703) for the General Contractor, all prime subcontractors, Affiliated Contractors, and Related Party Contractors;

(xx) Additional Documentation of Offsite Costs;

(xxi) Rent Schedule;

(xxii) Utility Allowances;

(xxiii) Annual Operating Expenses;

(xxiv) 30 Year Rental Housing Operating Pro Forma;

(xxv) Current Operating Statement in the form of a trailing twelve month statement;

(xxvi) Current Rent Roll;

(xxvii) Summary of Sources and Uses of Funds;

(xxviii) Final Limited Partnership Agreement with all amendments and exhibits;

(xxix) All Loan Agreements and Promissory Notes (except for Agreements and Notes issued directly by the Department);

(xxx) Architect's Certification of Accessibility Requirements;

(xxxi) Development Owner Assignment of Individual to Compliance Training;

(xxxii) TDHCA Compliance Training Certificate (not older than two years from the date of cost certification submission);

(xxxiii) TDHCA Final Inspection Clearance Letter or evidence of submitted final inspection request to the Compliance Division (IRS Form(s) 8609 will not be issued without a TDHCA Final Inspection Clearance Letter); and

(xxxiv) Other Documentation as Required, including but not limited to conditions to be satisfied at cost certification as reflected in the Development's latest Underwriting Report;

(C) Informed the Department of and received written approval for all amendments, extensions, and changes in ownership relating to the Development in accordance with §10.405 of this subchapter (relating to Amendments and Extensions) and §10.406 of this subchapter (relating to Ownership Transfers (§2306.6713));

(D) Paid all applicable Department fees, including any past due fees;

(E) Met all conditions noted in the Department underwriting report, Determination Notice, and Commitment;

(F) Corrected all issues of noncompliance, including but not limited to noncompliance status with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for the subject Development, as described in this chapter. Developments in the corrective action period and/or with any uncorrected issues of noncompliance outside of the corrective action period will not be issued IRS Form(s) 8609s until all events of noncompliance are corrected or otherwise approved by the Executive Director or designee; and

(G) Completed an updated underwriting evaluation in accordance with Chapter 11, Subchapter D of this Part based on the most current information at the time of the review.

§10.405. Amendments and Extensions.

(a) Amendments to Housing Tax Credit (HTC) Application or Award Prior to Land Use Restriction Agreement (LURA) recording or amendments that do not result in a change to the LURA (§2306.6712). The Department expects the Development Owner to construct or rehabilitate, operate, and own the Development consistent with the representations in the Application. The Department must receive notification of any amendments to the Application. Regardless of development stage, the Board shall re-evaluate a Development that undergoes a material change, as identified in paragraph (3) of this subsection at any time after the initial Board approval of the Development (§2306.6731(b)). The Board may deny an amendment request and subsequently may rescind any Commitment or Determination Notice issued for an Application, and may reallocate the credits to other Applicants on the waiting list.

(1) Requesting an amendment. The Department shall require the Applicant to file a formal, written request for an amendment to the Application. Such request must include a detailed explanation of the amendment request and other information as determined to be necessary by the Department, and the applicable fee as identified in Chapter 11, Subchapter E of this title (relating to Fee Schedule, Appeals, and other Provisions) in order to be received and processed by the Department. Department staff will evaluate the amendment request to determine if the change would affect an allocation of Housing Tax Credits by changing any item that received points, by significantly affecting the most recent underwriting analysis, or by materially altering the Development as further described in this subsection.

(2) Notification Items. The Department must be notified of the changes described in subparagraphs (A) - (F) of this paragraph. The changes identified are subject to staff agreement based on a review of the amendment request and any additional information or documentation requested. Notification items will be considered satisfied when an acknowledgment of the specific change(s) is received from the Department and include:

(A) Changes to Development Site acreage required by the City or other local governmental authority, or changes resulting from survey discrepancies, as long as such change does not also result in a modification to the residential density of more than 5%;

(B) Minor modifications to the site plan that will not significantly impact development costs, including, but not limited to, relocation or rearrangement of buildings on the site (as long as the number of residential and non-residential buildings remains the same), and movement, addition, or deletion of ingress/egress to the site;

(C) Increases or decreases in net rentable square footage or common areas that do not result in a material amendment under paragraph (4) of this subsection;

(D) Changes in amenities that do not require a change to the recorded LURA and do not negatively impact scoring, including changes to outdated amenities that could be replaced by an amenity with equal benefit to the resident community;

(E) Changes in Developers or Guarantors (notifications for changes in Guarantors that are also the General Contractor or are only providing guaranties during the construction period are not required) with no new Principals (who were not previously checked by Previous Participation review; and

(F) Any other amendment not identified in paragraphs (3) and (4) of this subsection.

(3) Non-material amendments. The Executive Director or designee may administratively approve all non-material amendments, including, but not limited to:

(A) Any amendment that is determined by staff to exceed the scope of notification acknowledgement, as identified in paragraph (2) of this subsection but not to rise to a material alteration, as identified in paragraph (4) of this subsection;

(B) Changes in Developers or Guarantors (excluding changes in Guarantors that are also the General Contractor or are only providing guaranties during the construction period) not addressed in §10.405(a)(2)(E). Changes in Developers or Guarantors will be subject to Previous Participation requirements as further described in Chapter 11 of this title and the credit limitation described in §11.4(a) of this title; and

(C) For Exchange Developments only, requests to change elections made on line 8(b) of the IRS Form(s) 8609 to group buildings together into one or more multiple building projects. The request must include an attached statement

identifying the buildings in the project. The change to the election may only be made once during the Compliance Period.

(4) Material Amendments. Amendments considered material pursuant to this paragraph must be approved by the Board. When an amendment request requires Board approval, the Development Owner must submit the request and all required documentation necessary for staff's review of the request to the Department at least 45 calendar days prior to the Board meeting in which the amendment is anticipated to be considered. Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and Department staff regarding the amendment will be posted to the Department's website and the Applicant will be notified of the posting (§2306.6717(a)(4)). Material Amendment requests may be denied if the Board determines that the modification proposed in the amendment would materially alter the Development in a negative manner or would have adversely affected the selection of the Application in the Application Round. Material alteration of a Development includes, but is not limited to:

(A) A significant modification of the site plan;

(B) A modification of the number of Units or bedroom mix of Units;

(C) A substantive modification of the scope of tenant services;

(D) A reduction of 3% or more in the square footage of the Units or common areas;

(E) A significant modification of the architectural design of the Development;

(F) A modification of the residential density of at least 5%;

(G) A request to implement a revised election under §42(g) of the Code prior to filing of IRS Form(s) 8609;

(H) Exclusion of any requirements as identified in Chapter 11, Subchapter B of this title (relating to Site and Development Requirements and Restrictions) and Chapter 11, Subchapter C of this title (relating to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules); or

(I) Any other modification considered material by the staff and therefore required to be presented to the Board as such.

(5) Amendment requests will be denied if the Department finds that the request would have changed the scoring of an Application in the competitive process such that the Application would not have received a funding award or if the need for the proposed modification was reasonably foreseeable or preventable by the Applicant at the time the Application was submitted, unless good cause is found for the approval of the amendment.

(6) This section shall be administered in a manner that is consistent with §42 of the Code. If a Development has any uncorrected issues of noncompliance outside of the corrective action period (other than the provision being amended) or otherwise owes fees to the Department, such non-compliance or outstanding payment must be resolved to the satisfaction of the Department before a request for amendment will be acted upon.

(7) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants identified in the Application and Credit Underwriting Analysis Report at the time of award and as approved by the Board, the procedure described in subparagraphs (A) and (B) of this paragraph will apply to the extent such request is not prohibited based on statutory and/or regulatory provisions:

(A) For amendments that involve a reduction in the total number of Low-Income Units, or a reduction in the number of Low-Income Units at any rent or income level, as approved by the Board, evidence noted in either clause (i) or (ii) of this subparagraph must be presented to the Department to support the amendment:

(i) In the event of a request to implement (rent to a household at an income or rent level that exceeds the approved AMI limits established by the minimum election within the Development's Application or LURA) a revised election under §42(g) of the Code prior to an Owner's submission of IRS Form(s) 8609 to the IRS, Owners must submit updated information and exhibits to the Application as required by the Department; or

(ii) For all other requests for reductions in the total number of Low-Income Units or reductions in the number of Low-Income Units at any rent or income level, prior to issuance of IRS Form(s) 8609 by the Department, the lender and syndicator must submit written confirmation that the Development is infeasible without the adjustment in Units. The Board may or may not approve the amendment request; however, any affirmative recommendation to the Board is contingent upon concurrence from Department staff that the Unit adjustment is necessary for the continued financial feasibility of the Development; and

(B) If it is determined by the Department that the loss of low-income targeting points would have resulted in the Application not receiving an award in the year of allocation, and the amendment is approved by the Board, the approved amendment will carry a penalty that prohibits the Applicant and all Persons or entities with any ownership interest in the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments) for 24 months from the time that the amendment is approved.

(b) Amendments to Contracts and LURAs. Department approval shall be required for any amendment to a LURA in accordance with this section. An amendment request shall be submitted in writing, containing a detailed explanation of the request, the reason the change is necessary, the good cause for the change, financial information related to any financial impact on the Development, information related to whether the necessity of the amendment was reasonably foreseeable at the time of application, and other information as determined to be necessary by the Department, along with any applicable fee as identified in Chapter 11, Subchapter E of this title (relating to Fee Schedule, Appeals, and other Provisions). The Department may order or require the Development Owner to order a Market Study or appraisal at the Development Owner's expense. If a Development has any uncorrected issues of noncompliance outside of the corrective action period (other than the provision being amended) or otherwise owes fees to the Department, such non-compliance or outstanding payment must be resolved to the satisfaction of the Department before a request for amendment will be acted upon. The Department will not approve changes that would violate state or federal laws including the requirements of §42 of the Code, 24 CFR Part 92 (HOME Final Rule), 24 CFR Part 93 (NHTF Interim Rule), Chapter 1 of this title (relating to Administrative Requirements), Chapter 11 of this title (relating to Qualified Allocation Plan), Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules), Chapter 13 of this title (relating to Multifamily Direct Loan Rule), Tex. Gov't Code, Chapter 2306, and the Fair Housing Act. For Tax-Exempt Bond Developments, compliance with their Regulatory Agreement and corresponding bond financing documents. Prior to staff taking a recommendation to the Board for consideration, the procedures described in paragraph (3) of this subsection must be followed.

(1) Non-Material LURA Amendments. The Executive Director or designee may administratively approve all LURA amendments not defined as Material LURA Amendments pursuant to paragraph (2) of this subsection. A non-material LURA amendment may include but is not limited to:

(A) HUB participation removal. Removal of a HUB participation requirement will only be processed as a non-material LURA amendment after the issuance of IRS Form(s) 8609 and requires that the Department find that:

(i) The HUB is requesting removal of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(ii) the participation by the HUB has been substantive and meaningful, or would have been substantive or meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operating of affordable housing; and

(iii) where the HUB will be replaced as a general partner or special limited partner that is not a HUB and will sell its ownership interest, an ownership transfer request must be submitted as described in §10.406 of this subchapter;

(B) A change resulting from a Department work out arrangement as recommended by the Department's Asset Management Division;

(C) A change in the Right of First Refusal period as described in amended §2306.6726 of the Tex. Gov't Code;

(D) Where the Board has approved a de minimis modification of the Unit Mix or bedroom mix of Units to increase the Development's accessibility;

(E) In accordance with HOMEFires, Vol. 17 No. 1 (January 2023, as may be amended from time to time) bifurcation of the term of a HOME or NSP LURA with the Department that requires a longer affordability period than the minimum federal requirement, into a federal and state affordability period;

(F) A change in Target Population if the Elderly restrictions in the LURA expired at the end of the Compliance Period or the Federal Affordability Period (as applicable), and the amendment is requested within one year of expiration and contains a certification from the Development Owner that the Development still qualifies as Elderly;

(G) Amendments necessary to opt into the 2025 HOME final rule in accordance with §10.601(g) of this chapter, relating to the 2025 HOME final rule; or

(H) A correction of error.

(2) Material LURA Amendments. Development Owners seeking LURA amendment requests that require Board approval must submit the request and all required documentation necessary for staff's review of the request to the Department at least 45 calendar days prior to the Board meeting at which the amendment is anticipated to be considered. Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and Department staff regarding the amendment will be posted to the Department's website and the Applicant will be notified of the posting (§2306.6717(a)(4)). The Board must consider the following material LURA amendments:

(A) Reductions to the number of Low-Income Units;

(B) Changes to the income or rent restrictions;

(C) Changes to the Target Population;

(D) The removal of material participation by a Nonprofit Organization as further described in §10.406 of this subchapter;

(E) The removal of material participation by a HUB prior to filing of IRS Form(s) 8609;

(F) Any amendment that pertains to a right enforceable by a tenant or other third party under the LURA; or

(G) Any LURA amendment deemed material by the Executive Director.

(3) Prior to staff taking a recommendation to the Board for consideration, the Development Owner must provide reasonable notice and hold a public hearing regarding the requested amendment(s) at least 20 business days prior to the scheduled Board meeting where the request will be considered. A Development Owner is required to submit a copy of the notification with the amendment request. If the amendment pertains to a right enforceable by a tenant or other third party, the Development Owner must explain why performance of the original condition is impossible or demonstrate that Development would no longer be financially feasible, in accordance with the rules adopted in Chapter 11 Subchapter D of this part relating to Underwriting and Loan Policy. If a LURA amendment is requested prior to issuance of IRS Form(s) 8609 by the Department, notification must be provided to the recipients described in subparagraphs (A) - (E) of this paragraph. If an amendment is requested after issuance of IRS Form(s) 8609 by the Department, notification must be provided to the recipients described in subparagraph (A) - (B) of this paragraph. Notifications include:

(A) Each tenant of the Development;

(B) The current lender(s) and investor(s);

(C) The State Senator and State Representative of the districts whose boundaries include the Development Site;

(D) The chief elected official for the municipality (if the Development Site is within a municipality or its extraterritorial jurisdiction); and

(E) The county commissioners of the county in which the Development Site is located (if the Development Site is located outside of a municipality).

(4) Contents of Notification. The notification must include, at a minimum, all of the information described in subparagraphs (A) - (D) of this paragraph:

(A) The Development Owner's name, address and an individual contact name and phone number;

(B) The Development's name, address, and city;

(C) The change(s) requested; and

(D) The date, time, and location of the public hearing where the change(s) will be discussed.

(5) Verification of public hearing. Minutes of the public hearing and attendance sheet must be submitted to the Department within three business days after the date of the public hearing.

(6) Approval. Once the LURA Amendment has been approved administratively or by the Board, as applicable, Department staff will provide the Development Owner with a LURA amendment for execution and recording in the county where the Development is located. For some Programs, a Contract Amendment or amendment to the Loan Documents may also be needed, in the determination of the Department's Legal Division.

(c) HTC Extensions. Extensions must be requested if the original deadline associated with Carryover, the 10% Test (including submission and expenditure deadlines), construction status reports, or cost certification requirements will not be met. Extension requests submitted at least 30 calendar days in advance of the applicable original deadline will not be required to submit an extension fee as described in §11.901 of this title. Any extension request submitted

fewer than 30 days in advance of the applicable original deadline or after the original deadline will not be processed unless accompanied by the applicable fee. Extension requests will be approved by the Executive Director or designee, unless, at staff's discretion it warrants Board approval due to extenuating circumstances stated in the request. The extension request must specify a requested extension date and the reason why such an extension is required. If the Development Owner is requesting an extension to the Carryover submission or 10% Test deadline(s), a point deduction evaluation will be completed in accordance with Tex. Gov't Code, §2306.6710(b)(2), and §11.9(f) of this title (relating to Factors Affecting Scoring and Eligibility in current and future Application Rounds). Therefore, the Development Owner must clearly describe in their request for an extension how the need for the extension was beyond the reasonable control of the Applicant/Development Owner and could not have been reasonably anticipated. Carryover extension requests will not be granted an extended deadline later than December 1st of the year the Commitment was issued.

§10.406. Ownership Transfers (§2306.6713).

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice and a completed Ownership Transfer packet, if applicable, to the Department at least 45 calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Except as otherwise provided herein, the Executive Director's prior written approval of any such transfer is required. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section.

(b) Exceptions. The exceptions to the ownership transfer process in this subsection are applicable.

(1) A Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new Principals, or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(2) Transfers that are the result of an involuntary removal of the general partner by the investment limited partner do not require advance approval, but must be reported to the Department as soon as possible due to the sensitive timing and nature of this decision. In the event the investment limited partner has proposed a new general partner or will permanently replace the general partner, a full Ownership Transfer packet must be submitted.

(3) Changes to the investment limited partner, non-Controlling limited partner, or other non-Controlling partners affiliated with the investment limited partner do not require Executive Director approval. A General Partner's acquisition of the interest of the investment limited partner does not require Executive Director approval, unless some other change in ownership is occurring as part of the same overall transaction.

(4) Changes resulting from foreclosure do not require advance approval but acquiring parties must notify the Department as soon as possible of the revised ownership structure and ownership contact information.

(5) Changes resulting from a deed-in-lieu of foreclosure do not require Executive Director approval. However, advance notification must be provided to both the Department and to the tenants at least 30 days prior to finalizing the transfer. This notification must include information regarding the applicable rent/income requirements post deed-in-lieu of foreclosure.

(6) Changes resulting from a foreclosure do not require Executive Director approval. However, a Development that is subject to the 2025 HOME final rule as described in §10.601(g) of this chapter must provide advance notification to both the Department and to all households at least 30 days prior to the foreclosure sale. This notification must include information regarding the applicable rent/income requirements post foreclosure.

(c) General Requirements.

(1) Any new Principal in the ownership of a Development must be eligible under §11.202 of Subchapter C (relating to Ineligible Applicants and Applications). In addition, Persons and Principals will be reviewed in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee).

(2) Changes in Developers or Guarantors must be addressed as non-material amendments to the application under §10.405 of this Subchapter.

(3) To the extent an investment limited partner or its Affiliate assumes a Controlling interest in a Development Owner, such acquisition shall be subject to the Ownership Transfer requirements set forth herein. Principals of the investment limited partner or Affiliate will be considered new Principals and will be reviewed as stated under paragraph (1) of this subsection.

(4) Simultaneous transfer or concurrent offering for sale of the General Partner's and Limited Partner's control and interest will be subject to the Ownership Transfer requirements set forth herein and will trigger a Right of First Refusal, if applicable.

(5) Any initial operating, capitalized operating, or replacement reserves funded with an allocation from the HOME American Rescue Plan (HOME-ARP) and Special Reserves required by the Department must remain with the Development.

(d) Transfer Actions Warranting Debarment. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure or the Department at risk for financial exposure as a result of non-compliance, staff will refer the matter to the Enforcement Committee for debarment consideration pursuant to §2.401 of this title (relating to Enforcement, Debarment from Participation in Programs Administered by the Department). In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), prior to recommending any new financing or allocation of credits.

(e) Transfers Prior to 8609 Issuance or Construction Completion. Prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs), an Applicant may request a change to its ownership structure to add Principals or to remove Principals provided not all controlling Principals identified in the Application will be removed. The party(ies) reflected in the Application as having Control must remain in the ownership structure and retain Control, unless approved otherwise by the Executive Director. A development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their Control prior to the issuance of 8609s. In addition, for Competitive HTC Developments, changes in the ownership structure for the addition of a public facility corporation, a housing finance corporation, or a public housing authority prior to the issuance of 8609s that will result in a 100% property tax exemption that was not previously reflected in the Application, require a resolution of support from the municipality, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court.

(f) Nonprofit Organizations. If the ownership transfer request is to replace a nonprofit organization within the Development ownership entity, the replacement nonprofit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Nonprofit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Nonprofit Organization that meets the requirements of §42(h)(5) of the Code and Tex. Gov't Code §2306.6706, if applicable, and can demonstrate planned participation in the operation of the Development on a regular, continuous, and substantial basis.

(2) If the LURA requires ownership or material participation in ownership by a nonprofit organization or CHDO, the Development Owner must show that the transferee is a nonprofit organization or CHDO, as applicable, that complies with the LURA. If the transferee has been certified as a CHDO by TDHCA prior to 2016 or has not previously been certified as a CHDO by TDHCA, a new CHDO certification package must be submitted for review. If the transferee was certified as a CHDO by TDHCA after 2016, provided no new federal guidance or rules concerning CHDO have been released and the proposed ownership structure at the time of review meets the requirements in 24 CFR Part 92, the CHDO may instead submit a CHDO Self-Certification form with the Ownership Transfer package. However, for ownership transfers that occur on or after April 30, 2026, the Department will require the CHDO to renew their certification using the new certification package that will include the 2025 HOME final rule requirements.

(3) Exceptions to paragraphs (1) and (2) of this subsection may be made on a case by case basis if the Development (for MFDL) is past its Federal Affordability Period or (for HTC Developments) is past its Compliance Period, was not reported to the IRS as part of the Department's Nonprofit Set Aside in any HTC Award year, and follows the procedures outlined in §10.405(b)(1) - (5) of this subchapter. The Board must find that:

(A) The selling nonprofit is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(B) The participation by the nonprofit was substantive and meaningful during the full term of the Compliance Period but is no longer substantive or meaningful to the operations of the Development; and

(C) The proposed purchaser is an affiliate of the current Owner or otherwise meets the Department's standards for ownership transfers.

(g) Historically Underutilized Business (HUB) Organizations. If a HUB is the general partner or special limited partner of a Development Owner and it determines to sell its ownership interest, after the issuance of IRS Form(s) 8609, the purchaser of that partnership interest or the general or special limited partner is not required to be a HUB as long as the LURA does not require it or the procedure described in §10.405(b)(1) of this chapter (relating to Non-Material LURA Amendments) has been followed and approved. The removal of a HUB requirement prior to filing of IRS Form(s) 8609 is subject to the procedure described in §10.405(b)(2) of this Chapter (relating to Material LURA Amendments).

(h) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances pertaining to the transfer and the effects of approval or denial. Documentation must be submitted as directed in the Post Award Activities Manual, which includes but is not limited to:

(1) A written explanation outlining the reason for the request;

(2) Ownership transfer information, including but not limited to the type of sale, terms of any new financing introduced as a result of the transfer, amount of Development reserves to transfer in the event of a property sale, and the prospective closing date;

(3) Pre- and post-transfer organizational charts with TINs of each organization down to the level of natural persons in the ownership structure as described in §11.204(12)(B) of Subchapter C of this title (relating to Required Documentation for Application Submission);

(4) A list of the names and contact information for transferees and Related Parties;

(5) Previous Participation information for any new Principal as described in §11.204(12)(C) of this title (relating to Required Documentation for Application Submission);

(6) Agreements among parties associated with the transfer;

(7) Owners Certifications with regard to materials submitted as further described in the Post Award Activities Manual;

(8) Detailed information describing the organizational structure, experience, and financial capacity of any party holding a controlling interest in any Principal or Controlling entity of the prospective Development Owner;

(9) Evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least 30 calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30-day period has expired. Additional notification requirements may apply under 10 TAC §10.607, relating to Reporting Requirements; and

(10) Any required exhibits and the list of exhibits related to specific circumstances of transfer or Ownership as detailed in the Post Award Activities Manual.

(i) Once the Department receives all necessary information under this section and as required under the Post Award Activities Manual, staff shall initiate a qualifications review of a transferee, in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter and §11.202 of this title (relating to Ineligible Applicants and Applications).

(j) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) In cases where the general partner is being replaced if the award of credits was made at least five years prior to the transfer request date.

(k) Penalties, Past Due Fees, and Underfunded Reserves. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring) and Subchapter G of this chapter (relating to Affirmative Marketing Requirements and Written Policies and Procedures). The Development Owner on record with the Department will be liable for any penalties or fees imposed by the Department (even if such penalty can be attributable to the new Development Owner) unless an ownership transfer has been approved by the Department. In the event a transferring Development has a history of uncorrected UPCS or NSPIRE violations, ongoing issues related to keeping housing sanitary, safe, and decent, an account balance below the

annual reserve deposit amount as specified in §10.404(a) (relating to Replacement Reserve Accounts), or that appears insufficient to meet capital expenditure needs as indicated by the number or cost of repairs included in a PNA or SCR, the prospective Development Owner may be required to establish and maintain a replacement reserve account or increase the amount of regular deposits to the replacement reserve account by entering into a Reserve Agreement with the Department. The Department may also request a plan and timeline relating to needed repairs or renovations that will be completed by the departing and/or incoming Owner as a condition to approving the Transfer. A PNA or SCR may be requested if one has not already been received under §10.404 of this section (relating to Reserve Accounts).

(l) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by the corresponding ownership transfer fee as outlined in §11.901 of this title (relating to Fee Schedule).

§10.407. Right of First Refusal.

(a) General. This section applies to Development Owners that agreed to offer a Right of First Refusal (ROFR) to a Qualified Entity or as applicable a Qualified Nonprofit Organization, as memorialized in the applicable LURA. For the purposes of this section, a Qualified Nonprofit Organization also includes an entity 100% owned by a Qualified Nonprofit Organization pursuant to §42(h)(5)(C) of the Code and operated in a similar manner. The purpose of this section is to provide administrative procedures and guidance on the process and valuation of properties under the LURA. All requests for ROFR submitted to the Department, regardless of existing regulations, must adhere to this process.

(1) The Development Owner may market the Property for sale and enter into an agreement to sell the Property to a Qualified Entity, or as applicable a Qualified Nonprofit Organization without going through the ROFR process outlined in this section, unless otherwise restricted or prohibited and only in the following circumstances:

(A) The LURA includes a 90-day ROFR and the Development Owner is selling to a Qualified Nonprofit Organization;

(B) The LURA includes a two-year ROFR and the Development Owner is selling to a Qualified Nonprofit Organization that meets the definition of a Community Housing Development Organization (CHDO) under 24 CFR Part 92, as approved by the Department; [or]

(C) The LURA includes a 180-day ROFR, and the Development Owner is selling to a Qualified Entity that meets the definition of a CHDO under 24 CFR Part 92, or to an entity that includes a CHDO as one of its controlling members, as approved by the Department, or to the public housing authority or public facility corporation that owns the fee title to the Development Owner's leasehold estate; or

(D) The Multifamily Direct Loan LURA requires a new Owner to be a qualified CHDO or has a ROFR Period for purchase by a CHDO, and the Development is subject to the 2013 or 2025 HOME final rule, and the Development Owner is selling or conveying the Development to another CHDO approved by the Department. The entity will have to be structured in accordance with the applicable HOME rule, and the requirements in Chapter 13 of this title.

(2) A ROFR request must be made in accordance with the LURA for the Development. If there is a conflict between the Development's LURA and this subchapter, every effort will be made to harmonize the provisions. If the conflict cannot be resolved, requirements in the LURA will supersede this subchapter. If there is a conflict between the Development's LURA and Tex. Gov't Code Chapter 2306, every effort will be made to harmonize the provisions. A Development Owner may request a LURA amendment to make the ROFR provisions in the LURA consistent with Tex. Gov't Code Chapter 2306 at any time.

(3) If a LURA includes the ROFR provision, the Development Owner may not request a Preliminary Qualified Contract (if such opportunity is available under the applicable LURA and §10.408 of this Subchapter) until the requirements outlined in this section have been satisfied.

(4) The Department reviews and approves all ownership transfers pursuant to §10.406 of this subchapter. Thus, if a proposed purchaser is identified by the Owner in accordance with paragraph (1) of this subsection or in the ROFR process, the Development Owner and proposed purchaser must complete the ownership transfer process. A Development Owner may not transfer a Development to a Qualified Nonprofit Organization or Qualified Entity that is considered an ineligible entity under the Department's rules. In addition, ownership transfers to a Qualified Entity or as applicable a Qualified Nonprofit Organization pursuant to the ROFR process are subject to Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee).

(5) Satisfying the ROFR requirement does not terminate the LURA or the ongoing application of the ROFR requirement to any subsequent Development Owner.

(6) If there are multiple buildings in the Development, the end of the 15th year of the Compliance Period will be based upon the date the last building(s) began their credit period(s). For example, if five buildings in the Development began their credit periods in 2007 and one in 2008, the 15th year would be 2022. The ROFR process is triggered upon:

(A) The Development Owner's determination to sell the Development to an entity other than as permitted in paragraph (1) of this subsection; or

(B) The simultaneous transfer or concurrent offering for sale of a General Partner's and limited partner's interest in the Development Owner's ownership structure.

(7) The ROFR process is not triggered if a Development Owner seeks to transfer the Development to a newly formed entity:

(A) That is under common control with the Development Owner; and

(B) The primary purpose of the formation of which is to facilitate the financing of the rehabilitation of the Development using assistance administered through a state financing program.

(8) This section applies only to a Right of First Refusal memorialized in the Department's LURA. This section does not authorize a modification of any other agreement between the Development Owner and a Qualified Nonprofit Organization or Qualified Entity. The enforceability of a contractual agreement between the Development Owner and a Qualified Nonprofit Organization or Qualified Entity may be impacted by the Development Owner's commitments at Application and recorded LURA.

(b) Right of First Refusal Offer Price. There are two general expectations of the ROFR offer price identified in the outstanding LURAs. The descriptions in paragraphs (1) and (2) of this subsection do not alter the requirements or definitions included in the LURA but provide further clarification as applicable:

(1) Fair Market Value is established using either a current appraisal (completed within three months prior to the ROFR request and in accordance with §11.304 of this title (relating to Appraisal Rules and Guidelines)) of the Property or an executed purchase offer that the Development Owner would like to accept. In either case the documentation used to establish Fair Market Value will be part of the ROFR property listing on the Department's website. The purchase offer must contain specific language that the offer is conditioned upon satisfaction of the ROFR requirement. If a subsequent ROFR request is made within six months of the previously approved ROFR posting, the lesser of the prior ROFR posted value or new appraisal/purchase contract amount must be used in establishing Fair Market Value;

(2) Minimum Purchase Price, pursuant to §42(i)(7)(B) of the Code, is the sum of the categories listed in subparagraphs (A) and (B) of this paragraph:

(A) The principal amount of outstanding indebtedness secured by the project (other than indebtedness incurred within the five year period immediately preceding the date of said notice); and

(B) All federal, state, and local taxes incurred or payable by the Development Owner as a consequence of such sale. If the Property has a minimum Applicable Fraction of less than one, the offer must take this into account by multiplying the purchase price by the applicable fraction and the fair market value of the non-Low-Income Units. Documentation submitted to verify the Minimum Purchase Price calculation will be part of the ROFR property listing on the Department's website.

(c) Required Documentation. Upon establishing the ROFR offer price, the ROFR process is the same for all types of LURAs. To proceed with the ROFR request, documentation must be submitted as directed in the Post Award Activities Manual, which includes:

(1) ROFR fee as identified in §11.901 of this title (relating to Fee Schedule);

(2) A notice of intent to the Department;

(3) Certification that the Development Owner has provided, to the best of their knowledge and ability, a notice of intent to all additional required persons and entities in subparagraph (A) of this paragraph and that such notice includes, at a minimum the information in subparagraph (B) of this paragraph;

(A) Copies of the letters or emailed notices provided to all persons and entities listed in clauses (i) to (vi) of this subparagraph as required by this paragraph and applicable to the Development at the time of the submission of the ROFR documentation must be attached to the Certification:

(i) All tenants and tenant organizations, if any, of the Development;

(ii) Mayor of the municipality (if the Development is within a municipality or its extraterritorial jurisdiction);

(iii) All elected members of the Governing Body of the municipality (if the Development Site is within a municipality or its extraterritorial jurisdiction);

(iv) Presiding officer of the Governing Body of the county in which the Development is located;

(v) The local housing authority, if any; and

(vi) All prospective buyers maintained on the Department's list of prospective buyers.

(B) Letters must include, at a minimum, all of the information required in clauses (i) to (vii) of this subparagraph and must not contain any statement that violates Department rules, statute, Code, or federal requirements:

(i) The Development's name, address, city, and county;

(ii) The Development Owner's name, address, individual contact name, phone number, and email address;

(iii) Information about tenants' rights to purchase the Development through the ROFR;

(iv) The length of the ROFR posting period;

(v) The ROFR offer price;

(vi) A physical description of the Development, including the total number of Units and total number of Low-Income Units; and

(vii) Contact information for the Department staff overseeing the Development's ROFR application.

(4) Documentation evidencing any contractual ROFR between the Development Owner and a Qualified Nonprofit Organization or Qualified Entity, along with evidence that such Qualified Nonprofit Organization or Qualified Entity is in good standing in the state of its organization;

(5) Documentation verifying the ROFR offer price of the Property:

(A) If the Development Owner receives an offer to purchase the Property from any buyer other than a Qualified Entity or Qualified Nonprofit Organization that the Development Owner would like to accept, the Development Owner may execute a sales contract, conditioned upon satisfaction of the ROFR requirement, and submit the executed sales contract to establish fair market value; or

(B) If the Development Owner chooses to establish fair market value using an appraisal, the Development Owner must submit an appraisal of the Property completed during the last three months prior to the date of submission of the ROFR request, establishing a value for the Property in compliance with Chapter 11, Subchapter D of this title (relating to Underwriting and Loan Policy) in effect at the time of the request. The appraisal should take into account the existing and continuing requirements to operate the Property under the LURA and any other restrictions that may exist. Department staff will review all materials within 30 calendar days of receipt. If, after the review, the Department does not agree with the fair market value proposed in the Development Owner's appraisal, the Department may order another appraisal at the Development Owner's expense; or

(C) If the LURA requires valuation through the Minimum Purchase Price calculation, submit documentation verifying the calculation of the Minimum Purchase Price as described in subsection (b)(2) of this section regardless of any existing offer or appraised value;

(6) Description of the Property, including all amenities;

(7) Copies of all documents imposing income, rental and other restrictions (non-TDHCA), if any, applicable to the operation of the Property;

(8) A current title commitment or policy not older than six months prior to the date of submission of the ROFR request or the most recent title policy along with a title endorsement or nothing further certificate not older than six months prior to the date of submission of the ROFR request;

(9) The most recent Physical Needs Assessment, pursuant to Tex. Gov't Code §2306.186(e) conducted by a Third-Party. If the PNA/SCR identifies the need for critical repairs that significantly impact habitability and tenant safety, the identified repairs and replacements must be resolved to the satisfaction of the Department before the Development will be considered eligible to proceed with a Right of First Refusal Request;

(10) Copy of the monthly operating statements, including income statements and balance sheets for the Property for the most recent 12 consecutive months (financial statements should identify amounts held in reserves);

(11) The three most recent consecutive annual operating statements (audited would be preferred);

(12) Detailed set of photographs of the Property, including interior and exterior of representative units and buildings, and the Property's grounds;

(13) Current and complete rent roll for the Property; and

(14) If any portion of the land or improvements is leased for other than residential purposes, copies of the commercial leases.

(d) Posting and offers. Within 30 business days of receipt of all required documentation, the Department will review the submitted documents and notify the Development Owner of any deficiencies. During that time, the Department will notify any Qualified Entity or as applicable any Qualified Nonprofit Organization identified by the Development Owner as having a contractual ROFR of the Development Owner's intent to sell. Once any deficiencies are resolved and the Development Owner and Department come to an agreement on the ROFR offer price of the Property, the Department will list the Property for sale on the Department's website and notify entities registered to the email list maintained by the Department of the availability of the Property at a price as determined under this section. The Department will notify the Development Owner when the Property has been listed. The ROFR posting period commences on the date the Property is posted for sale on the Department's website. During the ROFR posting period, a Qualified Nonprofit Organization or Qualified Entity can submit an offer to purchase as follows:

(1) if the LURA requires a 90-day ROFR posting period with no priority for any particular kind of Qualified Nonprofit Organization or tenant organization, any Qualified Nonprofit Organization or tenant organization may submit an offer to purchase the property; or

(2) If the LURA requires a two-year ROFR posting period, a Qualified Nonprofit Organization may submit an offer to purchase the Property as follows:

(A) During the first six months of the ROFR posting period, only a Qualified Nonprofit Organization that is a Community Housing Development Organization (CHDO) under 24 CFR Part 92, or that is 100% owned by a CHDO, as approved by the Department, may submit an offer;

(B) During the next six months of the ROFR posting period, only a Qualified Nonprofit Organization as described by Tex. Gov't Code §2306.6706, or that is 100% owned by Qualified Nonprofit Organization as described by Tex. Gov't Code §2306.6706, or a tenant organization may submit an offer; and

(C) During the final 12 months of the ROFR posting period, any Qualified Nonprofit Organization may submit an offer; or

(3) If the LURA requires a 180-day ROFR posting period, a Qualified Entity may submit an offer to purchase the Property consistent with the subparagraphs of this paragraph.

(A) During the first 60 days of the ROFR posting period, only a Qualified Entity that is:

(i) a CHDO under 24 CFR Part 92, or to an entity that includes a CHDO as one of its controlling members or general partners, as approved by the Department, may submit an offer. In accordance with 24 CFR Part 92, Developments committed HOME CHDO funding on or after August 23, 2013, and still within the Federal Affordability Period must have a CHDO or its wholly owned entity (as applicable) as its only controlling entities and no other entities are eligible;

(ii) if the public housing authority or public facility corporation owns the fee title to the Development Owner's leasehold estate:

(I) a public housing authority; or

(II) a public facility corporation created by a public housing authority under Chapter 303, Local Government Code; or

(iii) controlled by an entity described by either clause (i) or (ii) of this subparagraph.

(B) During the second 60 days of the ROFR posting period, only a Qualified Entity as described by Tex. Gov't Code §2306.6706, or that is controlled by Qualified Entity as described by Tex. Gov't Code §2306.6706, or a tenant organization such may submit an offer.

(C) During the final 60 days of the ROFR posting period, any Qualified Entity may submit an offer.

(4) If the Multifamily Direct Loan LURA for a property funded out of the CHDO set-aside and subject to the 2025 HOME final rule requires a 60-day ROFR posting period, a CHDO approved by the Department may submit an offer to purchase the property.

(5) If the LURA does not specify a required ROFR posting timeframe or is unclear on the required ROFR posting timeframe and the required ROFR value is determined by the Minimum Purchase Price method, any Development that received a tax credit allocation prior to September 1, 1997, is required to post for a 90-day ROFR period, and any Development that received a tax credit allocation on or after September 1, 1997, and until September 1, 2015, is required to post for a two year ROFR, unless the LURA is amended under §10.405(b), or after September 1, 2015, is required to post for a 180-day ROFR period as described in Tex. Gov't Code, §2306.6726.

(e) Acceptance of offers. A Development Owner may accept or reject any offer received during the ROFR posting period; provided however, that to the extent the LURA gives priority to certain classifications of Qualified Nonprofit Organizations or Qualified Entities to make offers during certain portions of the ROFR posting period, the Development Owner can only negotiate a purchase contract with such classifications of entities during their respective periods. For example, during the CHDO priority period, the Development Owner may only accept an offer from and enter into negotiations with a Qualified Nonprofit Organization or Qualified Entity in that classification. A property may not be transferred under the ROFR process for less than the Minimum Purchase Price, but if the sequential negotiation created by statute yields a higher price, the higher price is permitted.

(f) Satisfaction of ROFR.

(1) A Development Owner that has posted a Property under the ROFR process is deemed to have satisfied the ROFR requirements in the following circumstances:

(A) The Development Owner does not receive any bona fide offers at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation) from a Qualified Nonprofit Organization or Qualified Entity during the required ROFR posting period;

(B) A bona fide offer from a Qualified Nonprofit Organization or Qualified Entity is received at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation), the Development Owner accepts the offer, the Qualified Nonprofit Organization or Qualified Entity fails to close the purchase, the failure is determined to not be the fault of the Development Owner, and the Development Owner received no other bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the required ROFR posting period;

(C) A bona fide offer from a Qualified Nonprofit Organization or Qualified Entity is received at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation), the Qualified Nonprofit Organization or Qualified Entity is not approved by the Department during the ownership transfer review due to issues identified during the Previous Participation Review process pursuant to Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory

Committee), and the Development Owner received no other bona fide offers at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation) from a Qualified Nonprofit Organization or Qualified Entity during the required ROFR posting period; or

(D) An offer from a Qualified Nonprofit Organization or Qualified Entity is received at a price below the posted ROFR offer price, and the Development Owner received no other bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the required ROFR posting period at or above the posted ROFR offer price; or

(2) A Development Owner with a LURA that identifies a specific Qualified Nonprofit Organization or Qualified Entity to be the beneficiary of the ROFR will satisfy the ROFR if:

(A) The identified beneficiary is in existence and conducting business;

(B) The Development Owner offers the Development to the identified beneficiary pursuant to the terms of the ROFR;

(C) If the ROFR includes a priority for a certain type of Qualified Entity (such as a CHDO) to have the first opportunity make an offer to acquire the Development, the identified beneficiary meets such classification; and

(D) The identified entity declines to purchase the Development in writing, and such evidence is submitted to and approved by the Department.

(g) Non-Satisfaction of ROFR. A Development Owner that has posted a Property under the ROFR process does not satisfy the ROFR requirements in the following circumstances:

(1) A bona fide offer from a Qualified Nonprofit Organization or Qualified Entity is received at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation), and the Development Owner does not accept the offer;

(2) The LURA identifies a specific Qualified Nonprofit Organization or Qualified Entity to be the beneficiary of the ROFR, and such entity no longer exists or is no longer conducting business and the Development Owner received other bona fide offers at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation) from a Qualified Nonprofit Organization or Qualified Entity during the ROFR posting period and fails to accept any of such other offers;

(3) A bona fide offer from a Qualified Nonprofit Organization or Qualified Entity is received at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation), the Development Owner accepts the offer, the Qualified Nonprofit Organization or Qualified Entity fails to close the purchase, the failure is determined to not be the fault of the Development Owner, the Development Owner received other bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the ROFR posting period and then fails to accept any of such other offers;

(4) A bona fide offer from a Qualified Nonprofit Organization or Qualified Entity is received at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation), the Development Owner accepts the offer, the Qualified Nonprofit Organization or Qualified Entity fails to close the purchase, and such failure is determined to be the fault of the Development Owner;

(5) A bona fide offer from a Qualified Nonprofit Organization or Qualified Entity is received at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation), the Qualified Nonprofit Organization or Qualified Entity is not approved by the Department during the ownership transfer review due to issues identified during the Previous Participation Review process pursuant to

Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), the Development Owner received other bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the ROFR posting period and fails to accept any of such other offers; or

(6) An offer from a Qualified Nonprofit Organization or Qualified Entity is received at a price below the posted ROFR offer price, the Development Owner received other bona fide offers from a Qualified Nonprofit Organization or Qualified Entity during the ROFR posting period at or above the posted ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation), and the Development Owner fails to accept any of such offers.

(h) Activities Following ROFR.

(1) If a Development Owner satisfies the ROFR requirement pursuant to subsection (f)(1) - (2) of this section, it may request a Preliminary Qualified Contract (if such opportunity is available under §10.408 of this Subchapter) or proceed with the sale to an entity that is not a Qualified Nonprofit Organization or Qualified Entity at or above the ROFR offer price (or, in the case of a posted minimum purchase price, at the price yielded by the sequential negotiation).

(2) Following notice that the ROFR requirement has been met, if the Development Owner does not post the Property for Qualified Contract in accordance with §10.408 of this Subchapter or sell the Property to an entity that is not a Qualified Nonprofit Organization or Qualified Entity within 24 months of the Department's written indication that the ROFR has been satisfied, the Development Owner must follow the ROFR process for any subsequent transfer.

(3) If the Department determines that the ROFR requirement has not been met during the ROFR posting period, the Owner may not re-post under this provision at a ROFR offer price that is higher than the originally posted ROFR offer price until 24 months has expired from the Department's written indication that the ROFR has not been satisfied. The Development Owner may market the Property for sale and sell the Property to a Qualified Nonprofit Organization or Qualified Entity during this 24-month period in accordance with subsection (a)(1) of this section.

(i) Sale and closing.

(1) Prior to closing a sale of the Property, the Development Owner must obtain Department approval of the transfer through the ownership transfer process in accordance with §10.406 of this Subchapter (relating to Ownership Transfers (§2306.6713)). The request should include, among other required transfer documents outlined in the Post Award Activities Manual, the final sales contract with all amendments.

(2) If the closing price is materially less than the ROFR offering price or the terms and conditions of the sale change materially from what was submitted in the ROFR posting, in the Department's sole determination, the Development Owner must go through the ROFR process again with a revised ROFR offering price equal to the reduced closing price or adjusted terms and conditions based upon the revised terms, before disposing of the Property.

(j) Appeals. A Development Owner may appeal a staff decision in accordance with §11.902 of this title (relating to Appeals Process).

§10.408. Qualified Contract Requirements.

(a) General. Pursuant to §42(h)(6) of the Code, after the end of the 14th year of the Compliance Period, the Development Owner of a Development utilizing Housing Tax Credits can request that the allocating agency find a buyer at the Qualified Contract Price. If a buyer cannot be located within one year, the Extended Use Period will

expire. This section of this subchapter provides the procedures for the submittal and review of a Qualified Contract Request.

(b) Eligibility. Development Owners who received an award of credits on or after January 1, 2002, are not eligible to request a Qualified Contract prior to the 30 year anniversary of the date the property was placed in service (§2306.185); if the property's LURA indicates a commitment to an Extended Use Period beyond 30 years, the Development Owner is not eligible to request a Qualified Contract until the expiration of the Extended Use Period. Development Owners awarded credits prior to 2002 may submit a Qualified Contract Request at any time after the end of the year preceding the last year of the Initial Affordability Period, provided it is not precluded by the terms of the LURA, following the Department's determination that the Development Owner is eligible. The Initial Affordability Period starts concurrently with the credit period, which begins at placement-in-service or is deferred until the beginning of the next tax year, if there is an election. Unless the Development Owner has elected an Initial Affordability Period longer than the Compliance Period, as described in the LURA, this can commence at any time after the end of the 14th year of the Compliance Period. References in this section to actions which can occur after the 14th year of the Compliance Period shall refer, as applicable, to the year preceding the last year of the Initial Affordability Period, if the Development Owner elected an Initial Affordability Period longer than the Compliance Period.

(1) If there are multiple buildings placed in service in different years, the end of the Initial Affordability Period will be based upon the date the last building placed in service. For example, if five buildings in the Development began their credit periods in 2005 and one began in 2006, the 15th year would be 2020.

(2) If a Development received an allocation in multiple years, the end of the Initial Affordability Period will be based upon the last year of a multiple allocation. For example, if a Development received its first allocation in 2004 and a subsequent allocation and began the credit period in 2006, the 15th year would be 2020.

(c) Preliminary Qualified Contract Request. All eligible Development Owners must file a Preliminary Qualified Contract Request.

(1) In addition to determining the basic eligibility described in subsection (b) of this section, the pre-request will be used to determine that:

(A) The Development does not have any uncorrected issues of noncompliance outside the corrective action period;

(B) There is a Right of First Refusal (ROFR) connected to the Development that has been satisfied; and

(C) The Compliance Period under the LURA has expired; and

(2) In order to assess the validity of the pre-request, the Development Owner must submit:

(A) Preliminary Request Form;

(B) Qualified Contract Pre-Request fee as outlined in §11.901 of this title (relating to Fee Schedule);

(C) Copy of all regulatory agreements or LURAs associated with the Property (non-TDHCA); and

(D) Copy of a Physical Needs Assessment (PNA), conducted by a Third Party, that is no more than 12 months older than the request date. If the PNA identifies the need for critical repairs that significantly impact habitability and tenant safety, the identified repairs and replacements must be resolved to the satisfaction of the Department before the Development will be considered eligible to submit a Qualified Contract Request.

(3) The pre-request will not bind the Development Owner to submit a Qualified Contract Request and does not start the One Year Period (1YP). A review of the pre-request will be conducted by the Department within 90 days of receipt of all documents and fees described in paragraph (2) of this subsection. If the Department determines that this stage is satisfied, a letter will be sent to the Development Owner stating that they are eligible to submit a Qualified Contract (QC) Request.

(d) Qualified Contract Request. A Development Owner may file a QC Request any time after written approval is received from the Department verifying that the Development Owner is eligible to submit the Request.

(1) Documentation that must be submitted with a Request is outlined in subparagraphs (A) - (P) of this paragraph:

(A) A completed application and certification;

(B) The Qualified Contract price calculation worksheets completed by a licensed Third-Party certified public accountant (CPA). The CPA shall certify that they have reviewed annual partnership tax returns for all years of operation, loan documents for all secured debt, and partnership agreements. They shall also certify that they are not being compensated for the assignment based upon a predetermined outcome;

(C) A thorough description of the Development, including all amenities;

(D) A description of all income, rental and other restrictions (non-TDHCA), if any, applicable to the operation of the Development;

(E) A current title report;

(F) A current appraisal with the effective date within six months of the date of the QC Request and consistent with Chapter 11, Subchapter D of this title (relating to Underwriting and Loan Policy);

(G) A current Phase I Environmental Site Assessment (and Phase II, if necessary) with the effective date within six months of the date of the QC Request and consistent with Chapter 11, Subchapter D of this title;

(H) A copy of the most recent Physical Needs Assessment of the property conducted by a Third Party, if different from the assessment submitted during the preliminary qualified contract request, consistent with Chapter 11, Subchapter D of this title;

(I) A copy of the monthly operating statements for the Development for the most recent 12 consecutive months;

(J) The three most recent consecutive annual operating statements (audited would be preferred) for the Development;

(K) A detailed set of photographs of the Development, including interior and exterior of representative units and buildings, and the property's grounds;

(L) A current and complete rent roll for the Development;

(M) A certification that all tenants in the Development have been notified in writing of the request for a Qualified Contract. A copy of the letter used for the notification must also be included;

(N) If any portion of the land or improvements is leased, copies of the leases;

(O) The Qualified Contract Fee as identified in §11.901 of this title (relating to Fee Schedule); and

(P) Additional information deemed necessary by the Department.

(2) Unless otherwise directed by the Department pursuant to subsection (g) of this section, the Development Owner shall contract with a broker to market and sell the Property. The Department may, at its sole discretion, notify the Owner that the selected Broker is not approved by the Department. The fee for this service will be paid by the seller, not to exceed 6% of the QC Price.

(3) Within 90 days of the submission of a complete Request, the Department will notify the Development Owner in writing of the acceptance or rejection of the Development Owner's QC Price calculation. The Department will have one year from the date of the acceptance letter to find a Qualified Purchaser and present a QC. The Department's rejection of the Development Owner's QC Price calculation will be processed in accordance with subsection (e) of this section and the 1YP will commence as provided therein.

(e) Determination of Qualified Contract Price. The QC Price calculation is not the same as the Minimum Purchase Price calculation for the ROFR. The CPA contracted by the Development Owner will determine the QC Price in accordance with §42(h)(6)(F) of the Code taking the following into account:

(1) Outstanding indebtedness secured by, or with respect to, the building;

(2) Distributions to the Development Owner of any and all cash flow, including incentive management fees, capital contributions not reflected in outstanding indebtedness or adjusted investor equity, and reserve balance distributions or future anticipated distributions, but excluding payments of any eligible deferred developer fee. These distributions can only be confirmed by a review of all prior year tax returns for the Development;

(3) All equity contributions will be adjusted based upon the lesser of the consumer price index or 5% for each year, from the end of the year of the contribution to the end of year fourteen or the end of the year of the request for a QC Price if requested at the end of the year or the year prior if the request is made earlier than the last month of the year; and

(4) These guidelines are subject to change based upon future IRS Rulings and/or guidance on the determination of Development Owner distributions, equity contributions and/or any other element of the QC Price.

(f) Appeal of Qualified Contract Price. The Department reserves the right, at any time, to request additional information to document the QC Price calculation or other information submitted. If the documentation does not support the price indicated by the CPA hired by the Development Owner, the Department may engage its own CPA to perform a QC Price calculation and the cost of such service will be paid for by the Development Owner. If a Development Owner disagrees with the QC Price calculated by the Department, a Development Owner may appeal in writing in accordance with §11.902 of this title (relating to Appeals Process). A meeting will be arranged with representatives of the Development Owner, the Department and the CPA contracted by the Department to attempt to resolve the discrepancy. The 1YP will not begin until the Department and Development Owner have agreed to the QC Price in writing. Further appeals can be submitted in accordance with §11.902 of this title (relating to Appeals Process) and Tex. Gov't Code §2306.0321 and §2306.6715.

(g) Marketing of Property. By submitting a Request, the Development Owner grants the Department the authority to market the Development and provide Development information to interested parties. Development information will consist of pictures of the Development, location, amenities, number of Units, age of building, etc. Development Owner or broker contact information will also be provided to interested parties. The Development Owner is responsible for providing staff any requested information to assist with site visits and inspections. Marketing of the Development will continue until such time that a Qualified Contract is presented or the 1YP has expired. Notwithstanding subsection (d)(2) of this section, the Department reserves the right to contract directly with a Third

Party in marketing the Development. Cost of such service, including a broker's fee, will be paid for by the existing Development Owner. The Department must have continuous cooperation from the Development Owner. Lack of cooperation will cause the process to cease and the Development Owner will be required to comply with requirements of the LURA for the remainder of the Extended Use Period. Responsibilities of the Development Owner include but are not limited to the items described in paragraphs (1) - (3) of this subsection. The Development Owner must:

(1) Allow access to the Property and tenant files;

(2) Keep the Department informed of potential purchasers; and

(3) Notify the Department of any offers to purchase.

(h) Presentation of a Qualified Contract. If the Department finds a Qualified Purchaser willing to present an offer to purchase the property for an amount at or above the QC Price, the Development Owner may accept the offer and enter into a commercially reasonable form of earnest money agreement or other contract of sale for the property and provide a reasonable time for necessary due diligence and closing of the purchase. If the Development Owner chooses not to accept the QC offer that the Department presents, the QC request will be closed and the possibility of terminating the Extended Use Period through the Qualified Contract process is eliminated; the Property remains bound by the provisions of the LURA for the remainder of the Extended Use Period. If the Development Owner decides to sell the development for the QC Price pursuant to a QC, the purchaser must complete all requirements of an ownership transfer request and be approved by the Department prior to closing on the purchase, but the consummation of such a sale is not required for the LURA to continue to bind the Development for the remainder of the Extended Use Period.

(1) The Department will attempt to procure a QC only once during the Extended Use Period. If the transaction closes under the contract, the new Development Owner will be required to fulfill the requirements of the LURA for the remainder of the Extended Use Period.

(2) If the Department fails to present a QC before the end of the 1YP, the Department will file a release of the LURA and the Development will no longer be restricted to low-income requirements and compliance. However, in accordance with §42(h)(6)(E)(ii) of the Code, for a three-year period commencing on the termination of the Extended Use Period, the Development Owner may not evict or displace tenants of Low-Income Units for reasons other than good cause and will not be permitted to increase rents beyond the maximum tax credit rents. Additionally, the Development Owner should submit to the Department a request to terminate the LURA and evidence, in the form of a signed certification and a copy of the letter, to be approved by the Department, that the tenants in the Development have been notified in writing that the LURA will be terminated and have been informed of their protections during the three-year time frame.

(3) Prior to the Department filing a release of the LURA, the Development Owner must correct all instances of noncompliance at the Development.

(i) Compliance Monitoring during Extended Use Period. For Developments that continue to be bound by the LURA and remain affordable after the end of the Compliance Period, the Department will monitor in accordance with the applicable requirements in Subchapters F and G of this chapter (relating to Uniform Multifamily Rules).

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1399 **Agenda Date:** 4/9/2026 **Agenda #:** 28.

Presentation, discussion, and possible action on an order adopting the repeal and new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report and directing submission to the *Texas Register*

RECOMMENDED ACTION

WHEREAS, Tex. Gov't Code §2306.0721 requires that the Department produce a state low income housing plan, and Tex. Gov't Code §2306.0722 requires that the Department produce an annual low income housing report;

WHEREAS, Tex. Gov't Code §2306.0723 requires that the Department consider the annual low income housing plan and report to be a rule;

WHEREAS, at the board meeting of January 15, 2026, the Board approved the proposed repeal and proposed new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures §1.23 concerning State of Texas Low Income Housing Plan and Annual Report, and directed their publication for public comment in the *Texas Register*; and

WHEREAS no public comment was received on the rule;

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 adopted actions for 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report, 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 (TDHCA or the Department) is required to prepare and submit to the Board each year an annual report of the Department's housing activities for the preceding year. Tex. Gov't Code §2306.0723 requires that the Department consider the annual low-income housing plan and report to be a rule. Thus, the rule is updated each year.

At the TDHCA Board meeting of January 15, 2026, the Board approved the proposed repeal and proposed new

10 TAC §1.23, concerning State of Texas Low Income Housing Plan and Annual Report, and directed their publication in the *Texas Register* for public comment. The public comment period for the proposed new 10 TAC §1.23, was held from, Monday, February 2, 2026, through Sunday, March 8, 2026, and no public comment on the rule was received.

Also, at the Board meeting of January 15, 2026, the Board approved the release of a draft 2026 SLIHP for public comment. The public comment period for the SLIHP was held from Friday, January 16, 2026, through Monday, February 16, 2026. A public hearing was held on Tuesday, February 10, 2026. The Department received public comment on the draft 2026 SLIHP. The Public Comment and Department reasoned responses can be found in the final version of the SLIHP, approved at the Board meeting of March 6, 2026, in the Public Participation section. The final version of the 2026 SLIHP including responses to public comment can be found on the TDHCA website at the following location: <https://www.tdhca.texas.gov/housing-resource-center-annual-or-biennial-plans-and-reports>. The public may also receive a copy of the 2026 SLIHP by contacting the Department's Housing Resource Center at (512) 475-3976. **Attachment A: Preamble, including required analysis, for repeal of 10 TAC §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)**

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23, State of Texas Low Income Housing Plan and Annual Report (SLIHP). The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action, in order to adopt by reference the 2026 SLIHP.

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

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

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

1. The repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous adoption by reference the 2026 SLIHP, as required by Tex. Gov't Code §2306.0723.

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

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

4. The repeal does not result in an increase in fees paid to the Department, nor 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 action will repeal an existing regulation, but is associated with a simultaneous readoption in order to adopt by reference the 2026 SLIHP.

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

8. The repeal will not negatively or positively affect 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 repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson, has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section would be an updated more germane rule that will adopt by reference the 2025 SLIHP. 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.

SUMMARY OF PUBLIC COMMENT. The public comment period for the rule was held Monday, February 2, 2026, through Sunday, March 8, 2026, to receive input on the proposed repealed section. No comments were received on the proposed repeal of §1.23.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules, and Tex. Gov't Code §2306.0723, which requires this annual report to be considered a rule and be adopted following rulemaking procedures. Except as described herein the repealed section affects no other code, article, or statute.**Attachment B: Preamble for adoption of new 10 TAC §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)**

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP). The purpose of the new section is to provide compliance with Tex. Gov't Code §2306.0723 and to adopt by reference the 2026 SLIHP, which offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. The 2026 SLIHP reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on performance during the preceding state fiscal year (September 1, 2024, through August 31, 2025).

Tex. Gov't Code §2001.0045(b) does not apply to the rule because it is exempt under item (c)(9) because it is necessary to implement legislation. Tex. Gov't Code §2306.0721 requires that the Department produce a state

low income housing plan, and Tex. Gov't Code §2306.0722 requires that the Department produce an annual low income housing report. Tex. Gov't Code §2306.0723 requires that the Department consider the annual low income housing report to be a rule. This rule provides for adherence to that statutory requirement. Further no costs are associated with this action, and therefore no costs warrant being offset.

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

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

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

1. The new rule does not create or eliminate a government program, but relates to the adoption, by reference, of the 2026 SLIHP, as required by Tex. Gov't Code §2306.0723.

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

3. The new rule changes do not require additional future legislative appropriations.

4. The new rule changes 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 rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The new rule will not expand, limit, or repeal an existing regulation.

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

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

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this 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 §2306.0723.

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. There are no small or micro-businesses subject to the rule for which the economic impact of the rule is projected to be null. There are no rural communities subject to the rule for which the economic impact of the rule is projected to be null.

3. The Department has determined that because the rule will adopt by reference the 2025 SLIHP, there will be no economic effect on small or micro-businesses or rural communities.

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

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

The Department has evaluated the 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 rule has no economic effect on local employment because the rule will adopt by reference the 2026 SLIHP; therefore, no local employment impact statement is required to be prepared for the rule.

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 the rule will adopt by reference the 2026 SLIHP there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). 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 that will adopt by reference the 2026 SLIHP, as required by Tex. Gov't Code §2306.0723. There will not be any economic cost to any individuals required to comply with the new section because the adoption by reference of prior year SLIHP documents has already been in place through the rule found at this section being repealed.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new 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 new rule will adopt by reference the 2026 SLIHP.

SUMMARY OF PUBLIC COMMENT. The public comment period for the proposed new rule was held between Friday, February 6, 2026, and Sunday, March 8, 2026. The public comment period for the draft 2026 SLIHP was held between January 16, 2026, and February 16, 2026. A public hearing for the draft 2026 SLIHP was held on February 10, 2026, in Austin, Texas. Written comments were accepted by email and mail. While the Department received public comment on the draft 2026 SLIHP, no comments were received specifically regarding (and in response to) the proposed new rule.

STATUTORY AUTHORITY. The new section is adopted 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. The rule, as proposed to be adopted, has been reviewed by legal counsel for the Department and found to be a valid exercise of the Department's legal authority.

§1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

The Texas Department of Housing and Community Affairs (TDHCA or the Department) adopts by reference the 2026 State of Texas Low Income Housing Plan and Annual Report (SLIHP). The full text of the 2026 SLIHP may be viewed at the Department's website: www.tdhca.texas.gov. The public may also receive a copy of the 2026 SLIHP by contacting the Department's Housing Resource Center at (512) 475-3976.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1406 **Agenda Date:** 4/9/2026 **Agenda #:** 29.

Presentation, discussion, and possible action on an order adoption the repeal of 10 TAC §10.802, Written Policies and Procedures; proposed new 10 TAC §10.802, Written Policies and Procedures; and directing submission to 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, staff proposed changes to 10 TAC §10.802, Written Policies and Procedures to incorporate changes made by the U.S. Department of Housing and Urban Development (HUD) to 24 CFR Part 92 by the 2025 HOME Final Rule;

WHEREAS, the proposed changes to 10 TAC §10.802 clarify notification requirements to tenants that reside in units governed under the HOME program, and revise the number of methods of contact for a HOME property that must be in a Developments Written Policies and Procedures;

WHEREAS, at the board meeting of January 15, 2026, the Board approved the proposed repeal and proposed new 10 TAC §10.802, Written Policies and Procedures and directed their publication for public comment in the *Texas Register*; and

WHERAS, public comment was accepted from January 30, 2026, to March 3, 2026, comment was received from one entity which has been summarized in the preamble below;

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 adopted actions for 10 TAC §10.802 Written Policies and Procedures, 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 purpose of the changes proposed to 10 TAC §10.802 is to comply with the HOME final rule published in the Federal Register on January 6, 2025. The final rule was originally scheduled to take effect February 5, 2025;

however, on February 3, 2025, HUD delayed the effective date of the HOME Final Rule until April 20, 2025, consistent with the President's "Regulatory Freeze Pending Review" memorandum dated January 20, 2025. The compliance dates detailed in various paragraphs of 24 CFR §92.3 of the HOME Final Rule are being revised to April 30, 2026, to ensure participating jurisdictions have a 1-year compliance period, as originally described in the HOME Final Rule.

Staff have proposed these changes in order to have the necessary changes in effect by April 30, 2026, deadline to be in compliance with the HOME final rule.

Changes to the Written Policies and Procedures rule require a development owner to:

- Addition at §10.802(g)(2)(E) - Provide non-renewal and termination notices to TDHCA before delivering them to tenants of HOME units, HOME match units, and TCAP-RF units used as HOME match units.

- Addition at §10.802(k) - Requires Developments funded via Direct Loan and that have HOME Match units to list at least two methods to contact the property in the Development's written policies and procedures.

The Department received comment from one commentor, Scott A. Marks, P.C. on behalf of Foundation Communities and New Hope Housing. That comment and a reasoned response are provided in the preamble attached.

Upon Board approval, the adopted rule actions will be published in the *Texas Register.* Behind the preamble is a copy of the final rule that will be submitted for final publication in the *Texas Register*. **Attachment A: Preamble, including required analysis, for the proposed repeal of 10 TAC Chapter 10, Subchapter G, §10.802 Written Policies and Procedures**

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 10, Subchapter G, Section 10.802 Written Policies and Procedures. The purpose of the repeal is to eliminate an outdated rule and replace it simultaneously with a new rule that addresses new federal HOME regulations.

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 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 administration of the HOME Program.

2. The repeal does not require a change in work that creates new employee positions nor does it create savings that would allow for a reduction in 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.

SUMMARY OF PUBLIC COMMENT. The public comment period for the rule was held January 30, 2026 to March 3, 2026, to receive input on the proposed repealed section. No comments were received on the proposed repeal of §10.802.

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

§10.802. Written Policies and Procedures

Attachment B: Preamble, including required analysis, for new 10 TAC Chapter 10, Subchapter G, §10.802 Written Policies and Procedures

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 10, Subchapter G, §10.802 Written Policies and Procedures. The purpose of the new section is to bring the rule up to date by including updates from the new federal HOME final rule and clarifying and correcting language.

Tex. Gov't Code §2001.0045(b) does not apply to the rule because there are no additional costs associated with this action. 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 administration of the HOME Program.

2. The rule does not require a change in work that creates new employee positions nor does it create savings that would allow for a reduction in 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 a rule compliant with the federal regulations for the HOME Program. 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 will have no economic costs.

SUMMARY OF PUBLIC COMMENT. The public comment period for the proposed new rule was held between January 30, 2026 to March 3, 2026. Written comments were accepted by email and mail. Comment was received from one commentor as follows (1) Scott A. Marks, P.C. on behalf of Foundation Communities and New Hope Housing.

Comment on the addition of language to 10.802(b)(2)(A) and 10.802(b)(2)(B):
Commentor 1 urged the Department to add language to the above referenced sections, to include "or written agreement" language to these sections to allow for preferences and limitations to be accepted by the Department, but that they not be required to be recorded in a LURA. Commentors state that in their opinion "A written agreement is all that is required by federal law and state law, and would require significantly less TDHCA staff and nonprofit staff time to prepare."

Staff Response: Federal and State law requires preferences and limitations be enforceable by both TDHCA and tenants, and TDHCA monitors development compliance through the terms of the LURA. Adding a separate "written agreement" to contain some preferences and limitations will not require less staff time to prepare because it will only be adding an additional source of enforceable obligations in addition to the required LURA obligations, and only for properties that choose to utilize such a written agreement. A new system for providing notice to TDHCA and tenants of changing preferences and limitations, adding a reference to the existing or contemplated LURA that references that a separate source for enforceable obligations exists, and allowing TDHCA to approve preferences and limitations as being legally appropriate, will need to be created in order to operationalize such a system. That said, TDHCA is agreeable to finding a solution to this concern but believes that further discussion is necessary between the Department and Commentor before a permanent change can be made to the rule. Additionally, the suggested change does not align with other places in the Texas Administrative Code and state statute where certain limitations, such as Elderly, are required to be in the LURA. Furthermore, the term "written agreement," while used federally, does not correspond with the TDHCA term Contract that is used elsewhere in the Texas Administrative Code to describe the Written Agreement required under certain federal programs. No changes to the rule are recommended at this time in response to this comment.

STATUTORY AUTHORITY. The rule action is proposed 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.

10 TAC Chapter 10, Subchapter G, §10.802 Written Policies and Procedures

§10.802. Written Policies and Procedures.

(a) The purpose of this section is to outline the policies and/or procedures of the Department (also called tenant section criteria) that are required to have written documentation. If an Owner fails to have such Written Policies and Procedures, or fails to follow their Written Policies and Procedures it will be handled as an Event of Noncompliance as further provided in §10.803 of this subchapter (relating to Compliance and Events of Noncompliance).

(1) Owners must inform applicants/tenants in writing, at the time of application, or at the time of other actions described in this section, that such policies/procedures as described in this section are available, and that the Owner will provide copies upon request to applicants/tenants or their representatives.

(2) The Owner must have all policies and related documentation required by this section and the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation" available in the leasing office and anywhere else where applications are taken; Developments that accept electronic applications must maintain on their website these Written Policies and Procedures and the same noted forms.

(3) All policies must have an effective date. Any changes made to the policies require a new effective date, and a notice regarding the availability of new policies must be communicated to tenants in writing. Acceptable forms of notification in writing are:

(A) Written notice to each household through an active communications portal or online rental payment portal, if either are used at the Development;

(B) written notice via hard copy placed on the door to each occupied Unit;

(C) a notice online on the Development's website, if the Development has one; or

(D) a hard copy notice posted in the leasing office's public area for at least 30 calendar days.

(4) In general, policies addressing credit, criminal history, and occupancy standards cannot be applied retroactively. Tenants who already reside in the Development or applicants on the waitlist at the time new or revised tenant selection criteria are applied, and who are otherwise in good standing under the lease or waitlist, must not receive notices of termination or non-renewal based solely on their failure to meet the new or revised tenant selection criteria or be passed over on the waitlist. However, criteria related to program eligibility may be applied retroactively when a market rate development receives a new award of tax credits, federal, or state funds and a household is not eligible under the new program requirements, or when prior criteria violate federal or state law.

(b) Tenant Selection Criteria. A Development Owner must maintain current and prior versions of the written Tenant Selection Criteria, for the longer of the records retention period that applies to the program, or for as long as tenants who were screened under the historical criteria are occupying the Development.

(1) The criteria identified by a Development must be reasonably related to an applicant's ability to perform under the lease (for a Development with MFDL funding this means to pay the rent, not to damage the housing, and not to interfere with the rights and quiet enjoyment of other tenants) and include at a minimum:

(A) Requirements that determine an applicant's basic eligibility for the Development, including any preferences, restrictions (such as the Occupancy Standard Policy), the Waitlist Policy, Changes in Housing Designation Policy, low income unit designations utilized, and any other tenancy requirements. Any restrictions on student occupancy and any exceptions to those restrictions, as documented in the tenant file as provided for in 10 TAC §10.612(b)(2) of this chapter (relating to Tenant File Requirements) must be stated in the policies;

(B) Applicant screening criteria, including what applicant attributes are screened and what scores or findings would result in ineligibility;

(C) The following statement: Screening criteria will be applied in a manner consistent with all applicable laws, including the Texas and Federal Fair Housing Acts, the Federal Fair Credit Reporting

Act, program guidelines, and TDHCA's rules;

(D) Specific age requirements if the Development is operating as an Elderly Property either under the Housing for Older Persons Act of 1995 as amended (HOPA), or the age related eligibly criteria required by its use of federal funds.

(2) The criteria must not:

(A) Include preferences for admission, unless it is in a recorded LURA which has been approved by the Department (preferences are required to be in a LURA when a Development has federal or state funding, except for the preference allowed by paragraph (3) of this subsection), is required by a program in which the Owner is participating which requires the preference, or is allowed by paragraph (3) of this subsection. Owners that include preferences in their leasing criteria due to other federal financing must provide to the Department either written approval from HUD, USDA, or VA for such preference, or identify the statute, written agreement, or federal guidance documentation that permits the adoption of this preference;

(B) Exclude 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. If an Owner adopts a minimum income standard for households participating in a voucher program, it is limited to the greater of a monthly income of 2.5 times the household's share of the total monthly rent amount or $2,500 annually; or

(C) In accordance with VAWA, deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking.

(3) If the Development is funded with HOME, HOME ARP, TCAP RF, NHTF, or NSP funds, in accordance with 24 CFR §93.356 and 24 CFR §92.359, the criteria may have a preference for persons who have experienced domestic violence, dating violence, sexual assault, or stalking.

(4) Occupancy Standard Policy.

(A) If the Development restricts the number of occupants in a Unit in a more restrictive manner than

found in Section 92.010 of the Texas Property Code, the Occupancy Standard Policy must allow at least two persons per Bedroom plus one additional person per Unit. An Efficiency Unit that is greater than 600 square feet, must also have an Occupancy Standard Policy of at least three persons per Unit. In an SRO or in an Efficiency that is less than 600 square feet, the Occupancy Standard Policy must allow at least two persons per Unit. Supportive housing or transitional housing Developments where all Units in the Development are SROs or Efficiencies, are not required by the Department to have an Occupancy Standard Policy, except as required for the 811 PRA Program or as reflected in the Development's LURA.

(B) A Development may adopt a more restrictive standard than described in subparagraph (A) of this paragraph, if the Development is required to utilize a more restrictive standard by a local governmental entity, or a federal funding source. However, the Development must have this information available onsite for Department review.

(C) Except for an Elderly Development that meets the requirements of the Housing for Older Persons Act exception under the Fair Housing Act, the Occupancy Standard Policy must state that children that join the household after the start of a lease term will not cause a household to be in violation of the lease.

(c) Reasonable Accommodations Policy. Owners must maintain a written Reasonable Accommodations policy. The policy must be maintained at the Development. Owners are responsible for ensuring that their employees and contracted third party management companies are aware of and comply with the reasonable accommodation policy.

(1) The policy must provide:

(A) Information on how an applicant or current resident with a disability may request a reasonable accommodation;

(B) How transfers related to a reasonable accommodation will be addressed; and

(C) A timeframe in which the Owner will respond to a request that is compliant with §1.204(b)(3) and (d) of this title (relating to Reasonable Accommodations).

(2) The policy must not:

(A) Require a household to make a reasonable accommodation request in writing;

(B) Require a household whose need is readily apparent to provide third party documentation of a disability;

(C) Require a household to provide specific medical or disability information other than the disability verification that may be requested to verify eligibility for reasonable accommodation;

(D) Exclude a household with person(s) with disabilities from admission to the Development because an accessible unit is not currently available; or

(E) Require a household to rent a unit that has already been made accessible.

(d) Waitlist Policy. Owners must maintain a written waitlist policy, regardless of current Unit availability. The policy must be maintained at the Development. The policy must include procedures the Development uses in:

(1) Opening, closing, and selecting applicants from the waitlist, including but not limited to the requirements in §10.615(b) of this title (relating to Elections under IRC §42(g) and Additional Income and Rent Restrictions for HTC, Exchange, and TCAP Developments);

(2) Determining how lawful preferences are applied; and

(3) Procedures for prioritizing applicants needing accessible Units in accordance with 24 CFR §8.27, and Chapter 1, Subchapter B of this title (relating to Accessibility and Reasonable Accommodations).

(e) Changes in Household Designation Policy. This is applicable if a Development has adopted a policy in accordance with §10.611(c) of this subchapter (relating to Determination, Documentation and Certification of Annual Income).

(f) Denied Application Policies. Owners must maintain a written policy regarding the procedures they will follow when denying an application and when notifying denied applicants of their rights.

(1) The policy must address the manner by which rejections of applications will be handled, including timeframes and appeal procedures, if any.

(2) Within seven days after the determination is made to deny an application, the owner must provide any rejected or ineligible applicant that completed the application process a written notification of the grounds for rejection. The written notification must include:

(A) The specific reason for the denial and reference the specific leasing criteria upon which the denial is based;

(B) Contact information for any third parties that provided the information on which the rejection was based and information on the appeals process, if one is used by the Development. An appeals procedure is required for HOME Developments that are owned by Community Housing Development Organizations, and Units at Developments that lease Units under the Department's Section 811 PRA program. The appeals process must provide a 14-day period for the applicant to contest the reason for the denial, and comply with other requirements of the HUD Handbook 4350.3 4-9; and

(C) The TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation."

(3) The Development must keep and may periodically be requested to submit to the Department a log of all denied applicants that completed the application process to include:

(A) Basic household demographic and rental assistance information, if requested during any part of the application process; and

(B) The specific reason for which an applicant was denied.

(4) If an 811 applicant is being denied, within three calendar days of the denial the Department's 811 PRA

Program point of contact must be notified and provided with a copy of the written notice that was provided to the applicant.

(g) Non-renewal and/or Termination Notices. A Development Owner must maintain a written policy regarding procedures for providing households non-renewal and termination notices.

(1) The Owner must provide in any non-renewal or termination notice, a specific and lawful reason for the termination or non-renewal.

(2) The notification must:

(A) Be delivered as required under applicable program rules and the lease. For HOME, HOME ARP, TCAP RF, NHTF, NSP, HTC, TCAP, ERA, and Exchange Developments, see 10 TAC §10.613(a) - (b) of this chapter (relating to Lease Requirements). For Section 811 PRA, see 24 CFR §247.4(a) - (f);

(B) Include the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted;

(C) State how a person with a disability may request a reasonable accommodation in relation to such notice;

(D) Include information on the appeals process if one is used by the Development (this process is required under some LURAs, for HOME Developments that are owned or sponsored by Community Housing Development Organizations, and for 811 PRA units); and

(E) For Units subject to the 2025 HOME Final Rule as identified in §10.601(g), of this chapter relating to 2025 HOME Final Rule applicability,

1. Such notice should be provided in a translated format when needed to ensure meaningful

access for limited English proficient (LEP) persons; and

2. Be provided to TDHCA within the timeframe identified in §10.613(o)(4) if this chapter, relating to Notices to Vacate.

(h) At the time of application Owners must provide each adult in the household the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

(i) Policies and procedures will be reviewed periodically by the Department's Fair Housing staff, as a result of complaints, or through an owner initiated written policies and procedures review. Owners may request a review of the written policies and procedures for a portfolio of Developments by submitting a request to fair.housing@tdhca.state.tx.us. After review by the Department, an Owner may make non-substantive changes to the policies.

(j) A Development Owner must allow applicants to submit applications via mail and at the Development site or leasing office; if the Development is electronically equipped, the Development may also allow applications to be submitted via email, website form, or fax. The Development's tenant selection criteria must state available alternate means of submission and include address, email, or other necessary contact information on the form or its attached leasing criteria.

(k) If the Development has ever been funded via Direct Loan or has HOME Match units, the Development’s written policies and procedures must list at least two methods to contact the Development.

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1389 **Agenda Date:** 4/9/2026 **Agenda #:** 30.

Media Analysis and Outreach Report, February 2026

Report follows this page.

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TDHCA Outreach and Media Analysis, February 2026

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 February 1-28, 2026 (news articles that specifically mentioned TDHCA generally or along with Department programs).

Total number of articles referencing TDHCA: 61
Breakdown by Medium:[1]

- Print: 9 (Editorials/Columnists = 2)
- Broadcast: 23
- Trade, Government or Internet-Based Publications: 29

Figure 1 News Tone

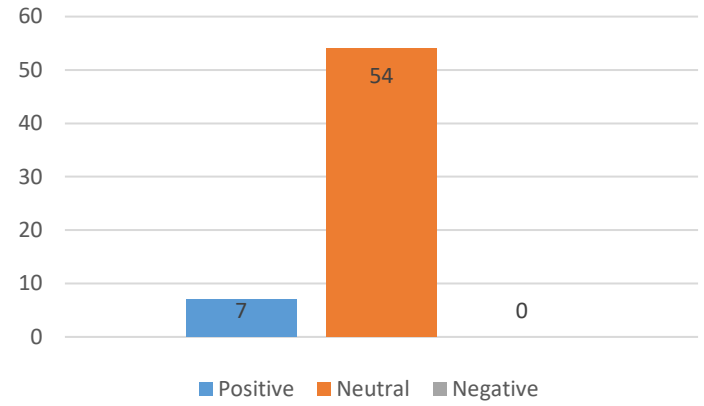
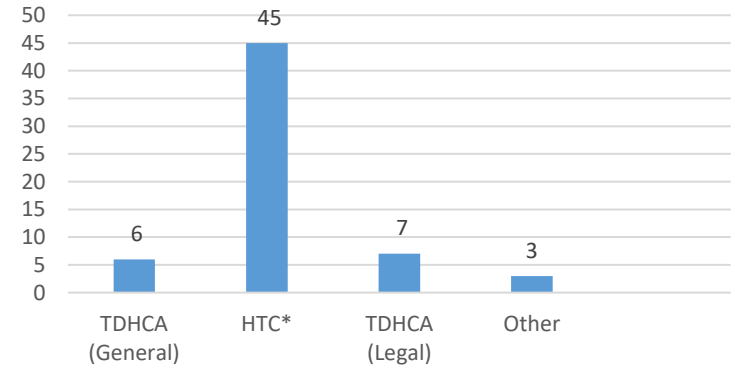
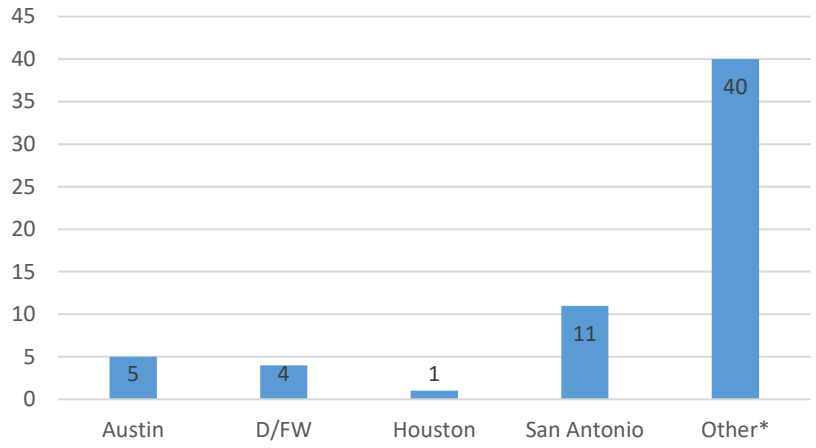


Figure 2 News Topic[2]



[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..*

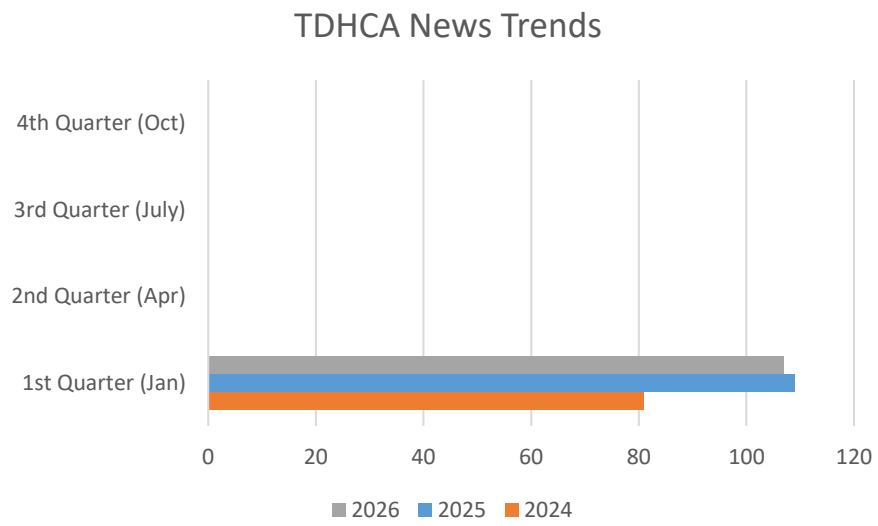
Figure 3 Media Market



Summary:
Reporting on TDHCA activities by the news media totaled 61 references in February 2026. More than half of the news mentions stemmed from local city and county resolutions of support for upcoming tax credit applications (2026 9% HTC cycle) and grand openings. There were articles related to Governor Abbott's appointment of a former board member to the Transportation Commission, and mentions of (TDHCA Legal) HUD's proposed changes to disparate impact rules that included references to the TDHCA vs. ICP Supreme Court case.

News mentions during the month were on track, although slightly lower than February 2025 (68 total).

The following table illustrates the number of news mentions during each month or quarter of 2026 compared to 2025 and 2024. Through the second month of the first quarter of 2026 (January through March), total news mentions tracked closely with 2025 (107, 109 respectively), higher than 2024 (81 total).



Social media:
Through February 2026, TDHCA has 3,739 followers to its X account (level from January 2026), and 8,290 followers to its Facebook page (a slight uptick from January 2026). Top FB posts were related to HTC grand openings. TDHCA's YouTube channel had 7,795 views in February. 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 2026	48	71	50 (includes Comments)	4	45
February 2026	52	141	62 (includes Comments)	6	34

* 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 2026	50	27	6	2	4
February 2026	52	0	23 (Includes Comments)	6	16

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

Month	Views	Watch time (hours)	Avg. view duration	Avg. % viewed	Unique viewers
January 2026	8,068	670.3	4:59	22.1%	6,011
February 2026	7,795	696.6	5:21	20%	5,686

<u>Understanding the YouTube Analytics</u>

- **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 February 2026

Content / Duration / Publish date	Views	Watch time (hours)	Average view duration	Average percentage viewed	Unique viewers
Total	**7,795**	**696.6**	**5:21**	**20.0%**	**5,686**
 Help For Texans	3,544 45.5%	93.1 13.4%	1:34	46.4%	3,240 57.0%
 Reasonable Accommodations in Texas	1,282 16.5%	66.2 9.5%	3:05	74.7%	1,197 21.1%
 Assistance Animals in Texas	1,160 14.9%	81.9 11.8%	4:14	67.3%	1,102 19.4%
 Texas Homebuyer Program introduction	216 2.8%	2.4 0.4%	0:40	77.9%	200 3.5%
 First Time Homebuyers...Save Money on your Income T...	184 2.4%	4.7 0.7%	1:31	81.2%	165 2.9%
 Housing Tax Credit Training	92 1.2%	34.6 5.0%	22:34	6.2%	65 1.1%
 Fair Housing 101: An Overview of Fair Housing in Texa...	73 0.9%	17.1 2.5%	14:01	13.7%	51 0.9%
 2025 Income Determination Training	62 0.8%	26.7 3.8%	25:48	8.3%	46 0.8%
 Written Policies and Procedures in TDHCA Monitored ...	44 0.6%	2.8 0.4%	3:50	7.6%	25 0.4%
 Tax Exempt Bond Program (BOND) Training	39 0.5%	33.5 4.8%	51:31	31.0%	10 0.2%
 Fair Housing 101: The Basics of Fair Housing in Texas	38 0.5%	5.4 0.8%	8:32	8.1%	25 0.4%
 2025 Reasonable Accommodations in TDHCA Multifa...	36 0.5%	5.5 0.8%	9:09	15.0%	31 0.6%
 Let's Talk About Forms	35 0.5%	16.9 2.4%	28:57	31.4%	30 0.5%
 2025 Emergency Solutions Grants (ESG) Implementati...	29 0.4%	5.9 0.9%	12:11	15.4%	20 0.4%
 Income Determination Training Webinar - Jan. 4, 2024	29 0.4%	77.1 11.1%	2:39:34	46.4%	10 0.2%
 Recordkeeping and Reporting Requirements	27 0.4%	8.6 1.2%	19:11	21.9%	25 0.4%
 Assets and the Changes from HOTMA	26 0.3%	9.5 1.4%	21:59	20.5%	25 0.4%
 IDT Lunch & Learn: Calculating Uncommon Assets	25 0.3%	4.9 0.7%	11:39	13.9%	18 0.3%
 Fair Housing Special Topics: Reasonable Accommodat...	24 0.3%	2.3 0.3%	5:39	5.8%	22 0.4%
 IDT Lunch & Learn: Calculating Real Property and Disp...	23 0.3%	5.9 0.8%	15:17	19.9%	19 0.3%
 Students: Eligibility and Income	22 0.3%	7.3 1.1%	19:59	11.8%	15 0.3%
 Monitoring Reviews: Beginning to End	22 0.3%	3.9 0.6%	10:44	13.6%	21 0.4%
 Income Determination Training	22 0.3%	7.8 1.1%	21:12	7.3%	17 0.3%
 Accessing Texas Department of Aging and Disability S...	21 0.3%	0.7 0.1%	1:52	26.4%	19 0.3%
 Office Hours - NSPIRE	21 0.3%	4.6 0.7%	13:16	13.4%	16 0.3%

TDHCA Outreach February 2026

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

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
SF and Homeless Programs/Bootstrap	Feb. 4	Bootstrap Closing Training/County HFH, Smith County HFH, Smith County HFH, Golden Crescent HFH	15
SF and Homeless Programs/Bootstrap	Feb. 5	Bootstrap New Reservation Training/County HFH, Smith County HFH, Smith County HFH, Golden Crescent HFH	15
Compliance	Feb. 6	Office Hours and webinar on Recordkeeping and Reporting	173
Community Affairs/WAP	Feb. 11	Virtual Training Session/Travis	12
Compliance	Feb. 19	Multifamily Direct Loan training (virtual)	128
Compliance	Feb. 24	Public Hearing on 10 TAC Sections 10.612 and 10.628	31

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1379 **Agenda Date:** 4/9/2026 **Agenda #:** 31.

Executive Director's Report

ORAL PRESENTATION

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-012 **Agenda Date:** 4/9/2026 **Agenda #:** 32.

Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026, Resolution No. 26-012 and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for Torrington Wilmer at the Board meeting of October 10, 2024;

WHEREAS, an application for Torrington Wilmer requesting 4% Housing Tax Credits, sponsored by Torrington Wilmer GP, LLC, and the Dallas County Housing Finance Corporation, was submitted to the Department on October 6, 2025;

WHEREAS, a Certificate of Reservation was issued in the amount of $48,000,000 on February 12, 2026, with a bond delivery deadline of August 11, 2026; and

WHEREAS, staff recommends approval of the issuance of Multifamily Housing Revenue Bonds for Torrington Wilmer (Series 2026) and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026, in the amount of $45,000,000, Resolution No. 26-012, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $4,166,508 in 4% Housing Tax Credits for Torrington Wilmer, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

FURTHER RESOLVED, that if approved, staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform

such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

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

Development Information: Torrington Wilmer proposes the new construction of 300 units for the general population to be located at 1501 East Beltline Road in Wilmer, Dallas County. The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have any restrictions regarding rent and income levels. The application reflects that all of the units are proposed to be rent and income-restricted at 60% of the Area Median Family Income.

Organizational Structure and Previous Participation: The Borrower is Torrington Wilmer, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 3 and was deemed acceptable.

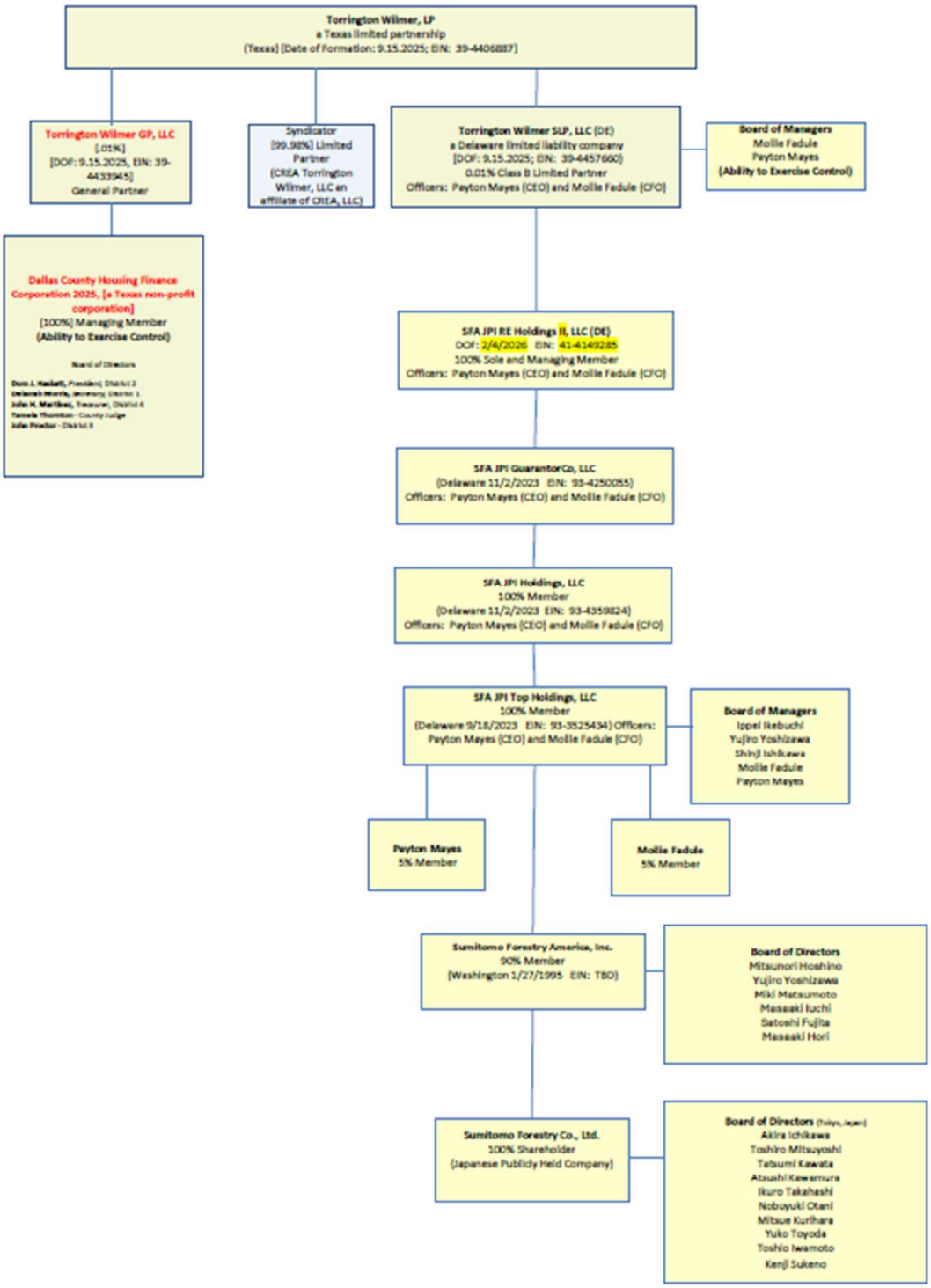
Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: On March 18, 2022, the IRS released Revenue Procedure 2022-20, which permanently allows TEFRA hearings for qualified activity bonds to be held telephonically. Staff conducted a telephonic hearing for the proposed development on November 18, 2025. Representatives from the Department and the Developer were present, and no public comment was made. A copy of the transcript is included herein. The Department has not received any letters of support or opposition for the development.

Summary of Financial Structure

Under the proposed structure, the Department will issue unrated, fixed rate tax-exempt bonds in the aggregate principal amount of $45,000,000, to be purchased by Specialty Finance Group (SFG), a division of Cedar Rapids Bank and Trust Company, who will be serving as the construction and permanent lender. The interest rate will be fixed prior to closing by a Swap Agreement and will be equal to the sum of the 30-Day Average SOFR Rate (as defined in the Borrower Note) plus 1.25% Basis Points, currently estimated to be 5.90%, which is the interest rate used purposes of the Department's underwriting. The Department is not a party to the Swap Agreement. The loan will have a 36-month interest only construction term, followed by a

15-year permanent term, 40-year amortization period, with a final maturity date of approximately May 1, 2046. SFG will also provide a bridge loan in the amount of $21,566,502. The bridge loan will have a 36-month term, and the interest rate will be equal to the 30-Day Average SOFR Rate plus 1.25%, currently estimated to be 5.90%.

Exhibit A


Torrington Wilmer, LP
a Texas limited partnership
(Texas) [Date of Formation: 9.15.2025; EIN: 39-4406887]
Torrington Wilmer GP, LLC
[.01%]
[DOF: 9.15.2025, EIN: 39-4433965]
General Partner
Syndicator
[99.98%] Limited Partner
(CREA Torrington Wilmer, LLC an affiliate of CREA, LLC)
Torrington Wilmer SLP, LLC (DE)
a Delaware limited liability company
[DOF: 9.15.2025; EIN: 39-4457660]
0.01% Class B Limited Partner
Officers: Payton Mayes (CEO) and Mollie Fadule (CFO)
Board of Managers
Mollie Fadule
Payton Mayes
(Ability to Exercise Control)
Dallas County Housing Finance Corporation 2025, [a Texas non-profit corporation]
[100%] Managing Member
(Ability to Exercise Control)
SFA JPI RE Holdings II, LLC (DE)
DOF: 2/4/2026 EIN: 41-4149285
100% Sole and Managing Member
Officers: Payton Mayes (CEO) and Mollie Fadule (CFO)
SFA JPI GuarantorCo, LLC
(Delaware 11/2/2023 EIN: 93-4250055)
Officers: Payton Mayes (CEO) and Mollie Fadule (CFO)
SFA JPI Holdings, LLC
100% Member
(Delaware 11/2/2023 EIN: 93-4359824)
Officers: Payton Mayes (CEO) and Mollie Fadule (CFO)
SFA JPI Top Holdings, LLC
100% Member
(Delaware 9/18/2023 EIN: 93-3525434) Officers: Payton Mayes (CEO) and Mollie Fadule (CFO)
Board of Managers
Ippei Ikebuchi
Yujiro Yoshizawa
Shinji Ishikawa
Mollie Fadule
Payton Mayes
Payton Mayes
5% Member
Mollie Fadule
5% Member
Sumitomo Forestry America, Inc.
90% Member
(Washington 1/27/1995 EIN: TBD)
Board of Directors
Mitsunori Hoshino
Yujiro Yoshizawa
Miki Matsumoto
Masaaki Iuchi
Satoshi Fujita
Masaaki Hori
Sumitomo Forestry Co., Ltd.
100% Shareholder
(Japanese Publicly Held Company)
Board of Directors (Tokyo, Japan)
Akira Ichikawa
Toshiro Mitsuyoshi
Tatsumi Kawata
Atsushi Kawamura
Ikuro Takahashi
Nobuyuki Otani
Mitsue Kurihara
Yuko Toyoda
Toshio Iwamoto
Kenji Sukeno

26604 Torrington Wilmer - Application Summary

REAL ESTATE ANALYSIS DIVISION
March 30, 2026

PROPERTY IDENTIFICATION

Application #	**26604**
Development	**Torrington Wilmer**
City / County	**DALLAS / DALLAS**
Region/Area	**3 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**New Construction**

RECOMMENDATION

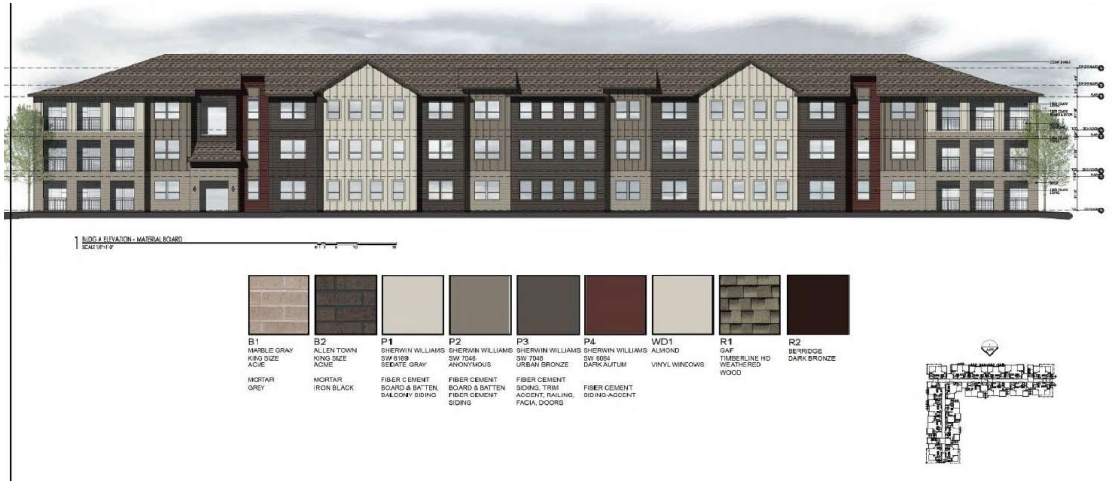
TDHCA Program	Request	Recommended		
FHTC (4% Credit)	$4,166,508	**$4,166,508**	**$13,888/Unit**	**$0.83**
Private Activity Bonds (TDHCA Is	$48,000,000	**$48,000,000**		

KEY PRINCIPALS / SPONSOR

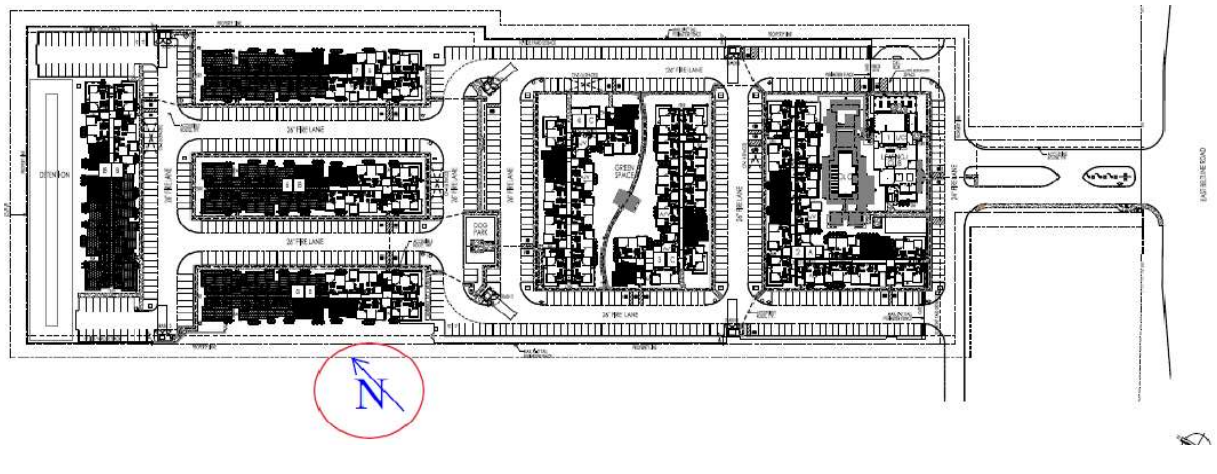
JPI Affordable Development, LLC (100% Member)
Officers: Payton Mayes (CEO) and Mollie Fadule (CFO)

Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



SITE PLAN



UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	33	11%
2	135	45%
3	96	32%
4	36	12%
TOTAL	300	100%

INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	-	0%
40%	-	0%
50%	-	0%
60%	300	100%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	300	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	1.16	**Expense Ratio**	30.8%
Breakeven Occ.	83.5%	**Breakeven Rent**	$1,428
Average Rent	$1,585	**B/E Rent Margin**	$157
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$5,497/unit	**Controllable**	$3,350/unit

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (15% Maximum)			10.8%
Highest Unit Capture Rate	47%	3 BR/60%	96
Dominant Unit Cap. Rate	31%	2 BR/60%	135
Premiums (↑80% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	1,053 SF	**Density**	23.4/acre
Acquisition		$10K/unit	$3,110K
Building Cost	$118.22/SF	$125K/unit	$37,353K
Hard Cost		$163K/unit	$48,804K
Total Cost		$290K/unit	$86,916K
Developer Fee	$10,455K	(35% Deferred)	Paid Year: 6
Contractor Fee	$6,815K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Cedar Rapids	15/40	5.90%	$48,000,000	1.16
TOTAL DEBT (Must Pay)			$48,000,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Torrington Wilmer, LP	0/0	0.00%	$650,000	1.16
CASH FLOW DEBT / GRANTS			$650,000	

EQUITY / DEFERRED FEES	
Source	Amount
CREA	$34,575,103
Deferred Developer Fee	$3,690,429
TOTAL EQUITY SOURCES	$38,265,532
TOTAL DEBT SOURCES	$48,650,000
TOTAL CAPITALIZATION	$86,915,532

CONDITIONS

- No Initial Underwriting Conditions.

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	8/11/2026
Bond Amount	$48,000,000
BRB Priority	Priority 3
% Financed with Tax-Exempt Bonds	57.6%

RISK PROFILE

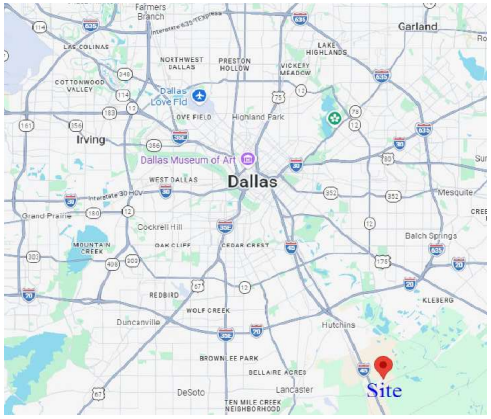
STRENGTHS/MITIGATING FACTORS

- Low controllable expenses (full property tax exemption)
- Breakeven Occupancy at 83%
- Developer Experience

WEAKNESSES/RISKS

- DCR infeasible without property tax exemption
- High 2 and 3BR unit capture rates
- Construction Cost Risk

AREA MAP



AERIAL PHOTOGRAPH(s)



DEVELOPMENT IDENTIFICATION

TDHCA Application #: **26604** Program(s): **TDHCA Bonds/4% HTC**

Torrington Wilmer

Address/Location: 1501 E. Beltline

City: DALLAS County: DALLAS Zip: 75172

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

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

Low-Income: 40% at 60%

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**
Private Activity Bonds (TDHCA Issuer Only)	$48,000,000				**$48,000,000**						
FHTC (4% Credit)	$4,166,508				**$4,166,508**						

CONDITIONS

- No Initial Underwriting Conditions.

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
60% of AMI	60% of AMI	300

DEVELOPMENT SUMMARY

Torrington Wilmer is a proposed 300 unit, new construction development serving the general population. All units will be restricted to residents at 60% of AMI. The site plan includes seven (7) three-story garden-style buildings, a standalone clubhouse and common areas situated on 12.82 acres

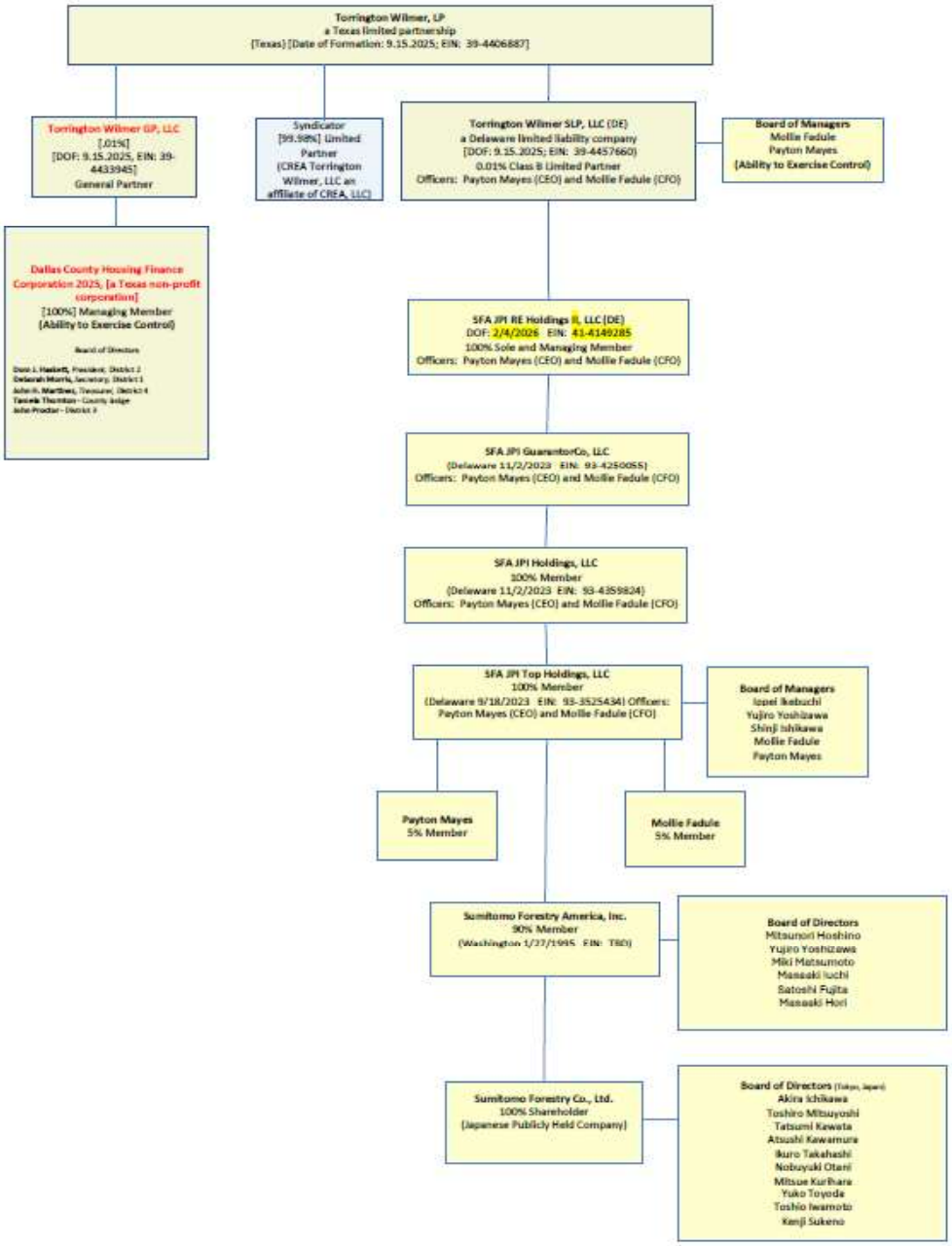
RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ Low controllable expenses (full property tax exemption)
▫ Breakeven Occupancy at 83%
▫ Developer Experience

WEAKNESSES/RISKS
▫ DCR infeasible without property tax exemption
▫ High 2 and 3BR unit capture rates
▫ Construction Cost Risk

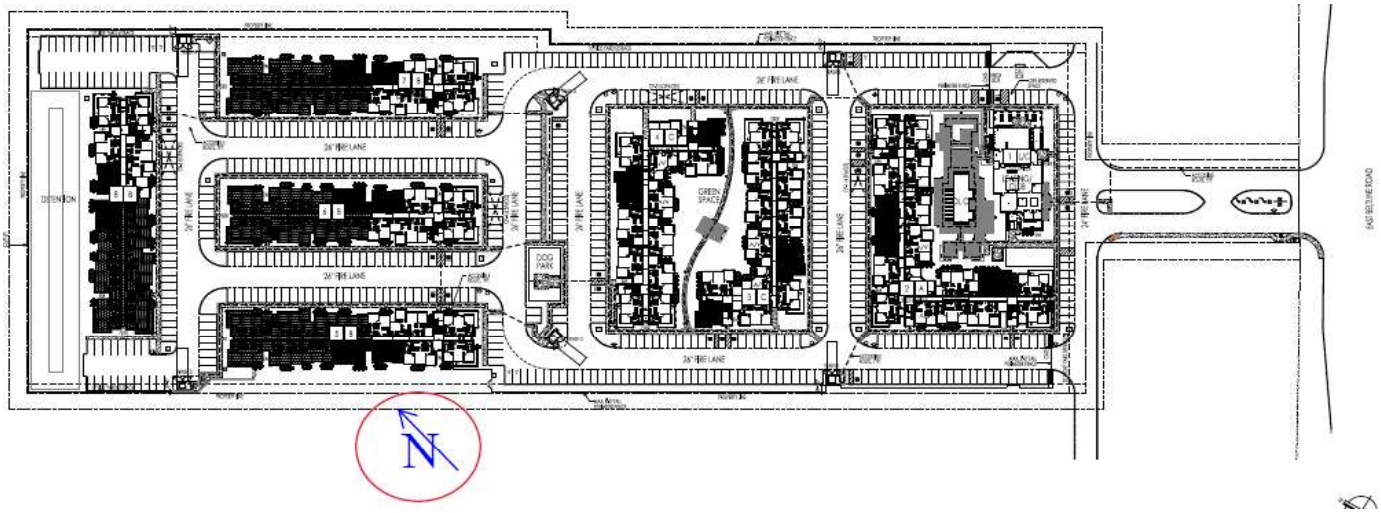
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE

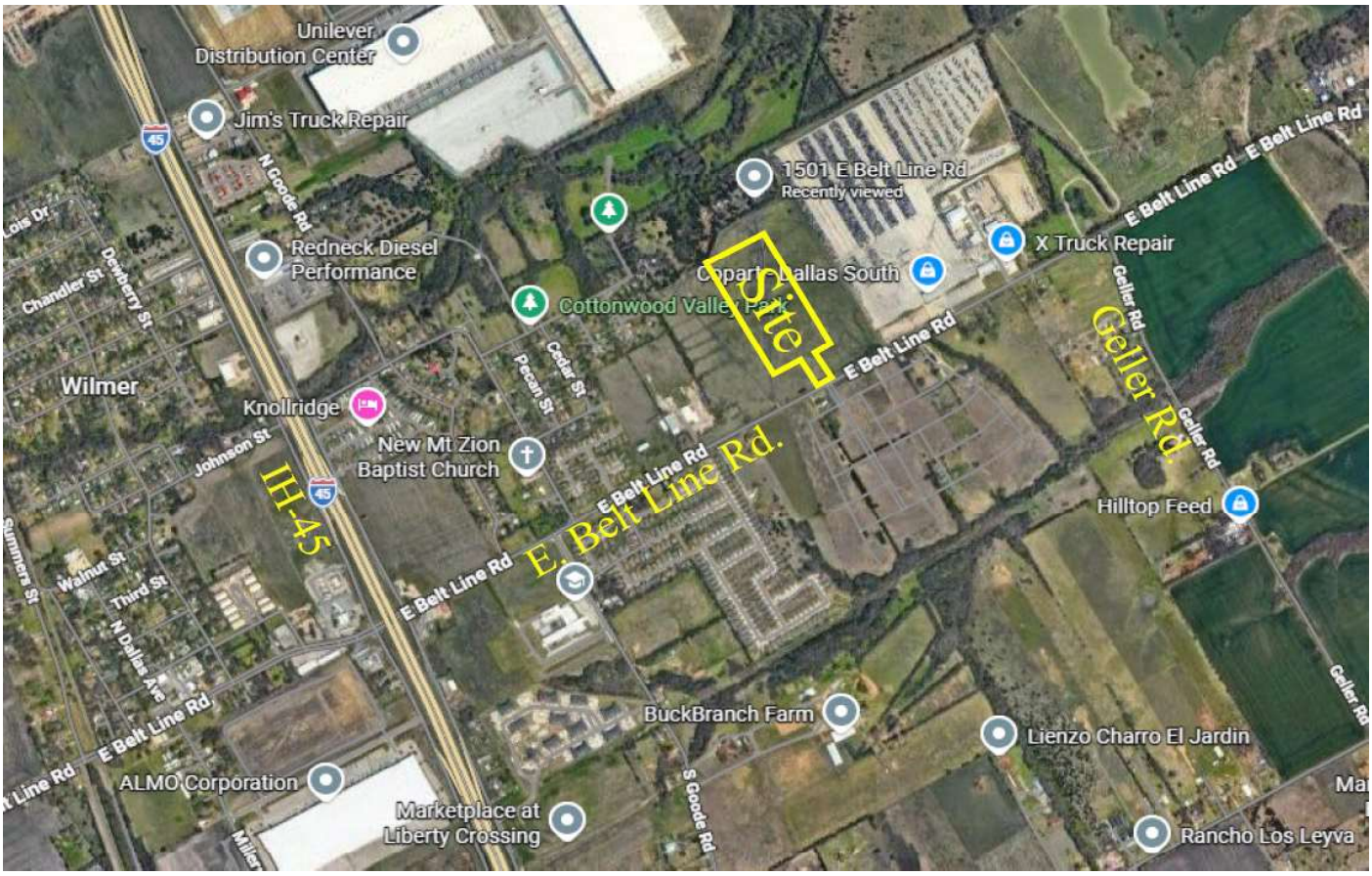


DEVELOPMENT SUMMARY

SITE PLAN



AERIAL

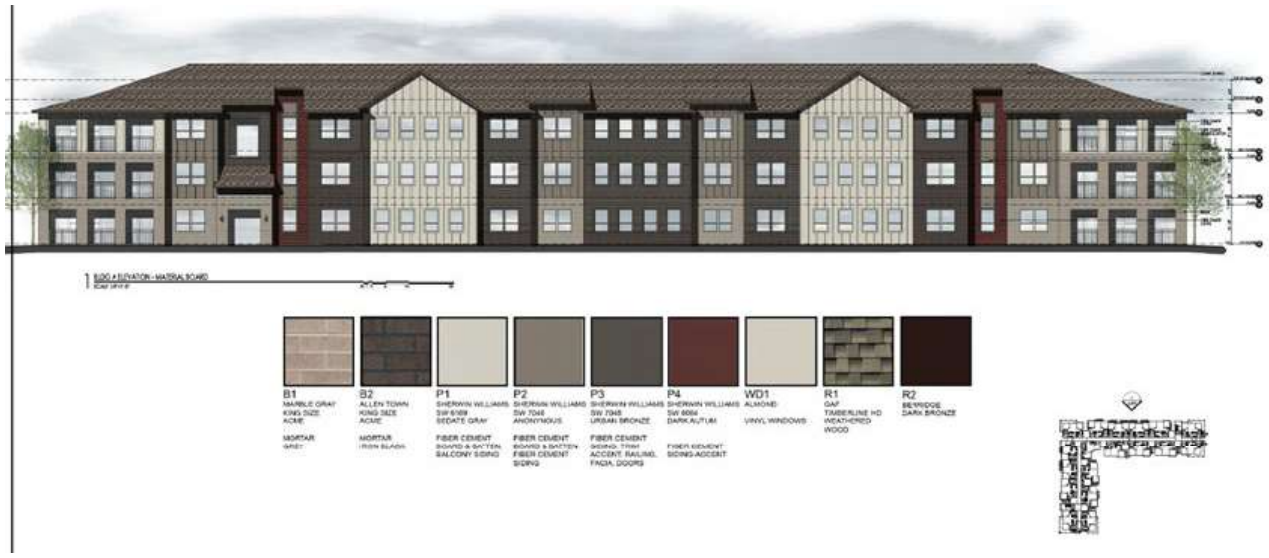


Parking	No Fee		Tenant-Paid		Total	
Open Surface	582	*1.9/unit*	0	--	582	*1.9/unit*
Carport	2	*0.0/unit*	20	*0.1/unit*	22	*0.1/unit*
Garage	0	--	0	--	0	--
Total Parking	**584**	*1.9/unit*	**20**	*0.1/unit*	**604**	*2.0/unit*

Comments:

There are a total of 584 parking spaces that will be provided at no charge to the residents (582 open surface spaces & 2 carport spaces), which meets the number of spaces required by local Code. An additional 20 carport spaces are planned that will be available for a fee, which brings the parking up to a total of 604 spaces.

BUILDING ELEVATION



BUILDING CONFIGURATION

Building Type	A	B	C										Total Buildings
Floors/Stories	3	3	3										
Number of Bldgs	1	4	2										7
Units per Bldg	54	42	39										
Total Units	54	168	78										300

Avg. Unit Size (SF)	**1,053 sf**	**Total NRA (SF)**	**315,972**	**Common Area (SF)***	**55,637**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 12.82 acres Density: 23.4 units/acre

Site Control: 12.8 acres **Site Plan:** 12.822 acres **Appraisal:** N/A **ESA:** 12.822 acres

Feasibility Report Survey: 12.822 acres **Feasibility Report Engineer's Plan:** N/A **Existing LURA:** N/A

Control Type: Real Estate Purchase Agreement

Development Site: 12.82 acres Cost: $3,060,090 $10,200 per unit

Seller: Venetian Properties LLC

Buyer: JPI Affordable Acquisition, LLC

Related-Party Seller/Identity of Interest: No

Comments:

In order to facilitate a 100% property tax exemption, the Dallas County Housing Finance Corporation (or affiliate) will be the sole member of the General Partner, own the land and enter into a long-term Ground Lease with the Partnership. The applicant plans on paying a fee to the Dallas County Housing Finance Corporation in order to qualify for a Sales Tax Exemption estimated to be between$100k-$150k.

The applicant will be paying a fee to the Dallas County Housing Finance Corporation for facilitating the property tax exemption. There will be a developer fee split (both cash & deferred), ground lease payment paid after deferred developer fee, and cashflow split, but there will be no upfront fee.

The LURA will encumber the entire 12.822 acres.

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	PD- Mixed Use	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: 9/4/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- None.

MARKET ANALYSIS

Provider: Apartment MarketData, LLC Date: 10/2/2025

Primary Market Area (PMA): 99.19 sq. miles 6 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
23609	The Terrace at Highland Hills	Yes	New Construction	General	300	300

Other Affordable Developments in PMA since 2020

21421	The Ridge at Lancaster	New Const.	General	N/A	270
21614	Murdeaux Villas Apartments	Rehab	General	N/A	301
21605	Palladium Simpson Stuart	New Const.	General	N/A	257
22410	Marketplace at Liberty Crossing	New Const.	General	N/A	318
22408	Estelle Village Apartments	Rehab	General	N/A	300

Stabilized Affordable Developments in PMA		
	Total Units	4,480
	Total Developments	20
	Average Occupancy	96.3%

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	33,487			
Potential Demand from the Primary Market Area	5,039			
10% External Demand	504			
Potential Demand from Other Sources	0			
GROSS DEMAND	5,543			
Subject Affordable Units	300			
Unstabilized Competitive Units	300			
RELEVANT SUPPLY	600			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**10.8%**			

Population:	**General**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**15%**

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
60% AMGI	5,039	504	300	300	10.8%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/60%	648	65	33	36	9.7%					
2 BR/60%	754	75	135	120	30.7%					
3 BR/60%	439	44	96	132	47.2%					
4 BR/60%	413	41	36	12	10.6%					

Market Analyst Comments:

Project is situated in a Big MSA with a maximum Gross Capture Rate of 15%. Absorption is estimated at 20 to 25 units per month with the project reaching 93% occupancy within 18 months.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (TDHCA Pro Forma)					
NOI:	$3,698,888	Avg. Rent:	$1,585	Expense Ratio:	30.8%
Debt Service:	$3,177,170	B/E Rent:	$1,428	Controllable Expenses:	$3,350
Net Cash Flow:	$521,718	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	1.16	B/E Occupancy:	83.5%	Program Rent Year:	2025

2025 rents are being used. All units are restricted at 60% AMI and max program rents are projected.

Applicant's total annual operating expenses are $347/unit lower than Underwriter's estimate. The variance of 6.3% exceeds the 5% threshold, thereby switching the underwriting analysis to TDHCA's Pro Forma.

Applicant's G&A, Repairs & Maintenance and Water Sewer & Trash are the expenses that are projected notably lower than Underwriter's estimates.

Proposed ownership structure facilitates a 100% property tax exemption. Without the exemption, the DCR would drop to approximately 0.79, making the deal infeasible. The property tax calculation would use Dallas Central Appraisal District's stated low income housing cap rate for 2026 of 6.25%.

As underwritten, 15-year residual cash flow is $10.8M after deferred developer fee is repaid in year 6.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$238,659/ac	$10,367/unit	**$3,110,090**	Contractor Fee	**$6,815,000**
Off-site + Site Work		$29,004/unit	**$8,701,285**	Soft Cost + Financing	**$15,691,157**
Building Cost	$118.22/sf	$124,510/unit	**$37,353,000**	Developer Fee	**$10,455,000**
Contingency	5.97%	$9,167/unit	**$2,750,000**	Reserves	**$2,040,000**
Total Development Cost	$289,718/unit	**$86,915,532**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Off-site:

Applicant provided a 10/14/2025 letter from Kimley Horn (engineer) stating that the $116K in off-site costs is for the construction of a roadway required by the City of Wilmer Fire Department to serve as a second point of emergency access to the project. Furthermore, on 3/11/2026, the Applicant provided an independent accountants' report from Novogradac and Company LLP that supports including the certified $116K in off-site costs in eligible basis.

Building Cost:

Underwriter estimated building cost using Marshall and Swift's "Average Quality" Base Cost. This resulted in an estimate of $122K/unit ($116/sf) as compared to Applicant's budget of $125K/unit ($118/sf). The difference only equates to a 1.8% variance.

The applicant plans on paying a fee to the Dallas County Housing Finance Corporation in order to qualify for a Sales Tax Exemption estimated to be between $100k-$150k.

The respective estimates of Total Housing Development Cost only vary by 1%, so Applicant's budgeted costs are used in the analysis.

Ineligible Costs:

Estimated cost for the 20 carport spaces for rent to the residents was deducted from Eligible Basis by both Applicant and Underwriter. However, that adjustment had no effect on the credit recommendation.

Soft Costs:

The applicant will be paying a fee to the Dallas County Housing Finance Corporation for facilitating the property tax exemption. There will be a developer fee split (both cash & deferred), ground lease payment paid after deferred developer fee, and cashflow split, but there will be no upfront fee.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$86,915,532	**$80,241,442**	**$4,172,555**

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$48,000,000	2/12/2026	Priority 3
Closing Deadline			
8/11/2026			

Percent of Cost Financed by Tax-Exempt Bonds	**57.6%**

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Cedar Rapids	Construction/ Perm Loan	$48,000,000	5.90%	58%
Cedar Rapids	Bridge Loan	$21,566,502	5.90%	26%
CREA	FHTC	$12,364,348	$0.83	15%
Torrington Wilmer, LP	NOI During Lease-Up	$650,000	0.00%	1%
		$82,580,850	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Cedar Rapids	$48,000,000	5.90%	40	15.0	$48,000,000	5.90%	40	15.0	55%
Torrington Wilmer, LP	$650,000	0.00%	0	0.0	$650,000	0.00%	0	0.0	1%
Total	**$48,650,000**				**$48,650,000**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
CREA	$34,575,103	$0.83		$34,575,103	$0.83	40%	
Deferred Developer Fee	$3,690,429		35%	$3,690,429		4%	35%
Total	**$38,265,532**			**$38,265,532**			
				$86,915,532	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.918	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.667	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$86,915,532
Permanent Sources (debt + non-HTC equity)	$48,650,000
Gap in Permanent Financing	$38,265,532

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$34,625,283	$4,172,555
Needed to Balance Sources & Uses	$38,265,532	$4,611,227
Requested by Applicant	$34,575,103	$4,166,508

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$34,575,103**	**$4,166,508**

Deferred Developer Fee	**$3,690,429**	**(35% deferred)**
Repayable in	**6 years**	

Recommendation:

Underwriter recommends Applicant's request for an annual allocation of $4,166,508 in 4% Housing Tax Credits and $48,000,000 in TDHCA issued Bonds.

Underwriter: *Deborah Willson*

Manager of Real Estate Analysis: *Gregg Kazak*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Torrington Wilmer, DALLAS, TDHCA Bonds/4% HTC #26604

LOCATION DATA	
CITY:	DALLAS
COUNTY:	DALLAS
Area Median Income	$117,300
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	SHTC	Match
Eff	-	0.0%	0	0	0	0
1	33	11.0%	0	0	0	0
2	135	45.0%	0	0	0	0
3	96	32.0%	0	0	0	0
4	36	12.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	300	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	4.00%
Average Unit Size	1,053 sf

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

UNIT MIX / MONTHLY RENT SCHEDULE

FEDERAL 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%	$1,320	33	1	1	702	$1,320	$78	$1,242	$0	$1.77	$1,242	**$40,986**	**$40,986**	$1,242	$1.77	$0	$1,414	$2.01	$1,414
TC 60%	$1,584	126	2	2	943	$1,584	$95	$1,489	$0	$1.58	$1,489	**$187,614**	**$187,614**	$1,489	$1.58	$0	$1,699	$1.80	$1,699
TC 60%	$1,584	9	2	2	952	$1,584	$95	$1,489	$0	$1.56	$1,489	**$13,401**	**$13,401**	$1,489	$1.56	$0	$1,705	$1.79	$1,705
TC 60%	$1,830	96	3	2	1,212	$1,830	$112	$1,718	$0	$1.42	$1,718	**$164,928**	**$164,928**	$1,718	$1.42	$0	$1,964	$1.62	$1,964
TC 60%	$2,041	36	4	2	1,363	$2,041	$139	$1,902	$0	$1.40	$1,902	**$68,472**	**$68,472**	$1,902	$1.40	$0	$2,239	$1.64	$2,239
TOTALS/AVERAGES:		**300**			**315,972**				**$0**	**$1.50**	**$1,585**	**$475,401**	**$475,401**	**$1,585**	**$1.50**	**$0**	**$1,817**	**$1.73**	**$1,817**

ANNUAL POTENTIAL GROSS RENT:	$5,704,812	$5,704,812	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Torrington Wilmer, DALLAS, TDHCA Bonds/4% HTC #26604

	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						$1.50	$1,585	$5,704,812	$5,704,812	$1,585	$1.50		0.0%	$0
Late Fees & Pet Deposits							$20.00	$72,000						
Carport Rent							$1.33	$4,800						
Total Secondary Income							$21.33		$76,800	$21.33			0.0%	$0
POTENTIAL GROSS INCOME								$5,781,612	$5,781,612				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(433,621)	(433,621)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$5,347,991	$5,347,991				0.0%	$0
General & Administrative	$164,863	$550/Unit	$147,528	$492	2.26%	$0.38	$403	$121,000	$147,528	$492	$0.47	2.76%	-18.0%	(26,528)
Management	$160,905	3.3% EGI	$109,420	$365	4.06%	$0.69	$723	$217,000	$217,000	$723	$0.69	4.06%	0.0%	-
Payroll & Payroll Tax	$441,368	$1,471/Unit	$346,115	$1,154	5.70%	$0.97	$1,017	$305,000	$305,000	$1,017	$0.97	5.70%	0.0%	-
Repairs & Maintenance	$229,960	$767/Unit	$148,370	$495	2.90%	$0.49	$517	$155,000	$210,000	$700	$0.66	3.93%	-26.2%	(55,000)
Electric/Gas	$100,520	$335/Unit	$113,849	$379	2.62%	$0.44	$467	$140,000	$113,849	$379	$0.36	2.13%	23.0%	26,151
Water, Sewer, & Trash	$228,626	$762/Unit	$315,204	$1,051	3.37%	$0.57	$600	$180,000	$228,626	$762	$0.72	4.27%	-21.3%	(48,626)
Property Insurance	$207,921	$0.66 /sf	$253,014	$843	5.61%	$0.95	$1,000	$300,000	$300,000	$1,000	$0.95	5.61%	0.0%	-
Property Tax (@ 0%) 2.96247	$285,011	$950/Unit	$510,689	$1,702	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements					1.40%	$0.24	$250	$75,000	$75,000	$250	$0.24	1.40%	0.0%	-
Cable TV					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security					0.37%	$0.06	$67	$20,000	$20,000	$67	$0.06	0.37%	0.0%	-
Supportive Services					0.15%	$0.03	$27	$8,100	$8,100	$27	$0.03	0.15%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.22%	$0.04	$40	$12,000	$12,000	$40	$0.04	0.22%	0.0%	-
TDHCA Direct Loan Compliance Fees ($34/MDL unit)					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Bond Compliance Fee					0.14%	$0.02	$25	$7,500	$7,500	$25	$0.02	0.14%	0.0%	-
Bond Trustee Fees					0.08%	$0.01	$15	$4,500	$4,500	$15	$0.01	0.08%	0.0%	-
Issuer Ongoing Compliance Fees					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**28.89%**	**$4.89**	**$5,150**	**$1,545,100**	**$1,649,103**	**$5,497**	**$5.22**	**30.84%**	**-6.3%**	**$ (104,003)**
NET OPERATING INCOME ("NOI")					**71.11%**	**$12.04**	**$12,676**	**$3,802,891**	**$3,698,888**	**$12,330**	**$11.71**	**69.16%**	**2.8%**	**$ 104,003**
CONTROLLABLE EXPENSES							$3,003/Unit			$3,350/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Torrington Wilmer, DALLAS, TDHCA Bonds/4% HTC #26604

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**
Cedar Rapids	0.10%	1.16	1.20	3,177,170	5.90%	40	15	$48,000,000	$48,000,000	15	40	5.90%	$3,177,170	1.16	55.2%
CASH FLOW DEBT / GRANTS															
Torrington Wilmer, LP		1.16	1.20		0.00%	0	0	$650,000	$650,000	0.0	0.0	0.00%		1.16	0.7%
				$3,177,170	**TOTAL DEBT / GRANT SOURCES**			**$48,650,000**	**$48,650,000**			**TOTAL DEBT SERVICE**	**$3,177,170**	**1.16**	56.0%
NET CASH FLOW		$521,718	$625,721							**TDHCA**	**NET OPERATING INCOME**	**$3,698,888**	**$521,718**	**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**
CREA	LIHTC Equity	39.8%	$4,166,508	$0.83	$34,575,103	$34,575,103	$0.83	$4,166,508	39.8%	$13,888	Applicant Request
Deferred Developer Fee	Deferred Developer Fees	4.2%	(35% Deferred)		$3,690,429	$3,690,429	(35% Deferred)		4.2%	**Total Developer Fee:**	**$10,455,000**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		44.0%			$38,265,532	$38,265,532			44.0%		
TOTAL CAPITALIZATION					**$86,915,532**	**$86,915,532**				**15-Yr Cash Flow after Deferred Fee:**	**$10,791,069**

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				$10,200 / Unit	$3,060,090	$3,060,090	$10,200 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees					$50,000	$50,000					0.0%	$0
Off-Sites		$116,281		$388 / Unit	$116,281	$116,281	$388 / Unit		$116,281		0.0%	$0
Site Work		$5,785,004		$19,283 / Unit	$5,785,004	$5,785,004	$19,283 / Unit		$5,785,004		0.0%	$0
Site Amenities		$2,800,000		$9,333 / Unit	$2,800,000	$2,800,000	$9,333 / Unit		$2,800,000		0.0%	$0
Building Cost		$37,323,000	$118.22 /sf	$124,510/Unit	$37,353,000	$36,684,710	$122,282/Unit	$116.10 /sf	$36,618,609		1.8%	$668,290
Contingency		$2,750,000	5.98%	5.97%	$2,750,000	$2,750,000	6.06%	6.07%	$2,750,000		0.0%	$0
Contractor Fees		$6,815,000	13.97%	13.96%	$6,815,000	$6,739,039	14.00%	14.00%	$6,729,785		1.1%	$75,961
Soft Costs	$0	$4,640,415		$15,468 / Unit	$4,640,415	$4,640,415	$15,468 / Unit		$4,640,415	$0	0.0%	$0
Financing	$0	$9,576,742		$36,836 / Unit	$11,050,742	$11,050,742	$36,836 / Unit		$9,576,742	$0	0.0%	$0
Developer Fee	$0	$10,435,000	14.95%	14.97%	$10,455,000	$10,362,441	15.00%	15.00%	$10,352,525	$0	0.9%	$92,559
Reserves				5 Months	$2,040,000	$2,040,000	5 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$80,241,442**		$289,718 / Unit	**$86,915,532**	**$86,078,721**	$286,929 / Unit		**$79,369,362**	**$0**	**1.0%**	**$836,811**
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**	**$80,241,442**		$289,718/unit	**$86,915,532**	**$86,078,721**	$286,929/unit		**$79,369,362**	**$0**	**1.0%**	**$836,811**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$86,915,532**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Torrington Wilmer, DALLAS, TDHCA Bonds/4% HTC #26604

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$80,241,442	$0	$79,369,362
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$80,241,442	$0	$79,369,362
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$104,313,875	$0	$103,180,171
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$104,313,875	$0	$103,180,171
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$0	$4,172,555	$0	$4,127,207
CREDITS ON QUALIFIED BASIS	$4,172,555		$4,127,207	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8298	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$4,172,555	$34,625,283	----	----	----
Needed to Fill Gap	$4,611,227	$38,265,532	----	----	----
Applicant Request	$4,166,508	$34,575,103	**$4,166,508**	**$0**	**$0**

25% Test for Bond Financing for 4% Tax Credits				
Tax-Exempt Bond Amount	$	48,000,000		
			Applicant	**TDHCA**
Land Cost	$	3,060,090	$3,060,090	$3,060,090
Depreciable Bldg Cost **	$	80,291,442	$80,291,442	$79,454,631
Aggregate Basis for 25% Test	**$**	**83,351,532**	$83,351,532	$82,514,721
Percent Financed by Tax-Exempt Bonds		**57.59%**	**57.59%**	**58.17%**

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

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)		315,972 SF	$92.09	29,097,045
Adjustments					
Exterior Wall Finish		1.76%		1.62	$512,108
Elderly		0.00%		0.00	0
9-Ft. Ceilings		3.22%		2.97	936,925
Roof Adjustment(s)				1.42	450,000
Subfloor				(0.23)	(72,674)
Floor Cover				3.75	1,184,895
Enclosed Corridors		$80.74	38,866	9.93	3,137,940
Balconies		$53.77	19,116	3.25	1,027,940
Plumbing Fixtures		$1,460	1,068	4.93	1,559,280
Rough-ins		$715	600	1.36	429,000
Built-In Appliances		$2,200	300	2.09	660,000
Exterior Stairs		$4,250	14	0.19	59,500
Heating/Cooling				4.11	1,298,645
Storage Space		$80.74	1,322	0.34	106,735
Carports		$21.40	3,960	0.27	84,744
Garages		$41.00	0	0.00	0
Common/Support Area		$126.68	4,918	1.97	623,029
Elevators			0	0.00	0
Other:				0.00	0
Fire Sprinklers		$4.60	361,078	5.26	1,660,959
SUBTOTAL				**135.32**	**42,756,072**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		1.00		0.00	0
Reserved					0
TOTAL BUILDING COSTS				**135.32**	**$42,756,072**
Plans, specs, survey, bldg permits		3.10%		(4.19)	($1,325,438)
Contractor's OH & Profit		11.10%		(15.02)	(4,745,924)
NET BUILDING COSTS			$122,282/unit	$116.10/sf	$36,684,710

Long-Term Pro Forma

Torrington Wilmer, DALLAS, TDHCA Bonds/4% HTC #26604

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$5,347,991	$5,454,951	$5,564,050	$5,675,331	$5,788,838	$6,391,344	$7,056,561	$7,791,013	$8,601,908	$9,497,202	$10,485,678	$11,577,036
TOTAL EXPENSES	3.00%	$1,649,103	$1,696,406	$1,745,085	$1,795,179	$1,846,732	$2,127,904	$2,452,511	$2,827,329	$3,260,201	$3,760,202	$4,337,836	$5,005,257
NET OPERATING INCOME ("NOI")		**$3,698,888**	**$3,758,545**	**$3,818,965**	**$3,880,152**	**$3,942,106**	**$4,263,440**	**$4,604,050**	**$4,963,684**	**$5,341,707**	**$5,737,000**	**$6,147,842**	**$6,571,778**
EXPENSE/INCOME RATIO		30.8%	31.1%	31.4%	31.6%	31.9%	33.3%	34.8%	36.3%	37.9%	39.6%	41.4%	43.2%
MUST -PAY DEBT SERVICE													
Cedar Rapids		$3,177,170	$3,176,865	$3,176,541	$3,176,198	$3,175,833	$3,173,653	$3,170,726	$3,166,797	$3,161,525	$3,154,448	$3,144,950	$3,132,202
TOTAL DEBT SERVICE		$3,177,170	$3,176,865	$3,176,541	$3,176,198	$3,175,833	$3,173,653	$3,170,726	$3,166,797	$3,161,525	$3,154,448	$3,144,950	$3,132,202
DEBT COVERAGE RATIO		1.16	1.18	1.20	1.22	1.24	1.34	1.45	1.57	1.69	1.82	1.95	2.10
ANNUAL CASH FLOW		**$521,718**	**$581,680**	**$642,424**	**$703,954**	**$766,272**	**$1,089,788**	**$1,433,324**	**$1,796,887**	**$2,180,183**	**$2,582,552**	**$3,002,893**	**$3,439,576**
Deferred Developer Fee Balance		$3,168,711	$2,587,031	$1,944,607	$1,240,653	$474,381	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$4,319,550	$10,791,069	$19,040,404	$29,166,936	$41,267,512	$55,434,388	$71,752,767

TEFRA - Torrington Wilmer-20251118_100619-Meeting Recording

November 18, 2025, 4:06PM

4m 0s

Teresa Morales started transcription

TM **Teresa Morales** 0:03

Purpose of this call is to conduct a public hearing for a proposed multi family development.

We just to give folks an idea as to how we're going to proceed. There is a brief speech that I have to read for purposes of meeting the requirements of the Internal Revenue Code, and then it will be at the conclusion of that speech where the lines will.

Be unmuted and folks can make public comments.

If there's anyone on the call that wishes to do so, that would be the opportunity too.

So at this point I'm going to go ahead and get started by reading the brief speech.

Good morning.

My name is Theresa Morales and I would like to proceed with a public hearing.

Let the record show that it is 10:07 AM Tuesday, November 18th, 2025.

And we are conducting a public hearing on behalf of the Texas Department of Housing.

And community affairs with respect to an issue of tax exempt multi family revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue.

No decisions regarding the development will be made at this hearing.

The department's board is scheduled to meet to consider the transaction on January 15th, 2026. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings. For Torrington, Wilmer the Bo.

Will be issued as tax-exempt multifamily revenue bonds and the aggregate principle amount not to exceed 48 million.

And taxable bonds if necessary.
In an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the issuer, the proceeds of the bonds will be loaned to Torrington, Wilmer LP or a related person or affiliate entity thereof, to finance a portion of the.
Costs of acquiring, constructing and equipping a multi family rental housing community described as follows.
A 300 unit multifamily residential rental.
Development to be located on approximately 12.8 acres of land located at or near 1501 E.
Beltline Rd. Dallas County, Texas 75172.
The proceeds.
Excuse me, the proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.
I would now like to open the floor for a public comment.
Individuals have the ability to unmute themselves if there is someone on the call who would like to make public comment with respect to Torrington, Wilmer now is your opportunity to do so.
All right, let the record show that there are no attendees that would like to give public comment.
And therefore this meeting is now adjourned.
The time is 10:10 AM.
Thank you.

KL **Karsten Lowe** 3:52
Thanks, shel.
Really appreciate your time this morning.

TM **Teresa Morales** 3:53
All right. All right. Thank you.

LC **Liz Cline** 3:54
Thank you, Carson.

KL **Karsten Lowe** 3:56
Take care.

TM **Teresa Morales** 3:57
Have a good one. All right. Bye bye.

KL **Karsten Lowe** 3:57
Bye bye.

LC **Liz Cline** 3:58
Bye bye.

Teresa Morales stopped transcription

RESOLUTION NO. 26-012

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (TORRINGTON WILMER) SERIES 2026; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of its Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 (the "Bonds") pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") between the Department and BOKF, NA, as trustee (the "Trustee"), for the purpose of providing funds in connection with the financing of the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Torrington Wilmer, LP, a Texas limited partnership (the "Borrower"), in connection with the cost of acquisition, construction and equipping of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required

by the Act to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 10, 2024, declared its intent to issue its revenue bonds or notes to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and

WHEREAS, it is anticipated that the Department, Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, as purchaser (the "Purchaser"), and the Borrower will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Borrower Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the Borrower Note and the obligations of the Borrower under the Loan Agreement will be secured by a Leasehold Deed of Trust, Assignment of Rents , Security Agreement and Fixture Filing (the "Security Instrument") from the Borrower for the benefit of the Department and assigned to the Trustee; and

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

WHEREAS, with respect to the Bonds, the Board has determined that the Department, the Trustee, a fee owner referenced therein, as fee owner (the "Fee Owner"), and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Dallas County, Texas; and

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

WHEREAS, the Board has further determined that the Purchaser will purchase the Bonds from the Department; and

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

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

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

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Bonds shall bear interest at the Interest Rate, as defined in the Borrower Note, subject to adjustment as described in the Borrower Note; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be $45,000,000; (iii) the final maturity of the Bonds shall occur on the first day of the month after the month in which the 20th anniversary of the date of delivery of the Bonds occurs; and (iv) the price at which the Bonds are sold to the Purchaser shall be the principal amount thereof.

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

Section 1.4 Approval, Execution and Delivery of the Loan Agreement. That the form and substance of the Loan Agreement are hereby approved, and that the Authorized

Representatives each are hereby authorized to execute the Loan Agreement, and to deliver the Loan Agreement to the parties thereto.

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

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

Section 1.7 Sale of the Bonds. That the sale of the Bonds to the Purchaser is hereby authorized and approved.

Section 1.8 Reserved.

Section 1.9 Reserved.

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

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

Section 1.12 Reserved.

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

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

carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

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

Exhibit B	-	Indenture
Exhibit C	-	Loan Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Borrower Note
Exhibit F	-	Security Instrument
Exhibit G	-	Assignment
Exhibit H	-	Tax Exemption Agreement

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

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

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

Section 2.4 Reserved.

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

Section 2.6 Reserved.

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

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

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

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

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

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Loan Agreement, the Regulatory Agreement and the Tax Exemption

Agreement, will supply well-planned and well-designed housing for individuals or families of low, very low or extremely low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

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

(c) Public Purpose and Benefits.

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

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

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

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

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

ARTICLE 4

GENERAL PROVISIONS

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

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and 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. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

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

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

PASSED AND APPROVED this April 9, 2026.

EXHIBIT A

Description of Development

Borrower: Torrington Wilmer, LP, a Texas limited partnership

Development: The Development is a 300-unit affordable, multifamily housing development to be known as Torrington Wilmer, located at or near 1501 E. Belt Line Road, Wilmer, Dallas County, Texas 75172. It will consist of seven (7) residential apartment buildings. The unit mix will consist of:

33	one-bedroom/one-bath units
135	two bedroom/two-bath units
96	three-bedroom/two-bath units
36	four-bedroom/two-bath units
300	Total Units

TRUST INDENTURE

By and Between

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

BOKF, NA,
as Trustee

Dated as of [April] 1, 2026

Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Torrington Wilmer)
Series 2026

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TRUST INDENTURE

THIS TRUST INDENTURE is entered into as of [April] 1, 2026 (this "**Indenture**"), by and between the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the "**Issuer**"), and **BOKF, NA**, a national banking association, as trustee (together with any successor trustee hereunder, the "**Trustee**").

RECITALS

Certain of the terms and words used in these Recitals, and in the following Granting Clauses and Agreements, are defined in Section 1.01 of this Indenture.

The Issuer is authorized under the Chapter 2306, Texas Government Code, as amended (the "Act") to enter into loan agreements with respect to one or more projects authorized under the Act for such payments and upon such terms and conditions as the Issuer may deem advisable in accordance with the provisions of the Act; and

Torrington Wilmer, LP, a Texas limited partnership (the "**Borrower**"), intends to construct certain Improvements on the Land which will include a multifamily apartment housing facility consisting of a total of 300 units and related personal property and equipment to be known as Torrington Wilmer (the "**Project**"); and

Pursuant to, and in accordance with the Act, the Issuer has determined to issue and sell its Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 (the "**Bonds**"), and use the proceeds thereof to make a mortgage loan to the Borrower, upon the terms and conditions of that certain Loan Agreement dated as of the same date as this Indenture among the Issuer, Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, as Purchaser (the "**Purchaser**") and the Borrower (the "**Loan Agreement**") and a promissory note dated the Closing Date from the Borrower to the Issuer in the original principal amount of $[45,000,000] in the form attached as Exhibit B to the Loan Agreement (the "**Note**"), for the purpose of paying a portion of the costs of the acquisition, construction and equipping of the Project; and

The Borrower has delivered the Note to the Issuer, evidencing the Borrower's obligation to repay the Bond Loan (as hereinafter defined). The Issuer has made the Bond Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture, including the terms and conditions thereof and hereof governing the disbursement of advances and the investment earnings thereon; and

As security for the Bonds, the Issuer intends to assign to the Trustee the Note and all of the Issuer's rights under the Loan Agreement and the Deed of Trust (other than the Reserved Rights of the Issuer); and

To provide and secure amounts to repay the Bond Loan (as hereinafter defined) made by the Issuer, the Borrower has executed the Loan Agreement, the Deed of Trust and other documents executed and delivered for the purpose of securing the Bond Loan; and

The obligations of the Borrower under the Loan Agreement and the Note will be secured by (i) the proceeds of the Bonds deposited into the Project Fund created pursuant to Section 4.01 of this Indenture; and (ii) the Trust Estate; and

The Trustee has agreed to accept the trusts herein created upon the terms set forth herein; and

The issuance, sale and delivery of the Bonds and the execution and delivery of this Indenture and the Loan Agreement have been in all respects duly and validly authorized in accordance with the Act.

GRANTING CLAUSES AND AGREEMENTS

NOW, THEREFORE, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds issued and sold by the Issuer under this Indenture by the Holders thereof, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds and the payment and performance of all other of the Issuer's Obligations, the Issuer does hereby grant, bargain, sell, convey, pledge and assign, without recourse, unto the Trustee and unto its successors in trust forever, and grants to the Trustee and to its successors in trust, a security interest in, the following (such property being herein referred to as the "**Trust Estate**"):

I.

All right, title and interest of the Issuer in and to all Revenues, derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of this Indenture and the Loan Agreement (other than the Reserved Rights of the Issuer), together with all other Revenues received by the Trustee for the account of the Issuer arising out of or on account of the Trust Estate;

II.

All right, title and interest of the Issuer in and to the Note and the Deed of Trust (other than the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof;

III.

All right, title and interest of the Issuer in and to the any Rate Cap including all payments and proceeds with respect thereto or replacement thereof;

IV.

All moneys which are at any time or from time to time on deposit in any fund or account created under this Indenture (excluding funds in the Costs of Issuance Fund and the Rebate Fund);

V.

All right, title and interest of the Issuer in and to, and rights and remedies under, the Indenture and the Loan Agreement (other than the Reserved Rights of the Issuer); and

VI.

All funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

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

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in trust forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all Holders from time to time of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds.

PROVIDED, HOWEVER, that if the Issuer shall well and truly pay, or cause to be paid, the principal of the Bonds issued hereunder, and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under Article VIII hereof or by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture and all other of the Issuer's Obligations to be kept, performed and observed by it, the Rebate Amount shall be paid in full and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment, as further provided in Section 8.01 hereof, and the termination of the Loan Agreement, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise, this Indenture shall remain in full force and effect.

AND IT IS EXPRESSLY DECLARED that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all such property, moneys, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders from time to time of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.01 ***Definitions***. Certain terms used in this Indenture are defined in the Loan Agreement or the Regulatory Agreement and when and if used herein, such terms shall have the meanings given to them by the Loan Agreement or the Regulatory Agreement unless the context clearly indicates otherwise. In addition, when used in this Indenture, the following terms shall have the meanings given to them in this Section unless the context clearly indicates otherwise:

"30-day Average SOFR" has the meaning given to such term in the Note.

"**Accrual Period**" has the meaning given to such term in the Note.

"Act" has the meaning set forth for such term in the recitals to this Indenture.

"Additions" means any and all alterations, additions, accessions and improvements to property, substitutions therefor, and renewals and replacements thereof.

"Adverse REMIC Event" has the meaning given to such term in the Note.

"Adverse Tax Event" has the meaning given to such term in the Note.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Amortization Schedule**" means the amortization schedule attached as *Exhibit C* to the Loan Agreement, as it may be revised from time to time pursuant to Section 3.09 of this Indenture.

"**Approved Hedge Provider**" means any provider of a Rate Cap approved by the Lender.

"**Approved Transferee**" means (1) a "qualified institutional buyer" as that term is defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the "Securities Act"), or (2) an "accredited investor" as that term is defined in Rule 501(a)(1), (2), (3), (7), or (8) of Regulation D promulgated under the Securities Act.

"**Authorized Borrower Representative**" means any person who, at any time and from time to time, is designated as the Borrower's authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a

copy to the Issuer) a written certificate revoking such person's authority to act in such capacity. The initial Authorized Borrower Representative is [_____].

"Authorized Denomination" means $100,000, or any integral multiple of $5,000 in excess thereof.

"**Authorized Officer**" means the Chair or Vice Chair of the Board, the Executive Director of the Issuer, the Director of Administration of the Issuer, the Director of Financial Administration of the Issuer, the Deputy Executive Director – Housing Finance of the Issuer, the Director of Multifamily Bonds of the Issuer, and the Secretary or Assistant Secretary to the Board.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as in effect now and in the future, or any successor statute.

"Benchmark" has the meaning given to such term in the Note.

"**Benchmark Determination Time**" has the meaning given to such term in the Note.

"Benchmark Replacement" has the meaning given to such term in the Note.

"Benchmark Replacement Adjustment" has the meaning given to such term in the Note.

"Benchmark Replacement Conforming Changes" has the meaning given to such term in the Note.

"Benchmark Replacement Date" has the meaning given to such term in the Note.

"Benchmark Transition Event" has the meaning given to such term in the Note.

"Board" means the Governing Board of the Issuer.

"Bond Counsel" means nationally recognized bond counsel who is selected by, and under contract to provide such services to, the Issuer and initially means Bracewell LLP.

"Bond Fund" means the Bond Fund created in Section 4.01 hereof.

"Bond Loan" means the loan by the Issuer to the Borrower in the principal amount of $[45,000,000] made by the Issuer to the Borrower evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

"Bond Payment Date" means each Interest Payment Date and any other date interest or principal on the Bonds are due, whether at maturity, upon redemption, acceleration or otherwise.

"Bond Purchase Fund" means the Bond Purchase Fund created pursuant to Section 4.01 hereof.

"**Bond Resolution**" means the means the resolution adopted by the Issuer on [April 9, 2026], duly authorizing and directing the issuance, sale and delivery of the Bonds

"Bondholder" or **"Holder of the Bonds"** or **"Holder"** or **"Owner of the Bonds" or "Owner"** when used with respect to any Bond, means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Issuer maintained at the Trust Office for that purpose, and initially shall mean the Purchaser.

"Bonds" means the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026, issued, authenticated and delivered under this Indenture, which are identified as such in Section 2.01(a) hereof.

"Borrower" means Torrington Wilmer, LP, a Texas limited partnership, its successors and assigns.

"Borrower Documents" means the Loan Agreement, the Note, the Tax Exemption Agreement, the Regulatory Agreement, the Continuing Covenants Agreement, the Loan Documents, the Organizational Documents and any and all documents, agreements or instruments executed by the Borrower in connection with the Bond Loan evidenced by the Loan Agreement.

"Borrower's Obligations" means the obligations of the Borrower under the Loan Agreement, the Note, and the other Borrower Documents to (a) pay the principal of, and interest on the Note, when and as the same shall become due and payable (whether at the stated maturity thereof, on any payment date or by acceleration of maturity or otherwise), (b) pay all other amounts required by the Loan Agreement, the Note, and the other Borrower Documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Note, the Regulatory Agreement, and any of the other Borrower Documents, to perform or observe.

"Business Day" or "business day" means a day, other than a Saturday or Sunday, on which (a) banks located in New York, New York, or in the city in which the Trustee or the Purchaser is located, are not required or authorized by law or executive order to close for business, and (b) the New York Stock Exchange is not closed.

"Calculation Agent" means the Majority Owner, or any other Person appointed by the Bondholder to serve as calculation agent for the Bonds.

"Closing Date" means the date of initial delivery of the Bonds to the Purchaser in exchange for the purchase price thereof.

"**Closing Memorandum**" means the [Closing Memorandum] dated as of the Closing Date.

"Code" has the meaning set forth for such term in the Tax Exemption Agreement.

"Completion Certificate" means a certificate submitted by an Authorized Borrower Representative to the Issuer and the Trustee as provided in Section 3.5 of the Loan Agreement.

"Compounded SOFR" has the meaning given to such term in the Note.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"Computation Date" means the date that is two (2) Business Days immediately preceding each Interest Payment Date.

"Continuing Covenants Agreement" means the Continuing Covenants Agreement dated as of the Closing Date between the Borrower and the Purchaser.

"Conversion" has the meaning set forth in the Continuing Covenants Agreement.

"Conversion Conditions" means the conditions to Conversion as set forth in the Continuing Covenants Agreement.

"Conversion Date" means the date specified by the Purchaser in the Conversion Notice after the Project meets the Conversion Conditions.

"Conversion Notice" has the meaning given to such term in Section 3.08 hereof.

"Costs of Issuance" has the meaning set forth in the Tax Exemption Agreement.

"Costs of Issuance Deposit" means the deposit in the amount specified in the Closing Memorandum which is to be funded by the Borrower into the Costs of Issuance Fund pursuant to Section 4.08 hereof and Section 4.2 of the Loan Agreement.

"Costs of Issuance Fund" means the Costs of Issuance Fund created pursuant to Section 4.01 hereof.

"Deed of Trust" means the Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated [the Closing Date], granted by the Borrower with respect to the Project to a trustee named therein, for the benefit of the Issuer (and assigned to the Trustee) as security for the Bonds, as the same may be amended, modified or supplemented from time to time.

"Determination of Taxability" means (a) a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of a Holder of the Bonds for Federal income tax purposes (other than an Holder who is a "substantial user" or "related person" to a "substantial user" within the meaning of Section 147(a) of the Code); or (b) the enactment of federal legislation that would cause interest on the Bonds to be includable in gross income for federal income tax purposes; provided, that no such decree, judgment, or action under (a) will be considered final for this purpose unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Holder of a Bond, and until the conclusion of any appellate review, if sought.

"Disbursing Agreement" means that certain Disbursing Agreement dated [as of the Closing Date], among the Borrower, the Purchaser and the Title Company.

"Documents" means and shall include (without limitation), with respect to the Bonds, this Indenture, the Loan Agreement, the Note, the Regulatory Agreement, the Tax Exemption Agreement, the Loan Documents and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter

execute and deliver, to evidence or secure the Issuer's Obligations or the Borrower's Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto.

"Eligible Funds" means, as of any date of determination, any of:

(a) The proceeds of the Bonds (including any additional amount paid by the Purchaser to the Trustee as the purchase price of the Bonds);

(b) Money received by the Trustee representing payments under the Swap Agreement;

(c) Any other amounts for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Owner of Bonds is an "insider" within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(d) The proceeds of draws by the Trustee on any letter of credit provided to the Trustee for the benefit of the Borrower;

(e) Any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no act of bankruptcy has occurred during such period; and

(f) Investment income derived from the investment of the money described in (a) through (e) above.

"Eligible Investments" means, subject to the provisions of Section 6.01 hereof, any of the following investments that mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(1) Governmental Obligations; and

(2) to the extent permitted in Section 6.01 hereof, shares or units in any money market mutual fund rated "Aaa-mf" by Moody's (or if Moody's is not the Rating Agency or a new rating scale is implemented, the equivalent Rating Category given by the Rating Agency for that general category of security) at the time of purchase and whose investment portfolio consists solely of Governmental Obligations including, without limitation, any mutual fund for which the Trustee or an Affiliate of the Trustee serves as investment manager, advisor, administrator, shareholder, servicing agent and/or custodian or subcustodian;

(3) Obligations of any state or political subdivision of any state, which (i) are rated at the time of purchase in the Highest Rating Category by the Rating Agency and (ii) have an interest accrual period, interest payment dates and principal payment dates that provide for timely payments in amounts sufficient to meet the payment obligations under this Indenture; and

(4) any other investment which is approved in writing by the Purchaser.

"Equity Investor" means CREA Torrington Wilmer, LLC, a Delaware limited liability company, and its successors or assigns.

"Event of Default" or "Default" means, when used in this Indenture, those events of default or defaults specified in Section 9.01 hereof and, when used in the Loan Agreement, those events of default or defaults specified in Section 7.1 thereof.

"Expense Fund" means the Expense Fund created pursuant to Section 4.01 hereof.

"Fee Owner" shall have the meaning given to such term in the Regulatory Agreement.

"FRBNY's Website" means the website of the Federal Reserve Bank of New York, currently located at https://apps.newyorkfed.org/markets/autorates/sofr-avg-ind, or at such other page as may replace such page on the FRBNY's website.

"Governmental Obligations" means noncallable, nonredeemable direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), and obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by the United States of America.

"Hedge Assignment" means any future Hedge Assignment and Security Agreement by and between the Borrower and the Trustee, relating to the assignment of the Rate Cap (including any similar assignment executed by the Borrower in connection with a replacement Rate Cap).

"Highest Rating Category" means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below "Aaa" or "Aaa/VMIG 1" if rated by Moody's or "A-1+" or "AA+" if rated by S&P.

"Improvements" means all structures or buildings now or hereafter erected or placed on the Land, including, without limitation, the Project, and all Additions thereto.

"Indenture" means this Trust Indenture, dated as of [April] 1, 2026, between the Issuer and the Trustee, and any and all Supplements thereto.

"Independent" means any person not an employee or officer of the Borrower or its affiliates.

"Index" has the meaning given to such term in the Note.

"Index Source" has the meaning given to such term in the Note.

"**Initial Bond**" means the initial Bond registered by the Comptroller and subsequently canceled and replaced by a definitive Bond pursuant to this Indenture.

"Interest Payment Date" means the [second (2nd) day of each calendar month], commencing on [May 2, 2026]].

"**Interest Rate**" has the meaning given to such term in the Note.

"ISDA Definitions" has the meaning given to such term in the Note.

"ISDA Fallback Adjustment" has the meaning given to such term in the Note.

"ISDA Fallback Rate" has the meaning given to such term in the Note.

"Issuer" means the Texas Department of Housing and Community Affairs, a public and official agency of the State, and its successors and assigns.

"Issuer Documents" means the Loan Agreement, this Indenture, the Regulatory Agreement, the Tax Exemption Agreement and any and all documents, agreements or instruments executed by the Issuer in connection with the Bond Loan evidenced by the Loan Agreement.

"**Issuer Administration Fee**" means the fee payable annually in advance to the Issuer on each [April] 1, in the amount of 0.10% per annum of the aggregate principal amount of Bonds Outstanding at the inception of each payment period. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to [March 31], 2028. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after [April] 1, 2028.

"**Issuer Compliance Fee**" means the fee payable annually in advance to the Issuer on each [April] 1, in the amount of $25 per Low-Income Unit (as defined in the Regulatory Agreement) in the Project, for the duration of the State Restrictive Period (as defined in the Regulatory Agreement). The first annual Issuer Compliance Fee shall be paid on the Closing Date. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), solely from funds provided by the Borrower, all payments of the Issuer Compliance Fee due on or after [April] 1, 2029. The Issuer Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

"**Issuer's Fees**" means, collectively, the Issuer Administration Fee and the Issuer Compliance Fee.

"Issuer's Obligations" means the obligations of the Issuer under the Bonds, this Indenture, and the other Documents to pay the principal of and interest on the Bonds (including supplemental interest), when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise), but solely from amounts available in the Trust Estate.

"Land" shall mean the parcel of real property located in Wilmer, Texas, on which the Project is located, as more particularly described in the recitals of the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated as of the same date as this Indenture, among the Issuer, the Purchaser and the Borrower and any and all Supplements thereto.

"Loan Documents" shall have the meaning assigned to such term in the Continuing Covenants Agreement.

"Loan Payments" means the amounts required to be paid by the Borrower in repayment of the Bond Loan pursuant to the provisions of the Note and Section 4.2 of the Loan Agreement.

"Majority Owner" means the Person who owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, or, if no single person owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, the person who is designated in writing to exercise the powers of "Servicer" and "Majority Owner" hereunder by persons who collectively own at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds.

"Maturity Date" means [May 1, 2046].

"Maximum Interest Rate" means the interest rate equal to the lesser of: (a) 12% per annum, or (b) the maximum interest rate that may be paid on the Bonds under State law pursuant to Chapter 1204 of the Texas Government Code.

"Moody's" means Moody's Ratings, a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Holder.

"Note" means the Promissory Note dated the Closing Date from the Borrower to the Issuer in substantially the form attached as *Exhibit B* to the Loan Agreement, and any amendments, Supplements or modifications thereto, which Note has been assigned by the Issuer to the Trustee.

"Notice Address" means, unless otherwise designated pursuant to Section 12.06 hereof:

(a) As to the Issuer:

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Director of Multifamily Bonds
Telephone: (512) 475-3344
Email: teresa.morales@tdhca.state.tx.us

(b) As to the Trustee:

BOKF, NA
1401 McKinney, Suite 1000
Houston, Texas 77010
Attention: Rosalyn Davis
E-mail: rosalyn.davis@bokf.com

(c) As to the Borrower:

Torrington Wilmer, LP
9001 Cypress Waters Blvd, Suite 2A
Dallas, TX 75019
Attention: Aaron Douthit
Email: aaron.douthit@jpi.com

With copies to:

Torrington Wilmer, LP
9001 Cypress Waters Blvd, Suite 2A
Dallas, TX 75019
Attention: Legal Department – Notices
Email: legal@jpi.com

Munsch Hardt Kopf & Harr, P.C.
500 N. Akard Street, Suite 4000
Dallas, Texas 75201
Attn: William D. Themer
Email: wthemer@munsch.com

Shackelford, McKinley & Norton, LLP
9201 N. Central Expressway, Fourth Floor
Dallas, Texas 75231
Attn: John C. Shackelford
Email: jshack@shackelford.law

Dallas County Housing Finance Corporation 2025
500 Elm St., Ste 7600
Dallas, Texas 75202
Email: Jonathon.Bazan@dallascounty.org

Coats Rose, P.C.
16000 North Dallas Parkway, Suite 350
Dallas, Texas 75248
Attn: Mattye G. Jones

(d) As to the Equity Investor:

CREA Torrington Wilmer, LLC
c/o CREA, LLC
30 S Meridian St, Suite 400
Indianapolis, IN 46204
Attn: Asset Management
Telephone: 317.808.4797
Email: creaam@creallc.com

With a copy to:

Buchalter
425 Market Street, Suite 2900
San Francisco, CA 94105
Attention: Faith Bruins
Telephone: 415. 227.3564
E-mail: fbruins@buchalter.com

(e) As to the Purchaser:

Cedar Rapids Bank and Trust Company
116 Sixth St. Northeast
Cedar Rapids, Iowa 52401
Attention: Sam Kramer
Telephone Number: (319) 743-7122
Email: skramer@crbt.com

With a copy to:

Winthrop & Weinstine
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: Holly A. Stocker
Telephone Number: (612) 604-6490
Email: hstocker@winthrop.com

"**Organizational Documents**" means the [Amended and Restated Agreement of Limited Partnership] of the Borrower dated as of [the Closing Date], as the foregoing may be amended, modified, supplemented or restated from time to time.

"Opinion of Counsel" means an opinion from an attorney or firm of attorneys, acceptable to the Trustee and the Issuer, with experience in the matters to be covered in the opinion.

"Outstanding," "outstanding" or **"Bonds Outstanding"** when used with respect to the Bonds means any Bonds theretofore authenticated and delivered under this Indenture, except:

(a) Bonds theretofore canceled by the Trustee or theretofore delivered to the Trustee for cancellation;

(b) Bonds for the payment of which moneys or obligations shall have been theretofore deposited with the Trustee in accordance with Article VIII; or

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture.

"Person" shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, trust, or government or agency or political subdivision or public body thereof.

"Permanent Loan Amount" shall mean $[_____].

"Prepayment Fee" has the meaning set forth in the Continuing Covenants Agreement.

"Project" has the meaning described in the recitals.

"**Project Costs**" has the meaning set forth in the Tax Exemption Agreement.

"Project Fund" means the Project Fund created in Section 4.01 hereof.

"Purchaser" or "**Lender**" means Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation.

"Qualified Project Costs" has the meaning set forth in the Tax Exemption Agreement.

"Rate Cap" means any future Rate Cap Agreement entered into in accordance with the Rate Cap Requirements (including any amendments thereto or replacements thereof), the rights under which are to be assigned to the Trustee pursuant to the Hedge Assignment. The execution of a Rate Cap shall be expressly conditioned upon the receipt of a favorable Opinion of Bond Counsel.

"**Rate Cap Account**" means the Rate Cap Account of the Bond Fund created pursuant to Section 4.01 hereof.

"Rate Cap Requirements" means a Rate Cap provided by an Approved Hedge Provider that shall: (i) be in an amount of not less than the principal amount of the Bonds Outstanding; (ii) has a termination date no earlier than the Maturity Date; (iii) provide for a strike rate of not more than [6.43]%, unless otherwise agreed to by the Majority Owner; (iv) be assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Hedge Assignment; and (v) otherwise be acceptable to the Majority Owner.

"Rating Agency" means Moody's or S&P.

"Rating Category" means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

"Rebate Amount" has the meaning set forth in the Tax Exemption Agreement.

"Rebate Analyst" has the meaning set forth in the Tax Exemption Agreement. The initial Rebate Analyst will be [_____].

"Rebate Fund" means the Rebate Fund created in Section 4.01 hereof.

"Record Date" means the 15th day of the month preceding the date on which interest is due and payable.

"Reference Time" with respect to any determination of the Benchmark means (1) if the Benchmark is SOFR Rate, the Determination Date, and (2) if the Benchmark is not SOFR Rate, the time determined by Lender after giving effect to the Benchmark Replacement Conforming Changes.

"Regulatory Agreement" means the Regulatory and Land Use Restriction Agreement relating to the Project, of even date herewith, by and among the Issuer, the Trustee, the Fee Owner and the Borrower, as it may be amended, supplemented or restated from time to time.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York, or any successor thereto.

"REMIC" means a Real Estate Mortgage Investment Conduit.

"Requisition" means the request to make a disbursement from the Project Fund in the manner provided pursuant to Section 5.02 hereof.

"Reserved Rights of the Issuer" means (a) all of the Issuer's right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to Section 4.4 of the Loan Agreement, including the Issuer's Fees; (c) all rights of the Issuer to receive any Rebate Amount required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreement; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Loan Agreement, in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in this Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, or the Deed of Trust, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, this Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Deed of Trust or the Note, (4) no liability of the Issuer to third parties, and (5) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of this Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Deed of Trust and the Note; and (h) any and all limitations of the Issuer's liability and the Issuer's disclaimers of

warranties set forth in this Indenture, the Regulatory Agreement, the Tax Exemption Agreement or the Loan Agreement, and the Issuer's right to inspect and audit the books, records and permits of the Borrower and the Project.

"Revenues" means (a) the Loan Payments, (b) all other money received or to be received by the Trustee in respect of repayment of the Bond Loan, including without limitation, all money and investments in the Bond Fund, (c) any money and investments in the Project Fund, and (d) all income and profit from the investment of the foregoing money. The term "*Revenues*" does not include any money or investments in the Rebate Fund, amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, or amounts paid to or collected by the Issuer in connection with any Reserved Rights of the Issuer.

"**S&P**" means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Purchaser or the Majority Owner.

"Securities Depository" means the Depository Trust Company, its successors and assigns, or any other securities depository for the Bonds designated by the Issuer or the Borrower to the Trustee in writing.

"**Servicer**" means the Purchaser, or, if the Purchaser appoints a separate entity to be the servicer, such servicer. During any other times as no servicer has been appointed, all references herein and in the Documents to the Servicer shall be deemed to refer to the Majority Owner.

"SOFR" has the meaning given to such term in the Note.

"SOFR Adjustment Conforming Changes" has the meaning given to such term in the Note.

"SOFR Rate" has the meaning given to such term in the Note.

"Special Funds" means, collectively, the Bond Fund and the Project Fund, and any accounts therein.

"State" means the State of Texas.

"Supplement" or "Supplements" means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

"**Swap Agreement**" means (i) that certain ISDA Master Agreement dated [_____], 2026, the related Schedule thereto, and each confirmation thereunder, each between Swap Counterparty and Borrower, and (ii) any other interest rate exchange, hedge or similar agreement, entered into in order to hedge or manage the interest payable on all or a portion of the Bonds, whether then existing or to be entered into, between the Borrower and the Swap Counterparty, as such agreements may be amended, supplemented or substituted from time to time.

"**Swap Counterparty**" means Cedar Rapids Bank and Trust Company and its permitted successors and assigns during the term of the initial Swap Agreement and thereafter any Person entering into a Swap Agreement with the Borrower.

"Swap Documents" means the Swap Agreement, the Swap Mortgage and any and all other documents, agreements or instruments executed by the Borrower in connection with the Swap Agreement.

"**Swap Mortgage**" means the SWAP Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated [the Closing Date], from the Borrower for the benefit of the Swap Counterparty as security for the Borrower's obligations under the Swap Agreement.

"Tax Exemption Agreement" means that certain Tax Exemption Certificate and Agreement of even date herewith among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with its terms.

"Term SOFR" has the meaning given to such term in the Note.

"Term SOFR Transition" has the meaning given to such term in the Note.

"Term SOFR Transition Date" has the meaning given to such term in the Note.

"Title Company" means Benchmark Title.

"Trustee" means BOKF, NA, a national banking association, and its successor or successors in the trust created by this Indenture.

"Trustee's Fees" means (i) the Trustee's initial fee of $3,500, payable on the Closing Date from moneys in the Costs of Issuance Fund pursuant to Section 4.08 hereof; (ii) the Trustee's ongoing fee of $7,500, payable annually in advance beginning on the Closing Date and thereafter on each [April] 1, which shall be paid by the Borrower from moneys other than from the Trust Estate; (iii) the reasonable fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under this Indenture as and when the same become due, including reasonable counsel fees (including in house counsel fees and fees prior to litigation, at trial, in insolvency proceedings or for appellate proceedings); provided, further, that the Trustee shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Trustee shall have been made; and (iv) for purposes of the Loan Agreement, indemnification of the Trustee by the Borrower.

"Trust Estate" has the meaning given such term in the Granting Clauses of this Indenture.

"Trust Office" means the trust office of the Trustee located at 1401 McKinney, Suite 1000, Houston, Texas 77010 or such other office designated by the Trustee from time to time, or such other offices as may be specified in writing to the Issuer by the Trustee.

"Unadjusted Benchmark Replacement" has the meaning given to such term in the Note.

"U.S. Government Securities Business Day" has the meaning given to such term in the Note.

Section 1.02 ***Rules of Construction***. The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Indenture in its entirety.

The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections, and other subdivisions of this Indenture.

The headings of this Indenture are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any reference to particular sections or subsections of the Code and applicable Income Tax Regulations shall include any successor provisions of law or regulations, to the extent the same shall apply to the Bonds.

Any reference to a Bond or to the Bonds shall include each portion in the minimum authorized denomination of any registered bond having a denomination greater than the minimum authorized denomination.

Whenever the Purchaser is required to give its consent or approval to any matter, whether stated as "consent," "written consent," "prior written consent," "approval," "written approval," "prior written approval" or otherwise, the giving of such consent or approval by the Purchaser shall be in its sole and complete discretion.

Whenever the Purchaser shall have any right or option to exercise any discretion, to determine any matter, to accept any presentation or to approve or consent to any matter, such exercise, determination, acceptance, approval or consent shall, without exception, be in the Purchaser's sole and absolute discretion.

ARTICLE II

CREATION OF BONDS; DETAILS OF THE BONDS

Section 2.01 ***Authorization and Terms of Bonds***.

(a) *Authorization of Bonds.* The Issuer hereby authorizes for issuance under this Indenture, bonds in the original aggregate principal amount of $[45,000,000], which shall be designated "Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026" shall be in

Authorized Denominations, and shall be dated the Closing Date to be issued as hereinafter provided.

(b) *Registered Form; Numbering; Initial Bond.* The Bonds shall be issuable only as fully registered Bonds in Authorized Denominations, substantially in the form, appropriately completed, attached hereto as Exhibit A and made a part hereof. The Bonds shall be lettered "R" and shall be numbered separately from "1" consecutively upwards except for the Initial Bond which shall be numbered I-1.

The Initial Bond shall be identical to the Form of Bond attached as Exhibit A; provided, the Initial Bond shall be payable to the Purchaser and registered by the Comptroller. The provisions of Exhibit A may be rearranged or re-ordered for purposes of the Initial Bond.

(c) *Date, Denominations, Dates from Which Interest Payable, Interest Rate and Maturity.* The Bonds shall be dated [April] 1, 2026, shall be issued in Authorized Denominations, and shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from the Closing Date, payable on each Interest Payment Date. The Bonds shall bear interest for each Accrual Period at the Interest Rate as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a 360-day year and the actual number of days elapsed. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 3.02 hereof.

(d) *Interest Rate.* During each Accrual Period, the Calculation Agent shall determine the Interest Rate on each Computation Date, and such rate shall become effective on the Interest Payment Date next succeeding the Computation Date. Promptly following the determination and confirmation of the Interest Rate, the Calculation Agent shall give notice thereof to the Trustee, the Issuer and the Borrower, and the Trustee promptly shall give notice thereof by first class mail to each Bondholder at its last address appearing upon the registration books kept by the Trustee as bond registrar. If the Interest Rate is not determined by the Calculation Agent on a Computation Date, the rate of interest borne on the Bonds shall be the rate in effect for the immediately preceding Accrual Period until the Calculation Agent next determines the Interest Rate.

(e) *Reserved.*

(f) *Reserved*.

(g) *Medium and Place of Payment.* Principal of and interest on the Bonds shall be payable in lawful money of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, but only from the Revenues and any other monies made available to the Issuer for such purpose. Principal of the Bonds shall be payable at the Trust Office upon presentation and surrender of the Bonds as the same become due, and upon the request of any registered owner of Bonds on the applicable Record Date having an aggregate principal amount of $1,000,000 or more, such principal shall be paid by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee. Interest on the Bonds shall be payable to the registered Owners of the Bonds by check or draft mailed to such Owners at their addresses as they appear on

registration books kept by the Trustee as bond registrar, or, upon the request of any registered Owner of Bonds having an aggregate principal amount of $1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee at least ten (10) Business Days prior to the applicable Record Date.

(h) *Form of Bonds.* The definitive Bonds, which may be printed, typewritten, photocopied, or otherwise reproduced, including the Trustee's Certificate of Authentication to be endorsed thereon, shall be substantially in the form as set forth in Exhibit A attached hereto with such appropriate variations, omissions and insertions as permitted or required by this Indenture.

(i) *Payments or Actions to be taken on Saturdays, Sundays and Holidays.* In any case where the date of any action required hereunder to be taken or the date of maturity of interest on or principal of the Bonds, shall not be a Business Day, then payment of interest or principal or the taking of such action need not be made or taken on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date such action was to be taken.

Section 2.02 ***Source of Payment of Bonds***. The Issuer shall be obligated to pay the principal of and the interest on the Bonds only out of (a) the Revenues pledged for the payment thereof under this Indenture, (b) the amounts held in any fund or account created under this Indenture, other than amounts held in the Rebate Fund and the Costs of Issuance Fund, and (c) from any other moneys held pursuant to the Trust Estate. Nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer. All the Bonds to be issued hereunder shall be equally and ratably secured, to the extent provided herein, by this Indenture.

Section 2.03 ***Execution of Bonds***. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair or Vice Chair of the Issuer, and the seal of the Issuer or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of an authorized officer of the Issuer. In case any authorized officer of the Issuer whose signature or a facsimile of whose signature shall appear on any of the Bonds shall cease to be an authorized officer of the Issuer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such authorized officer of the Issuer had remained in office until delivery. Furthermore, it shall not be necessary that the same authorized officer of the Issuer sign all of the Bonds that may be issued hereunder at any one time or from time to time.

Section 2.04 ***Certificate of Authentication***. Only such Bonds, other than the Initial Bond, as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the form of the Bond herein provided and duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond, other than the Initial Bond, shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if manually signed by an authorized officer of the Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder. At the

time of authentication of any Bond, the Trustee shall insert therein the date from which interest on such Bond shall be payable as provided in Section 2.01(c).

Section 2.05 ***Authentication and Delivery of Bonds***. The Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer as provided in this Section.

Prior to the authentication by the Trustee of the Bonds, there shall have been filed or deposited with the Trustee (which may be in electronic form):

(a) A certified copy of the Bond Resolution adopted and proceedings had by the Issuer authorizing execution of this Indenture, the Loan Agreement and the other Issuer Documents to which the Issuer is a party and the issuance of the Bonds;

(b) A copy of a fully executed counterpart of this Indenture;

(c) Copies of fully executed counterparts of the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, and the fully executed Note;

(d) An opinion of Bond Counsel with respect to the excludability of interest payable on the Bonds from gross income for federal income tax purposes;

(e) an opinion of the Attorney General of the State approving the Bonds and a certificate of registration of the Bonds by the Comptroller;

(f) An Opinion of Counsel addressed to the Issuer and the Trustee, of a law firm or law firms (who may be independent counsel), who serve as counsel to the Issuer, Borrower and Trustee, respectively, to the effect that the Bonds and the documents specifically listed in the definition of Documents have been duly executed and delivered by such parties and constitute valid and binding obligations of such parties, enforceable against such parties in accordance with their respective terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally, and with respect to certain remedies which require, or may require, enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose;

(g) A request and authorization signed by an Authorized Officer of the Issuer authorizing the Trustee to authenticate and to deliver the Bonds to the Purchaser therein identified upon payment to the Trustee for the account of the Issuer of the amount specified in such request and authorization plus accrued interest, if any, thereon to the date of delivery;

(h) *Reserved*; and

(i) An executed Investor Letter from the Purchaser in the form attached hereto as Exhibit C.

The proceeds from the sale of the Bonds shall be paid over directly to the Trustee and deposited to the credit of the Project Fund, as provided under Article V hereof.

Section 2.06 ***Mutilated, Lost, Stolen or Destroyed Bonds***. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, maturity, interest rate and denomination as that of the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. The Trustee may, with the consent of the Holder, provide to the Holder a typewritten (or similarly reproduced) Bond certificate in lieu of a printed Bond certificate. In the event any such Bond shall have matured, instead of issuing a duplicate Bond the Trustee may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond their expenses and reasonable fees, if any, in connection with the preparation, execution and authentication of a replacement Bond.

Section 2.07 ***Registration, Negotiability, Transfer and Exchange of Bonds***. All of the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain outstanding, the Issuer shall maintain and keep at the Trust Office, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as the Issuer or the Trustee may prescribe, any Bond entitled to registration or transfer.

Each Bond shall be transferable only upon the books of the Issuer maintained for such purpose by the Trustee, at the written request of the registered Owner thereof or his attorney duly authorized in writing, upon presentation and surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his attorney duly authorized in writing. Upon the surrender for transfer of any Bond, the Issuer shall issue, and the Trustee shall authenticate, in the name of the transferee, in Authorized Denominations, a new Bond or Bonds without coupons of the same aggregate principal amount, series, maturity and interest rate as the surrendered Bond.

The Issuer and the Trustee may deem and treat the Person in whose name any Outstanding registered Bond shall be registered upon the books of the Issuer as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

If the Bonds are redeemed in part, then upon the presentation and surrender of each Bond, the Trustee shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds of the same series, maturity and interest rate and in any Authorized Denomination, in an aggregate principal amount equal to the unredeemed portion of such Bond or Bonds. Notwithstanding the foregoing, if following the Conversion Date, a Bond held by the Purchaser is redeemed in part, such partial redemption may be noted on such Bond and the Trustee shall not be obligated to authenticate and deliver any replacement Bond.

For every exchange or transfer of Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer which sum or sums shall be paid by the Person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture to the contrary, any expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax or other governmental charge) shall be paid by the Borrower as required by the Loan Agreement. The Issuer shall not be obligated to make any such exchange or transfer of Bonds during the fifteen (15) days next preceding an Interest Payment Date on the Bonds.

No transfer of a Bond (or any interest therein) shall be made except to an Approved Transferee who shall furnish to the Trustee and the Issuer an Investor Letter substantially in the form set forth in Exhibit C hereto. The Trustee and the Issuer shall be entitled to rely, without inquiry, on the statements on such Investor Letter.

Each purchaser acknowledges that each Bond will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY ONLY (A) TO A PERSON WHO IS A "QIB" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR (B) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A)(1), (2), (3), (7), OR (8) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT) (EACH AN "APPROVED TRANSFEREE", AND COLLECTIVELY, "APPROVED TRANSFEREES"), IN EITHER CASE, WHICH IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR AS A FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT FOR OTHER BENEFICIAL HOLDERS HOLDING BENEFICIAL INTERESTS IN THE BONDS THROUGH SUCH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT (WHICH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT AND SUCH BENEFICIAL HOLDERS MUST ALSO BE AN APPROVED TRANSFEREE); PROVIDED, AS A CONDITION PRECEDENT TO ANY SUCH TRANSFER ANY SUCH PROSPECTIVE TRANSFEREE SHALL DELIVER TO THE ISSUER AND TRUSTEE AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT C TO THE INDENTURE.

Section 2.08 ***Obligation of Issuer Limited***. The Bonds, together with interest thereon, do not constitute an indebtedness to which the faith and credit of the Issuer or the State are pledged but are limited obligations of the Issuer payable from (a) the Revenues pledged for the payment thereof under this Indenture, (b) the amounts held in any fund or account created under this Indenture, other than amounts held in the Costs of Issuance Fund and the Rebate Fund, and (c) from any other moneys held pursuant to the Trust Estate, and shall be a valid claim of the respective Holders thereof only against the Trust Estate, which is hereby assigned for the equal and ratable payment of the Bonds and the interest thereon and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.** The foregoing statement of limitation shall appear on the face of each Bond.

Section 2.09 ***Cancellation and Destruction of Bonds***. All Bonds which have been surrendered for payment, cancellation or for registration of transfer or exchange pursuant to Section 2.07 hereof shall be cancelled and destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer and, upon written request therefor, to the Borrower. Any Bonds so cancelled may be retained by the Trustee for such period of time as the Trustee may determine and shall be destroyed by the Trustee at the end of such period. Any Bond so cancelled shall thereafter no longer be considered Outstanding for any purpose of this Indenture or the Loan Agreement.

ARTICLE III

REDEMPTION AND CONVERSION

Section 3.01 ***Reserved.***

Section 3.02 ***Mandatory Redemption***.

(a) Reserved.

(b) On the Conversion Date. The Bonds shall be subject to mandatory redemption in part on the Conversion Date in an amount equal to the difference between (i) principal amount of the Bonds then Outstanding, and (ii) the Permanent Loan Amount, as provided in Section 3.03 hereof. Following redemption, the Trustee shall cancel the portion of the Bonds redeemed in accordance with Section 2.09 hereof.

(c) Following the Conversion Date.

(i) *Mandatory Sinking Fund Redemption*. The Bonds shall be subject to mandatory redemption prior to maturity on each Payment Date beginning on second (2nd) day of the first month following the Conversion Date, at a redemption price equal to 100% of the principal amount thereof (plus accrued interest to the date of redemption) from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem the Bonds on the dates and in the principal amounts set forth in the Amortization Schedule.

(ii) *Mandatory Redemption Upon Determination of Taxability*. Upon a Determination of Taxability with respect to the Bonds, the Bonds are subject to mandatory redemption in whole, but not in part, at a redemption price equal to 100% of the Outstanding principal amount thereof, plus accrued interest to the redemption date. Such redemption shall occur on the earliest practicable date selected by the Bondholder but in no event later than five (5) Business Days following the notification to the Bondholder of a Determination of Taxability.

Section 3.03 ***Redemption Price.***

With respect to the redemption as described in Section 3.02(b) hereof, the redemption price for the Bonds shall be equal to 100% of the Outstanding principal amount thereof, plus accrued interest on such principal amount to the redemption date, and shall be payable from amounts delivered by the Borrower to the Trustee pursuant to Section 4.2(d) of the Loan Agreement, and deposited into the Bond Fund, and, to the extent such funds are insufficient, the Project Fund or other Eligible Funds hereunder.

Section 3.04 ***Partial Redemption of Bonds.***

In the case of a partial redemption of Bonds when Bonds of denominations greater than $5,000 are then Outstanding, each $5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of $5,000. If it is determined that one or more, but not all of the $5,000 units of face value represented by a Bond are to be called randomly by lot for redemption, then upon notice of redemption of a $5,000 unit or units, the Holder of that Bond

shall surrender the Bond to the Trustee (a) for payment of the redemption price of the $5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

Section 3.05 ***Notice of Redemption.***

Unless waived by any Holder of Bonds to be redeemed, official notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, not less than 20 days nor more than 30 days prior to the date fixed for redemption. A second notice of redemption shall be given, as soon as practicable, by first class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 60 days following the date fixed for redemption of that Bond.

All official notices of redemption shall be dated and shall state:

(a) the redemption date,

(b) the redemption price,

(c) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Trust Office, and

(f) that the notice of redemption is conditioned upon there being deposited with the Trustee on or prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed and, in the case of any redemption premium on Bonds, that there be on deposit Eligible Funds sufficient to pay such redemption premium.

Notices of redemption shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed or, in the case of any redemption premium on Bonds, there is not on deposit Eligible Funds sufficient to pay such redemption premium.

If the Bonds are not then held in a Book-Entry System, in addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice

nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the date of issue of the Bonds as originally issued; (ii) the rate of interest borne by each Bond being redeemed; (iii) the maturity date of each Bond being redeemed; and (iv) any other descriptive information deemed necessary in the sole discretion of the Trustee to identify accurately the Bonds being redeemed.

(ii) Each further notice of redemption shall be sent at least 15 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(iii) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any other Bond.

Section 3.06 ***Payment of Redeemed Bonds.***

Notice having been mailed in the manner provided in Section 3.05 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, including interest accrued to the redemption date.

Upon the payment of the price of Bonds being redeemed or prepaid, each check or other transfer of funds issued for such purpose shall identify, by issue and maturity, the Bonds being redeemed or prepaid with the proceeds of such check or other transfer.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with interest accrued thereon to the redemption date, is held by the Trustee on the redemption date, so as to be available therefor on that date and if notice of redemption has been deposited in the mail as aforesaid, then from and after the redemption date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If such money shall not be so available on the redemption date, or that notice shall not have been deposited in the mail as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All money deposited in the Bond Fund and held by the Trustee for the redemption, purchase or prepayment of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

Section 3.07 ***Reserved.***

Section 3.08 ***Conversion Notice.***

(a) Unless otherwise agreed in writing by the Purchaser, the Conversion Date shall be the date selected by the Purchaser, the Borrower and the Issuer as specified in a conversion notice, substantially in the form attached hereto as Exhibit D (the "Conversion Notice"). At such time as the Conversion Conditions have been satisfied (or, if not satisfied, such Conversion Conditions are waived by the Purchaser with prior written consent of the Issuer, which consent shall not be unreasonably withheld, conditioned or delayed), the Purchaser shall deliver the Conversion Notice to the Borrower, the Issuer and the Trustee; provided, however, that the Conversion Notice shall be delivered no later than thirty (30) days prior to the Conversion Date or such shorter period of time as agreed to in writing by such parties.

(b) On the Conversion Date, the Trustee shall redeem a portion of the Bonds in accordance with Section 3.02(b) such that the then-Outstanding principal amount of the Bonds at Conversion equals the Permanent Loan Amount.

Section 3.09 ***Revisions to Amortization Schedule.***

Upon (a) any partial redemption of the Bonds requiring a revision to the Amortization Schedule or (b) the adoption of a New Index or (c) a correction or change in the assumed Conversion Date, the Purchaser will provide to the Trustee, the Issuer and the Borrower a revised Amortization Schedule which shall provide for monthly payments on the remaining principal amount of the Bonds at the then-applicable Interest Rate through the Maturity Date, in which event the payment obligations with respect to the principal amount of the Bonds and the corresponding payment obligations of the Borrower under the Note and the Loan Agreement shall be so modified without further action on the part of the Issuer, the Trustee or the Borrower or amendment to this Indenture, the Bonds or the Issuer Documents.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01 ***Creation of Funds and Accounts***. The following trust funds and accounts are hereby created by the Issuer and ordered established by the Trustee at the Purchaser to be used for the purposes as hereinafter provided in this Indenture:

(a) the Bond Fund, consisting of:

(i) the Revenue Account,

(ii) the Swap Payment Account, and

(iii) the Rate Swap Account;

(b) the Expense Fund;

(c) the Project Fund;

(d) the Costs of Issuance Fund; and

(e) the Rebate Fund.

The Trustee may create one or more accounts or subaccounts within any fund authorized by this Indenture for the purpose of accounting for funds deposited into or held in each fund or for carrying out any of the requirements of this Indenture. The Trustee may transfer funds between accounts and subaccounts within any fund.

Section 4.02 ***Deposits into the Bond Fund; Use of Moneys in Bond Fund***.

The Trustee shall deposit into the Bond Fund all amounts paid by the Borrower pursuant to Section 4.2 of the Loan Agreement.

Prior to the Conversion Date, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds when due. On any date on which payment of interest on the Bonds is due and payable, after taking into account any amounts on deposit in the Bond Fund, any available interest earnings in the Project Fund, up to an amount equal to the interest due on the Bonds, shall be transferred on such date to the Bond Fund to make such payment.

Principal on the Bonds, when due and payable, shall be paid (a) in the first instance from the money on deposit in the Bond Fund, and (b) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Following the Conversion Date, the Trustee shall deposit all amounts received from the Swap Counterparty under the Swap Documents, if any, into the Swap Payment Account and shall thereafter transfer the amount of such swap payments to the Bond Fund to make payments of interest on the Bonds. Following the Conversion Date and upon execution of a Rate Cap, the Trustee shall deposit all payments received from the Rate Cap Provider under the Rate Cap into the Rate Cap Account and transfer any such payments to the Bond Fund to make payments of interest on the Bonds. From and after execution of the Rate Cap, it is expected that the Trustee will not receive any swap payments from the Borrower under the Swap Agreement, however, should such occur, the Trustee shall deposit all swap payments received from the Borrower under the Swap Agreement (net of any amount required to pay interest then-due on the Bonds) into the Swap Payment Account and will transfer any such net swap payments to the Swap Counterparty on behalf of the Borrower as provided in written instructions from the Swap Counterparty. Any swap payment received from the Swap Counterparty or rate cap payment received from the Rate Cap Provider, as applicable, and transferred to the Bond Fund to make payments of interest on the Bonds shall be credited against Borrower's obligations under the Note.

Following the Conversion Date, all moneys deposited in or transferred to the Bond Fund shall be applied to the following items in the following order of priority:

(a) on each Interest Payment Date, to the payment of regularly scheduled interest on the Bonds;

(b) on each Bond Payment Date, to the payment of the principal of or redemption price of, accrued interest on, and any Prepayment Fee due with respect to, the Bonds;

(c) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the payment of any other amounts then due and owing under the Loan Documents; and

(d) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the Borrower or such other party as may be legally entitled thereto.

In the event the amount of the monthly payment received by the Trustee from the Borrower is insufficient to fund in full the deposits required in the foregoing clauses (a) through (d), the Trustee shall provide the Servicer, the Borrower and the Issuer with prompt notice of such deficiency and then, if directed in writing by the Servicer, the Trustee shall transfer moneys on deposit in such funds and accounts between such funds and accounts as directed by the Servicer so as to allow for payment of such items as are directed by the Servicer, provided, however, in all events the first priority of payments shall be payment of the Issuer's Fees, the Trustee's Fees and the fees due and payable to the Rebate Analyst and any Rebate Amount due and owing to the United States. References to unpaid expenses payable to the Trustee or the Issuer shall include any amounts payable to such parties pursuant to any indemnification hereunder or under any of the Documents.

Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee and the payment of amounts payable to the United States pursuant to the Tax Exemption Agreement, any amounts remaining in the Bond Fund shall be paid to the Borrower.

Section 4.03 ***Custody of the Bond Fund***. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee (a) to withdraw sufficient funds from the Bond Fund to pay the principal of and interest on the Bonds as the same become due and payable, and (b) to make such funds so withdrawn available to the Trustee, as paying agent, for the purpose of paying such principal and interest, which authorization and direction the Trustee accepts.

Section 4.04 ***Non-Presentment of Bonds***. Subject to the provisions of Section 10.21 hereof, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if funds sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to applicable escheat laws, to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on its part under this Indenture or on, or with respect to, such Bond. Any such Bonds shall cease to bear interest on the specified maturity and such Bonds or portions thereof shall no longer be protected by or subject to the benefit or security of this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

Section 4.05 ***Payment to Borrower of Excess Moneys in Bond Fund***. Any amounts remaining in the Bond Fund (except for amounts then held by the Trustee for payment of principal, or interest on any of the Bonds) after payment in full of the principal of and interest on the Bonds and other costs associated with the discharge of the Bonds (or provision for payment thereof having

been made as provided in Section 8.01 hereof) and payment in full, or provision for payment, of the final Rebate Amount and payment in full of any outstanding fees and expenses of the Paying Agent, Issuer and Trustee and any other fees and expenses due under the Documents, shall, upon written instruction to the Trustee from the Issuer at the request of the Borrower, be deemed to be overpayments by the Borrower under the Loan Agreement and shall be promptly paid to the Borrower upon the expiration or sooner termination of the term of the Loan Agreement.

Section 4.06 ***Expense Fund***. The Trustee shall apply moneys on deposit in the Expense Fund solely for the following purposes, on the dates specified below, in the following order of priority:

(a) to the Trustee to pay all amounts required to reimburse the Trustee for all out of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under this Indenture, to the extent not included in the Trustee's Fees; and

(b) to the Issuer to pay all amounts required to reimburse the Issuer for all out of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Issuer, to the extent not included in the Issuer's Fees.

To the extent moneys in the Expense Fund are not sufficient to pay the fees and expenses of the Issuer and the Trustee, such deficiency shall be paid by the Borrower immediately upon written demand.

Section 4.07 ***Rebate Fund***. The Rebate Fund shall not be subject to the lien or encumbrance of this Indenture, but shall be held in trust for the benefit of the United States of America, and shall be subject to the claim of no other Person, including that of the Trustee and Bondholders. The money deposited in the Rebate Fund, together with all investments thereof and income from investments therefrom, shall be held in trust and applied solely as provided in the Tax Exemption Agreement. The Trustee shall make deposits to and disbursements from the Rebate Fund, as well as investments of the amounts therein, in accordance with the Tax Exemption Agreement. To the extent permitted by the Tax Exemption Agreement, the Trustee shall pay to the Borrower any amount remaining in the Rebate Fund after the Rebate Amount has been finally calculated and/or paid. Notwithstanding the foregoing, the Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it under this Indenture.

Section 4.08 ***Costs of Issuance Fund***. On the Closing Date, the Trustee shall deposit the Costs of Issuance Deposit in the Costs of Issuance Fund to pay costs of issuance from amounts available therein upon the written direction of the Borrower. Any funds remaining in the Costs of Issuance Fund more than one hundred eighty (180) days after the Closing Date, and not specifically committed to the payment of Costs of Issuance, shall be delivered to the Borrower to the extent such funds are not Bond Proceeds or otherwise restricted funds. If such remaining funds are Bond Proceeds or otherwise restricted, such funds shall be deposited by the Trustee into the Project Fund.

Section 4.09 ***Reserved.***

ARTICLE V

CUSTODY AND APPLICATION OF PROJECT FUND

Section 5.01 ***Custody and Application of Bond Proceeds***. Promptly following delivery of the Bonds pursuant to Section 2.05 hereof, a portion of the proceeds received upon the issuance and sale of the Bonds shall be disbursed to the Title Company, pursuant to a requisition in accordance with Section 5.02 hereof and as described in the Closing Memorandum. The remaining proceeds of the Bonds shall be deposited as follows, in such amounts as described in the Closing Memorandum: (i) a portion to the Project Fund, and (ii) a portion to the Costs of Issuance Fund. Such proceeds shall be invested by the Trustee as set forth in Section 6.01 hereof.

Section 5.02 ***Procedure for Making Disbursements from Project Fund***. The Trustee shall disburse the Bond proceeds on deposit in the Project Fund solely to pay Project Costs and only upon the receipt by the Trustee of requisition forms in substantially the form attached as Exhibit B hereto, each of which shall be approved by the Purchaser. The Trustee is not responsible for receiving or reviewing backup for requisitions.

Money in the Project Fund shall be disbursed in accordance with the provisions of Section 3.3 of the Loan Agreement and this Section 5.02. To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to make the necessary interest and principal payments, if any, on each Interest Payment Date without further written direction.

All disbursements from the Project Fund will be made by the Trustee directly to the Title Company in accordance with the Disbursing Agreement, and shall not be made more frequently than once per month, unless approved by the Purchaser, in its sole discretion.

The Trustee, the Purchaser and the Issuer shall not in any event be responsible or liable to any Person for the disbursement of, or failure to disburse, moneys from the Project Fund, or any part thereof, and no contractor, subcontractor or material or equipment supplier shall have any right or claim against the Trustee, the Purchaser or the Issuer under this Indenture.

Section 5.03 ***Trustee May Rely on Requisitions and Certifications***. In making any disbursement from the Project Fund, the Trustee may rely on any requests, requisitions and/or confirmations delivered to it pursuant to Sections 5.02 hereof, and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such requests, requisitions and confirmations.

Section 5.04 ***Completion of Project***. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced for the Project by the filing with the Trustee and Issuer of the Completion Certificate. Additionally, the Borrower has agreed pursuant to Section 3.6 of the Loan Agreement that in the event that there are insufficient moneys available in the Project Fund to pay the Project Costs, the Borrower will complete the Project and pay the portion of the Project Costs in excess of the moneys available therefor in the Project Fund.

Section 5.05 ***Disposition of Moneys in Project Fund After Completion of Project.***

As soon as practicable after the date of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Trustee as referred to in the Completion Certificate) shall be deposited into the Bond Fund and used to pay principal of the Bonds on the next occurring Bond Payment Date. To the extent any moneys from any payments made by the Borrower pursuant to the Loan Agreement remain in the Project Fund or Bond Fund after there are no Bonds Outstanding and payment in full, or provision for payment, of the final Rebate Amount, such moneys shall be promptly paid to the Borrower.

Notwithstanding the provisions of this Section or any other provision herein set forth, none of the moneys in the Project Fund will be disbursed for or be used to pay any cost, or to reimburse the Issuer or the Borrower for any cost, which is not permitted by the Act, the Code, the Loan Agreement or this Indenture.

ARTICLE VI

INVESTMENT OF FUNDS AND ACCOUNTS

Section 6.01 ***Investment of Funds***

The Issuer and the Trustee each covenants that it will not knowingly make or (to the extent it exercises control or direction) permit to be made, any use of the proceeds of the Bonds, or of any moneys, securities or other obligations that may be deemed to be proceeds of the Bonds (collectively, "**Bond Proceeds**") within the meaning of Section 148 of the Code that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

The Trustee shall hold and invest Bond Proceeds within its control in Eligible Investments as directed in writing by an Authorized Borrower Representative in accordance with the Tax Exemption Agreement, as such direction may be amended from time to time in accordance with the advice of Bond Counsel. The Trustee shall have no discretion for investing funds or advising any parties on investing funds. Neither the Issuer nor the Trustee shall incur any liability in connection with any action as contemplated by this Section 6.01 so long as each acts in good faith, or, with respect to the Trustee, upon written instructions from an Authorized Borrower Representative or in accordance with this Indenture. In the absence of written instructions from the Borrower, the Trustee shall invest Bond Proceeds in Invesco Government and Agency Portfolio Institutional Class Fund, CUSIP 825252885; provided however, if such is no longer available such Bond Proceeds shall be held uninvested.

Investments of Bond Proceeds shall mature or be redeemable at the times and in the amounts necessary to provide money to pay any amounts due on the Bonds as they become due on each Bond Payment Date. In addition, investment of money in the Project Fund shall mature or be redeemable at the times and in the amounts as may be necessary to make anticipated payments from the Project Fund. Any investment in the Bond Fund or the Project Fund that is no longer classified as an Eligible Investment shall be invested in Governmental Obligations upon receipt by the Trustee of a written direction from the Borrower.

The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable hereunder to and at times required for the purposes of paying any amounts due on the Bonds, and shall do so without necessity for any order or direction from or on behalf of the Issuer or the Borrower and without restriction by reason of any order or direction. Any investment and earnings thereon made from money credited to a fund or account shall constitute part of that fund or account. Anything herein to the contrary notwithstanding, earnings received by the Trustee from a sale or redemption of Governmental Obligations for the purpose of paying principal and interest on the Bonds shall be held uninvested.

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an Affiliate or subsidiary of the Trustee, and the Trustee may invest funds in its own proprietary money market funds or deposit products; provided that all such investments must be Eligible Investments. The parties acknowledge that the Trustee is not providing investment supervision, recommendations or advice.

All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein.

The Trustee shall not be liable for losses, including specifically depreciation of value, on investments made in compliance with the provisions of this Indenture.

The Trustee may conclusively rely upon an Authorized Borrower Representative's written instructions as to both the suitability and legality of the directed investments.

Investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from the applicable Special Fund.

Section 6.02 ***Investment of Rebate Fund***. Any moneys held as part of the Rebate Fund, and not immediately required for the purposes of the Rebate Fund, shall be invested or reinvested by the Trustee as directed in writing by an Authorized Borrower Representative and otherwise solely as provided in the Tax Exemption Agreement. In the absence of written direction from the Borrower, the Trustee will not be responsible or liable for keeping the moneys held as part of the Rebate Fund fully invested.

Section 6.03 ***Accounting for Termination of Investments; No Arbitrage***. In the event the moneys in the Project Fund or the Bond Fund are invested in any investment agreement that at any time or for any reason fails to satisfy the requirements of Section 6.01 hereof, the Trustee shall, at the written direction of an Authorized Borrower Representative and the Issuer, terminate any such investment, and the proceeds of such termination, shall be credited to the Project Fund or the Bond Fund, respectively.

Subject to Section 6.01 hereof, all investment earnings on moneys or any investment held in any fund or account created hereunder shall be credited to the respective fund or account hereunder and used for the purposes thereof.

Section 6.04 ***Trustee's Own Bond or Investment Department***. The Trustee may make any and all investments permitted under Section 6.01 through its own bond or investment department or that of any Affiliate.

Section 6.05 ***Moneys to be Held in Trust***. Subject to Section 4.07 hereof, all moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Project Fund under any provision of this Indenture shall be held by the Trustee in trust, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien and claim created by this Indenture. The Trustee will not be liable for any loss arising from investments made in accordance with the written direction of the Borrower or for any loss resulting from the redemption or sale of any such investments.

The Trustee, acting in its capacity as the Trustee and not as sponsor, advisor or manager in connection with any investments hereunder, shall not be liable for any loss arising from investments made in accordance with this Section, or for any loss resulting from the redemption or sale of any such investments as authorized by this Section.

ARTICLE VII

GENERAL COVENANTS

Section 7.01 ***Payment of Bonds***. Each and every covenant made in this Indenture, including all covenants made in the several sections of this Article, is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall be payable solely (a) from Revenues, which are specifically assigned to secure the payment of the Bonds in the manner and to the extent specified in this Indenture, (b) from the moneys held in the funds and accounts created under this Indenture, except for amounts held in the Costs of Issuance Fund and the Rebate Fund, and (c) from any other moneys held pursuant to the Trust Estate. Nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer.

The Issuer covenants that it will promptly pay, as provided herein, the principal of and interest on the Bonds from the Trust Estate at the place, on the date and in the manner provided herein and in the Bonds.

The Revenues are to be remitted by the Borrower directly to the Trustee for the account of the Issuer and constitute a part of the Trust Estate and are subject to the lien and claim created by this Indenture. Such amounts, in addition to the amounts held in the Project Fund, are to be sufficient in amount at all times to pay the principal of and interest on the Bonds when due. The entire amount of Revenues (exclusive of the Reserved Rights of the Issuer) are assigned to secure the payment of the principal of and interest on the Bonds.

Section 7.02 ***Performance of Covenants***. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto, subject, however to the limitations set forth in Section 2.08. The Issuer covenants that it is duly authorized under the laws of the State to issue the Bonds, to enter into this Indenture and the Loan Agreement and to assign the Revenues, and that, upon issuance,

authentication, and delivery, the Bonds are and will be valid and enforceable limited obligations of the Issuer according to the import thereof.

Section 7.03 ***Maintenance of Existence; Compliance with Laws***. The Issuer will use all reasonable efforts to (i) maintain its existence or to assure the assumption of its obligations under this Indenture by any public body succeeding to its powers under the Act, and (ii) comply with all valid material acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to this Indenture and the Loan Agreement.

Section 7.04 ***Enforcement of Borrower's Obligations***. So long as any of the Bonds are Outstanding, the Issuer will cooperate with the Trustee in enforcing the obligations of the Borrower to pay, or cause to be paid, all the payments and other costs and charges payable pursuant to the Loan Agreement. Nothing contained in this Section or in any other section of this Indenture shall be deemed to modify the provisions of the Act and Section 2.08 hereof or require that the Issuer expend any of its own funds or assets to enforce the obligations of the Borrower under the Documents.

Section 7.05 ***Further Assurances, Instruments and Actions***. The Issuer will from time to time execute and deliver such further instruments, conveyances, assignments and transfers and take such further actions as may be reasonable and as may be required to better assure, convey, grant, assign or confirm the Trust Estate and all other rights, revenues or funds pledged, assigned or intended to be so pledged or assigned hereunder for the benefit of the owners of the Bonds; provided, however, that no such instruments or actions shall pledge the credit or taxing power of the State, the Issuer or any other political subdivision of the State, or create or give rise to any monetary obligation or liability of the Issuer.

Section 7.06 ***Priority of Pledge***. The Issuer covenants and agrees that it will not create any lien or claim upon the Revenues other than the liens and claims hereby created. Except for the assignment to the Trustee, the Issuer will not sell, lease or otherwise dispose of or encumber any of the Revenues, and will cooperate in causing to be discharged or satisfied any lien or charge on any part of the Trust Estate.

Section 7.07 ***Books and Documents Open to Inspection***. The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds, the Project, and the moneys, revenues and receipts derived from the Project, if any, that shall at any time be in its possession, shall, within a reasonable time of a request by the Trustee or the Borrower, be open to inspection during the Issuer's regular business hours by such accountants or other agents as the Trustee or the Borrower may from time to time designate. The Trustee and its agents shall have the right, but not the responsibility or duty, to inspect the Project, including all related books and records.

Section 7.08 ***Borrower to Indemnify and Hold Issuer and Trustee Harmless from Liability***. The Borrower has agreed to indemnify and hold the Issuer and the Trustee harmless from and against liability arising out of claims as defined and as provided in Sections 6.2 and 7.4 of the Loan Agreement.

Section 7.09 ***Tax-Exempt Status of Bonds***. The Issuer agrees that it (i) will comply with all applicable requirements of the Code that are necessary to preserve the excludability from gross income of interest on the Bonds for federal income tax purposes, all as set forth in the Tax Exemption Agreement; and (ii) will not take any action inconsistent with its expectations stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein.

The Trustee agrees that it (i) will invest funds held under this Indenture in accordance with the terms of this Indenture, the Tax Exemption Agreement and the written instructions of the Borrower; and (ii) will not take any action inconsistent with its obligations expressly stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein.

In connection with the foregoing, the Issuer and the Trustee may rely upon the advice of Bond Counsel. The Issuer and Trustee shall not have liability or responsibility to the extent they follow the terms of this Indenture, the Tax Exemption Agreement or the advice of counsel, including Bond Counsel.

Section 7.10 ***Covenants Related to Rate Cap***

Following the Conversion Date, on and after the date that any initial Rate Cap is in place, a Rate Cap meeting the Rate Cap Requirements shall be and remain in full force and effect and shall secure the Bonds, the Note, and the Bond Loan. If the Rate Cap is terminated for any reason, the Borrower shall cooperate in obtaining the delivery and assignment to the Trustee of a substitute or replacement Rate Cap with substantially the same economic terms (including payment dates, strike price, and termination provisions) as the original Rate Cap within 30 days of notice of such termination, provided any such substitute or replacement Rate Cap shall be subject to a Favorable Opinion of Bond Counsel. The Borrower acknowledges and agrees that the Purchaser may arrange for the delivery of any such substitute or replacement Rate Cap on the Borrower's behalf. Any replacement Rate Cap and Rate Cap provider must be acceptable to the Purchaser in its sole discretion. Any consent, request, action, decision, or any other matter pertaining or arising with respect to the Rate Cap (including any request for full or partial termination thereof or any other modification or replacement thereof or with respect to the security provided therefor) shall be determined in the sole and absolute discretion of the Purchaser. With respect to any such matter pertaining or arising with respect to the Rate Cap, the Trustee and the Servicer shall only act upon the written direction of the Purchaser, and shall be permitted to conclusively rely and fully protected in their reliance on any such written directions.

Section 7.11 ***Servicing***

The Purchaser may appoint a Servicer or may remove a previously appointed Servicer and appoint a successor by delivering a written notice to the Borrower and Trustee. Any Servicer appointed hereunder shall signify its acceptance of the duties and obligations imposed upon it by the Borrower Documents by executing such instrument(s) as shall be acceptable to the Purchaser, a copy of which shall be provided to the Borrower and the Trustee.

During any period that the Servicer services the Loan, unless otherwise directed by the Purchaser, the Borrower shall make all payments in connection with the Loan and the Bonds to the Servicer, and the Servicer will (i) retain the allocable portion of the monthly servicing fee (if any) for its own account, and (ii) remit to the Trustee (A) all payments of principal of, premium, if any, and interest due with respect to the Loan and the Bonds, (B) all required reserves, escrows, and impositions required to be paid by the Borrower to the Trustee pursuant to the Borrower Documents, and (C) all other amounts payable to the Trustee pursuant to the Borrower Documents.

By its execution of the Loan Agreement, Borrower acknowledges and agrees that the selection or removal of any Servicer is in the sole and absolute discretion of the Purchaser, and Borrower shall not terminate or attempt to terminate any Servicer as the servicer for the Loan or appoint or attempt to appoint a substitute servicer for the Loan.

ARTICLE VIII

DISCHARGE

Section 8.01 ***Release of Indenture.***

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all principal and interest due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Regulatory Agreement and the Note, then this Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 8.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.02 hereof), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 8.03 hereof if applicable,

(A) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 8.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.02 hereof), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(B) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of this Indenture which then may be in their possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under Section 4.05 hereof, or (ii) to be held by the Trustee under Section 6.01 hereof or otherwise for the payment of principal and interest due on the Bonds.

Section 8.02 ***Payment and Discharge of Bonds.***

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation, Section 8.01 hereof, if:

(a) the Trustee shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Governmental Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all principal and interest due on those Bonds on the date(s) due.

Any money held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable Governmental Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 4.05 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section 8.02, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged.

Section 8.03 ***Survival of Certain Provisions.***

Notwithstanding the foregoing, any provisions of the Bond Resolution and this Indenture which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, the rebate of money to the United States in accordance with Section 4.07 hereof and the Tax Exemption Agreement, and the rights and duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of this Indenture. The provisions of this Article shall survive the release, discharge and satisfaction of this Indenture. The obligations of the Borrower to pay the Trustee and the Issuer their respective fees and expenses hereunder shall survive the release, discharge and satisfaction of this Indenture, but shall terminate effective automatically upon payment in full by the Borrower of all fees and expenses owed by the Borrower to the Trustee and the Issuer.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01 ***Events of Default and Acceleration***. If any of the following events occur, it is hereby defined as and declared to be and constitute an "Event of Default":

(a) any installment of interest on any Bond payable hereunder is not paid when due and payable; or

(b) the failure to pay any installment of principal and interest as provided in the Loan Agreement; or

(c) the principal of any Bond or the redemption price of any Bond is not paid on the date on which the same becomes due, whether at the stated maturity thereof, by call for redemption, acceleration or otherwise; or

(d) a Default occurs under the Loan Agreement; or

(e) the Issuer fails to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in (a), (b) or (c) of this Section 9.01) contained in the Bonds or in this Indenture on the part of the Issuer to be performed, and such failure shall continue for a period of 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer and the Borrower by the Trustee, which notice may be given by the Trustee in its discretion and shall be given at the written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Issuer or the Borrower is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Bond Loan or the Bonds.

If any Loan payment required under the Loan Agreement to avoid a default under (a) or (b) of this Section shall not have been received at the close of business on the last business day preceding the day on which payment must be made to avoid a default under such (a) or (b), the Trustee shall use commercially reasonable efforts to give telephonic notice of such default to the Borrower, which telephonic notice shall be confirmed by telegraphic or written notice to the Borrower. If any other default shall occur under the provisions of this Section, the Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower and the Holders of the Bonds. A default or an Event of Default specified in (a) through (e) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in limitation of such rights.

If an Event of Default specified in (a), (b) or (c) of this Section 9.01 shall occur and be continuing, the Trustee, may, and upon written request of the Majority Owner, shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer and the Borrower, and upon such declaration such principal,

together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding.

If an Event of Default specified in (d) or (e) of this Section 9.01 shall occur and be continuing, the Trustee, upon written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding, shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer and the Borrower (with a copy to the Equity Investor), and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding.

Notwithstanding anything to the contrary contained herein, the Equity Investor shall have the right, but not the obligation, to cure an event of default hereunder and Trustee agrees to accept or reject such cure on the same basis as if provided by Borrower itself.

Section 9.02 ***Trustee to Enforce Rights of Issuer***. Only in accordance with the provisions of this Indenture, the Trustee, as the assignee of all the right, title and interest of the Issuer in and to each of the documents constituting a part of the Trust Estate (except the Reserved Rights of the Issuer), may enforce the rights granted to the Issuer pursuant to such documents. In the enforcement of any rights or remedies under such documents, no provision of such documents shall require, and none shall be construed to require, that the Trustee post a bond or establish any surety of any kind as a condition precedent to exercising any such rights or remedies.

Section 9.03 ***Remedies in Addition to Acceleration***. Upon the happening of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Majority Owner and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in Section 9.01):

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents;

(b) bring suit upon the Bonds; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Section 9.04 ***Termination of Proceedings***. In case any proceeding taken by the Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Issuer, the Trustee, the Bondholders, and the Borrower shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.05 ***Right of Bondholders to Direct Proceedings***. Prior to Conversion, no Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the Holders of not less than 51% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee to do so, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Indenture or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided and for the equal benefit of all Holders of Outstanding Bonds. For purposes of the foregoing sentence, the Trustee shall be deemed to have failed to act within a reasonable time if it fails to take action within 60 days after receipt of notice and compliance with the foregoing terms and conditions, whereupon, the Holders of 51% aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing this Indenture contained shall, however, affect or impair the right of any Holder of Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective Holders of the Bonds at the time, place, from the source and in the manner herein and in such Bonds expressed.

Section 9.06 ***Right of Servicer to Direct Proceedings***. On or following the Conversion Date, if an Event of Default under this Indenture shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Servicer, after notice to the Issuer, shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings under this Indenture, provided that such direction is in accordance with law and the provisions of this Indenture; provided further that nothing in this Section 9.06 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and in the best interests of the Holders and which is not inconsistent with such direction by the Servicer. Notwithstanding the foregoing, the Servicer shall not bring any proceeding to enforce this Indenture or its remedies under this Indenture, to which it names the Issuer as a party, in any jurisdiction outside the State without the Issuer's prior written consent.

Section 9.07 ***Remedies Vested in Trustee***. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of this Indenture.

Section 9.08 ***Remedies Non-Exclusive and Cumulative***. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.09 ***Delays or Omissions by Trustee***. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or any acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.10 ***Application of Moneys***. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee and the Issuer with respect thereto, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

Second - To the payment to the Persons entitled thereto of the unpaid principal, on any of the Bonds, which shall have become due (other than Bonds which have matured or otherwise become payable prior to such Event of Default and moneys for the payment of which are held in the Bond Fund or otherwise held by the Trustee), with interest on such principal from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal, and the interest due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege;

Third - To the payment to the Persons entitled thereto of all other of the Issuer's Obligations and the Borrower's Obligations, and, if the amount available shall not be sufficient to pay such Obligations in full, then to the

payment ratably, according to the amounts then due, to the Persons entitled thereto without discrimination or privilege; and

Fourth - The remainder, if any, shall be paid over to the Borrower, its successors or assigns, or whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest and premium then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the Persons entitled thereto without any discrimination or privilege. Any remaining funds shall be applied in accordance with the paragraphs designated "*Third*" and "*Fourth"* of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 9.11 ***Severability of Remedies***. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

ARTICLE X

THE TRUSTEE

Section 10.01 ***Acceptance of Trusts***. The Trustee hereby accepts the duties and obligations as Trustee as specifically and expressly provided under this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except in connection with its performance of such duties. The Trustee shall not be liable for any acts or omissions, except for such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's negligence or willful misconduct.

Section 10.02 ***Trustee Not Responsible for Recitals, Statements and Representations***. Except as otherwise expressly provided herein, any recitals, representations or warranties by the Issuer in this Indenture or in the Bonds contained shall be taken and construed as made by and on the part of the Issuer, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

Section 10.03 ***Action by Trustee Through and Reliance Upon Others***. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers and shall not be liable or responsible for the acts or omissions of any such attorney, agent or receiver appointed with due care. The Trustee shall be entitled to rely on advice of counsel concerning all matters of trust and its duties hereunder, and the advice or opinion of such counsel shall be full and complete authorization and protection for any action taken or omitted by it in good faith and in accordance with such advice or opinion. The Trustee may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof, such compensation to be paid as described under Section 10.04 hereof. The Trustee shall not be liable for any acts or omissions, the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trust, except only for losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's negligence or willful misconduct.

Except for fraud and willful misconduct, no personal recourse may be taken, directly or indirectly, against any officer, director, employee or agent of the Trustee with respect to the obligations of the Trustee under this Indenture or any certificate or other writing delivered in connection therewith. The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Trustee's officers, directors, agents and employees.

The Trustee's immunities and protections from liability and its right to payment of compensation and indemnification in connection with performance of its duties and functions under this Indenture shall survive the Trustee's resignation or removal, discharge of this Indenture, and the final payment of the Bonds.

Section 10.04 ***Fees and Expenses of Trustee***. The Trustee shall be entitled to payment and/or reimbursement of such fees as the Trustee, the Issuer and the Borrower shall agree upon, or in the absence of such agreement, to payment and/or reimbursement of reasonable fees, for its services rendered hereunder, and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, in an amount that is no less than the Trustee's Fees and the Trustee shall have the right to increase its fees for extraordinary circumstances or as the cost of business dictates and as negotiated with the Borrower. Any amounts payable to the Trustee pursuant to this Section 10.04 shall be payable upon demand. All fees, costs and expenses of Trustee (including reasonable attorneys' fees, costs and expenses) incurred in connection with any amendment, modification or supplement hereto shall be payable by the Borrower.

Section 10.05 ***Trustee's Obligations to Take or Have Notice of Default***. The Trustee shall not be required to take notice, or to be deemed to have notice, of any events or information,

default or Event of Default under this Indenture other than a default under Section 9.01(a) or Section 9.01(b) hereof, unless specifically notified in writing of such default by the Issuer or by the Holders of not less than 25% in principal amount of the Bonds then Outstanding. The Trustee may, however, at any time, in its discretion, require of the Issuer information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Borrower, Issuer or any of their directors, members, officers, agents, affiliates or employees, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person.

Section 10.06 ***Duties of Trustee***. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Such standard is not considered a fiduciary standard, nor shall the Trustee be considered a fiduciary in the performance of its duties hereunder.

(b) Except during the continuance of an Event of Default,

(1) The Trustee need perform only those duties that are specifically set forth in this Indenture, these duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties and no others and no implied covenants or obligations will be read into this Indenture against the Trustee, and

(2) The Trustee may request, at the expense of the Borrower, and conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture and shall be indemnified by the Borrower with respect to liability incurred in acting or refraining from acting in accordance with such certificates and opinions. However, the Trustee shall examine those certificates and opinions to determine whether they conform on their face to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(i) This paragraph does not limit the effect of paragraph (b) of this Section,

(ii) The Trustee shall not be liable for any action taken or error of judgment made in good faith by any one of its officers, agents or employees, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts,

(iii) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it in accordance with this Indenture, and

(iv) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(v) The Trustee shall have no responsibilities (except as expressly set forth herein) as to the validity, sufficiency, value, genuineness, ownership or transferability of the Trust Estate, written instructions, or any other documents in connection therewith, and will not be regarded as making nor be required to make, any representations thereto.

(vi) The Trustee shall not be liable for any amount in excess of the value of the Trust Estate.

(vii) In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(viii) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility; it being understood that the Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances, and in the event of any such failure or delay the Trustee shall use best efforts to give prompt notice to the Borrower, Servicer, and Issuer of such condition or occurrence, which may be given in the most expeditious manner available, including telephonically or electronically, subsequently confirmed in writing.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives security or indemnity satisfactory to it in its sole and absolute discretion against any cost, loss, liability or expense which may be incurred by it, but the Trustee shall not require indemnity

as a condition to making any payments on the Bonds, or declaring the principal of and interest on the Bonds to be due immediately hereunder.

(e) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Indenture and final payment of the Bonds.

(f) Except as otherwise provided in this Article, the Trustee shall be under no obligation to take any action in respect of any default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by the Holders of not less than 51% in principal amount of the Bonds then Outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and satisfactory indemnity. The foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provision of this Indenture to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without such security or indemnity.

(g) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) In the event that any portion of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Trust Estate, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies in good faith with any such writ, order or decree, it shall not be liable to any of the parties or to any other Person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(i) Other than as specifically provided herein, neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Borrower or Issuer, or any of their directors, members, officers, agents, affiliates or employees, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations, unless the Trustee has knowledge or is deemed to have knowledge otherwise. Except as provided in the Documents to which it is a party, the Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person.

(j) The Trustee shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument, or document other than this Indenture and any other document to which it is a party.

(k) The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Indenture and any other document to which it is a party, whether or not an original or a copy of such agreement has been provided to the Trustee.

(l) The Trustee shall be entitled to request and receive written instructions from the Borrower, the Issuer or the Purchaser and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with such written direction.

(m) With the written consent of and at the direction of the Purchaser, the Trustee is authorized and directed to execute any Hedge Assignment presented to it for execution by the Borrower.

(n) The Trustee shall have the right to accept and act upon directions or instructions given pursuant to this Indenture and delivered using Electronic Means (defined below); provided, however, that Borrower, the Issuer or such other party giving such direction or instruction, as the case may be, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such directions or instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. For purposes of this subsection (b), "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Borrower, the Issuer or such other party giving such direction or instruction elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act or not act upon such directions or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The Borrower, the Issuer and any other party giving such direction or instruction understand and agree that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Borrower, the Issuer or such other party giving such instruction shall each be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Trustee and that only Authorized Officers transmit such directions or instructions to the Trustee and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, fees, costs or expenses arising directly or indirectly from the Trustee's conclusive reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The Borrower agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or

instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or 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.

Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a) through (m) of this Section.

Section 10.07 ***Trustee May Make Advances to Effect Performance***. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal of and interest on the Bonds, the Trustee may, in its absolute discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no duty or obligation so to do; and any and all moneys paid or advanced by the Trustee for any such purposes shall be a claim in favor of the Trustee upon the Trust Estate prior to the claim of the Bonds; but no such advance shall operate to relieve the Issuer from any default hereunder.

Section 10.08 ***Trustee May Rely Upon Instruments***. The Trustee may, at the expense of the Borrower, request, rely on and act in accordance with an officer's certificate and/or an Opinion of Counsel, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificate and/or Opinion of Counsel. The Trustee may conclusively rely upon, shall be protected in acting or refraining from acting on, and shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any resolution, indenture, notice, report, request, direction, consent, waiver, certificate, statement, instrument, opinion, affidavit, voucher, bond, debenture, note, requisition, order or decree of a court of competent jurisdiction, judgment or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Documents, not only as to due execution, validity and effectiveness, but may also accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements, and shall be protected and shall incur no liability in acting, refraining from acting, or proceeding in good faith in reliance thereon. The Trustee shall not be bound to recognize any person as a Holder of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee.

Section 10.09 ***Trustee May Own and Deal in Bonds and Deal With Issuer and Borrower***. The Trustee or its affiliates may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Borrower or any related entity, and may act as

depository, trustee, or agent for any committee or body of Holders of the Bonds secured hereby or other obligations of the Issuer as freely as if it were not Trustee hereunder.

Section 10.10 ***Financial Liability of the Trustee***. No provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur or risk any liability in the performance of any of its duties under this Indenture, or in the exercise of any of its rights or powers if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Except as may otherwise be provided in this Indenture, prior to taking or omitting to take an action hereunder or related to the Bonds, the Trustee will have the right to request or demand at the cost of the Borrower, in respect to the taking of any action hereunder or related to the Bonds or omitting to take any action, any showings, certificates, opinions (including Opinions of Counsel), appraisals or other information, or corporate action or evidence thereof, that the Trustee deems desirable for the purpose of establishing the right of the Trustee to take or omit to take such action.

Section 10.11 ***Trustee May Construe Ambiguous or Inconsistent Provisions***. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provisions hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Bondholders and the Trustee shall bear no liability therefor.

Section 10.12 ***Resignation of Trustee***. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than thirty (30) days written notice to the Issuer and the Holders specifying the date when such resignation shall take effect and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, in which event such resignation shall take effect immediately on the appointment of such successor, provided that such resignation shall not take effect unless and until a successor shall have been appointed.

Section 10.13 ***Removal of Trustee***. The Trustee shall be removed by the Issuer upon thirty (30) days' notice if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Issuer, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Borrower. The Issuer may also remove the Trustee at any time, except during the existence of any Event of Default as defined in Section 9.01 hereof, for cause or breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with any provision of this Indenture with respect to the duties and obligations of the Trustee by filing with the Trustee an instrument signed by an authorized officer of the Issuer. A copy of each such instrument providing for any such removal shall be delivered by the Issuer to any Bondholder who shall have filed his name and address with the Issuer.

Section 10.14 ***Appointment of Successor Trustee***. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or

affairs, the Issuer at the direction of the Purchaser or Majority Owner covenants and agrees that it will thereupon appoint a successor Trustee.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provision of this Section within thirty (30) days after the Trustee shall have given to the Issuer written notice, as provided in Section 10.12 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee, the Borrower or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Trustee.

Any Trustee appointed under the provision of this Section 10.14 in succession to the Trustee shall be a bank or trust company or national banking association with trust powers, having a combined capital, surplus and undivided profits of at least $50,000,000 if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 10.15 ***Appointment of Successor Trustee by Court***. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within six months after a vacancy shall have occurred in the office of Trustee, the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Trustee.

Section 10.16 ***Acceptance of Trust by Successor Trustee***. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.17 ***Merger or Consolidation of Trustee with Another Corporation***. Any entity into which any Trustee hereunder may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be the successor Trustee under this Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.18 ***Intentionally Omitted.***.

Section 10.19 ***Notice of an Event of Default***. Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default known to the Trustee, the Trustee shall within 30 days give written notice thereof to the Issuer and to each Bondholder at its last address appearing upon the registration books of the Issuer kept by the Trustee unless such Event of Default shall have been cured before the giving of such notice.

Section 10.20 ***Trustee May Intervene***. In any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Holders of the Bonds, the Trustee may intervene on behalf of the Holders of the Bonds and shall, upon receipt of satisfactory indemnity do so if requested in writing by the Holders of not less than 51% in principal amount of Bonds then outstanding, if such intervention is permitted by the court having jurisdiction in the premises.

Section 10.21 ***Unclaimed Moneys***. Anything herein to the contrary notwithstanding, and subject to applicable escheatment laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such moneys are held by the Trustee at said date, or for three (3) years after the date of deposit of such moneys if deposited with the Trustee after the date when such Bonds became due and payable, shall be reported and disposed of by the Trustee in accordance with the applicable unclaimed property laws of the State, whereupon all liability of the Issuer and the Trustee with respect to such money shall cease, and the Holders of such Bonds shall look only to the Borrower for the payment thereof.

Section 10.22 ***Appointment of Co-Trustee***. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Loan Agreement, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them. Neither the Trustee or any co-trustee shall be responsible or liable for the misconduct or negligence of the other.

Approval in writing from the Issuer shall be required prior to the appointment of the separate or co-trustee by the Trustee. All such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer at the expense of the Borrower. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law and so approved by the Issuer, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate or co-trustee.

Section 10.23 ***Financing Statements***. Pursuant to Section 5.6 of the Loan Agreement, the Borrower shall perfect, or shall cause to be perfected any security interest created hereunder by the filing of financing statements which fully comply with the State of Texas Uniform Commercial Code—Secured Transactions. Notwithstanding the foregoing, the Trustee shall file all necessary continuation statements with respect to any such original financing statements listing the Trustee as a secured party, of which a legible copy showing the date and place of filing is delivered to the Trustee, at the expense of the Borrower within the time prescribed by the State of Texas Uniform Commercial Code—Secured Transactions. The Trustee shall otherwise have no duty or obligation related to the creation, preservation or perfection of any security interest.

ARTICLE XI

MODIFICATION OF INDENTURE AND OTHER DOCUMENTS

Section 11.01 ***Limitation on Amendments to this Indenture***. This Indenture shall not be modified or amended in any respect except as provided in accordance with and subject to the provisions of this Article and only by a written instrument executed by each of the parties hereto. All fees, costs and expenses (including reasonable attorney's fees, costs and expenses) incurred in connection with any amendment, modification or supplement shall be payable by the Borrower.

Section 11.02 ***Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders.***

(a) The Issuer and the Trustee may, from time to time prior to the Conversion Date, without the consent of Bondholders, enter into agreements supplemental to this Indenture and the Loan Agreement as follows:

(i) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;

(ii) to cure any formal defect, omission or ambiguity in this Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;

(iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are

not contrary to or inconsistent with this Indenture as heretofore in effect;

(iv) to add to the covenants and agreements of the Issuer in this Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;

(v) to add to the limitations and restrictions in this Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;

(vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, this Indenture, of the Revenues or of any other moneys, securities or funds; or

(vii) to modify, amend or supplement this Indenture or the Loan Agreement in any respect which, pursuant to an Opinion of Counsel, is not materially adverse to the interests of the owners of the Bonds.

(b) Before the Issuer shall enter into any agreement supplemental to this Indenture pursuant to this Section, there shall have been filed with the Trustee a Favorable Opinion of Bond Counsel and an Opinion of Counsel, which may be Bond Counsel, stating that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations. The Trustee and the Issuer shall be entitled to rely upon any such opinions.

(c) The Trustee shall send written notice to the Borrower and Bondholder of any amendment to this Indenture or the Loan Agreement.

Notwithstanding the foregoing, on or after Conversion there shall be no amendments of any kind to this Indenture without the written consent of the Majority Owner.

Section 11.03 ***Amendments to Indenture Requiring Consent of Bondholders.***

(a) Subject to the terms and provisions contained in this Section and not otherwise, prior to the Conversion Date, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding, and following the Conversion Date, the Servicer at the written direction of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding, shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to this Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Indenture; provided, however, that, unless approved in writing by, prior to the Conversion

Date, the Holders of all of the Bonds then Outstanding, and following the Conversion Date, the Servicer at the written direction of the Holders of all the Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by this Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in this Indenture, including (without limitation) that required for consent to such supplemental indentures. This Section shall not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to this Indenture without the consent of the Bondholders pursuant to Section 11.02 hereof.

(b) If at any time the Issuer and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to the Servicer (if any) and to all Holders of the Bonds; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the Trust Office for inspection by all Bondholders.

(c) Within 120 days after the date of giving such notice, the Issuer and the Trustee may enter into such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding (or 100% if required hereunder); (ii) an Opinion of Counsel stating that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms; and (iii) a Favorable Opinion of Bond Counsel.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the supplemental indenture as herein provided, no Holder of any Bond shall have any right to object to such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof.

(e) Upon the effectiveness of any supplemental indenture entered into pursuant to the provisions of this Section, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

Section 11.04 ***Supplemental Indentures Part of Indenture***. Any supplemental indenture entered into in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and shall be deemed to be a part of the terms and conditions of this Indenture for any and all such purposes.

Section 11.05 ***Required Consent***. Notwithstanding anything herein to the contrary, the Trustee shall not be required to enter into or consent to any supplemental indenture or any Document or amendment of any other Document that would adversely affect the rights, obligations, powers, privileges, indemnities, immunities or other security provided the Trustee herein or therein, except to the extent necessary, as set forth in an opinion of Bond Counsel, to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 11.06 ***Amendments to Documents Requiring Consent of Bondholders***. Except as provided in Section 11.02 of this Indenture, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of notice and the written approval or consent of the Holders of the Bonds at the time Outstanding given and procured as provided in Section 11.03 hereof; provided, however, no such separate approval or consent shall be required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 11.03 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Trust Office for inspection by all Bondholders.

ARTICLE XII

MISCELLANEOUS

Section 12.01 ***Issuer's Successors***. In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred.

Section 12.02 ***Indenture for Benefit of Issuer, Trustee and Bondholders***. Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person, other than the Issuer, the Trustee and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Issuer and the Trustee and the Holders of the Bonds; provided that this Indenture shall also be for the benefit of the Borrower and the Issuer, and the Borrower and the Issuer shall be deemed to be third-party

beneficiaries of and in connection with those matters in which the terms of this Indenture fairly construed are indicative that they are for the benefit of the Borrower.

Section 12.03 ***Severability***. In case any one or more of the provisions of this Indenture or of the Bonds for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of this Indenture or the Bonds, and this Indenture and the Bonds shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced as if such illegal or invalid provisions had not been contained therein.

Section 12.04 ***Officials of Issuer Not Liable***. No personal recourse may be taken, directly or indirectly, against any past, present or future officer, director, employee or agent of the Issuer with respect to the obligations of the Issuer under this Indenture or any certificate or other writing delivered in connection therewith. The Issuer's immunities and protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Issuer's past, present and future officers, directors, employees and agents.

Section 12.05 ***Governing Law; Jurisdiction; Waiver of Jury Trial***. The laws of the State shall govern the construction of this Indenture and of all Bonds issued hereunder. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party. To the extent permitted by State law, each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Indenture.

Section 12.06 ***Notices; Publication of Notice.***

(a) All notices, advice, certifications or other communications hereunder between the Issuer and the Trustee shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, or transmitted by electronic means (including, without limitation, facsimile transmission) addressed to the appropriate Notice Address. The Issuer or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, advice, certifications or other communications shall be sent. Notices to Persons other than the Issuer or the Trustee (such as, for example, notices to owners of Bonds) shall be governed by the other applicable provisions of this Indenture. The Trustee agrees to act upon electronic notices but is not liable for any losses that might occur because of such reliance.

(b) Whenever the Issuer or the Trustee is required or permitted to give or publish notice of any event or occurrence under this Indenture, such notice shall be given or published in such manner and by such means as the Issuer or the Trustee, as the case may be, shall determine to be appropriate. Such publication may be by (but is not limited to) any of the following means: (1) publication in one or more newspapers or trade journals selected by the Issuer or the Trustee, as the case may be; (2) publication by or through one or more financial information reporting services; (3) delivery to one or more "nationally recognized municipal securities

information repositories" (as such term is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (4) by mailing a copy of such notice by first class mail, postage prepaid, to the Person entitled to receive the notice at such Person's address as shown on the records of the Issuer or the Trustee.

Section 12.07 ***Trustee as Paying Agent and Bond Registrar***. The Trustee is hereby designated and agrees to act as paying agent and bond registrar for and in respect to the Bonds.

Section 12.08 ***Execution of Instruments by Bondholders and Proof of Ownership of Bonds***. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be conclusively proved by the registration books kept under the provisions of Section 2.07 of this Indenture.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Trustee pursuant to such request or consent.

Section 12.09 ***Counterparts***. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto, and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 12.10 ***U.S.A. Patriot Act Requirements of the Trustee***. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each Person who opens an account. For a non-individual Person such as a business entity, a charity, a trust or other legal entity, the Trustee may request documentation to verify such Person's formation and existence as a legal entity and the identity of the owners or controlling persons thereof. The Trustee may also request financial statements,

licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

Section 12.11 ***Dispute Resolution***. If any conflict, disagreement or dispute arises between, among, or involving any of the parties hereto concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Indenture or the Loan Agreement, or the Trustee is in doubt as to the action to be taken hereunder, the Trustee may, at its option, after sending written notice of the same to the Issuer, Servicer and Borrower, refuse to act until such time as it (a) receives a final non-appealable order of a court of competent jurisdiction directing it as to such matter or (b) receives a written instruction, executed by each of the parties involved in such disagreement or dispute, in a form reasonably acceptable to the Trustee, directing it as to such matter. The Trustee will be entitled to act on any such written instruction or final, non-appealable order of a court of competent jurisdiction without further question, inquiry or consent. The Trustee may file an interpleader action in a state or federal court, and upon the filing thereof, the Trustee will be relieved of all liability as to the assets deposited with the court and will be entitled to recover reasonable and documented out-of-pocket attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action.

Section 12.12 ***State Law Verifications***.

The Trustee makes the following representation and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the "Government Code"), as heretofore amended, in entering into this Indenture. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate

against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

The Trustee represents and verifies that it is aware of the Texas Office of the Attorney General's (the "Texas Attorney General") All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Attorney General using the following link: (https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf) and the Texas Attorney General's supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney General using the following link: (https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-06-2023.pdf). The Trustee represents and verifies that the Trustee has (i) on file a standing letter ("Standing Letter") acceptable to the Texas Attorney General addressing the representations and verifications in this Section 11.23(a) through (d), and (ii) will, upon request of the Issuer or Bond Counsel on behalf of the Issuer, provide the Issuer and Bond Counsel with a copy of its Standing Letter. The Trustee further represents and verifies that its Standing Letter remains in effect as of the date of this Indenture and that the Texas Attorney General has not notified the Trustee that a determination has been made that the Trustee boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas. Upon request of the Issuer or Bond Counsel on the Issuer's behalf, the Trustee shall provide additional written certifications to the Issuer and Bond Counsel (which may be by email) to the effect that the Texas Attorney General may continue to rely on the Standing Letter and the statutory representations and covenants contained in this Indenture through the Issue Date (the "Bringdown Verification"). The Issuer reserves the right, and the Trustee hereby expressly authorizes the Issuer, to provide such Bringdown Verifications to the Texas Attorney General.

[*Execution pages follow*.]

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be signed in its name and behalf by its Authorized Officer, and the Trustee has caused this Indenture to be signed in its name by one of its duly authorized officers, all as of the day and year first above written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Issuer

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

[*Signatures continue next page*]

BOKF, NA, as Trustee

By: _____
Name: Rosalyn Davis
Title: Vice President

EXHIBIT A

FORM OF BOND

THIS BOND IS A RESTRICTED SECURITY AND MAY BE TRANSFERRED ONLY AS PROVIDED HEREIN AND IN THE HEREIN DESCRIBED INDENTURE.

No. [R-___][I-1]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(TORRINGTON WILMER)
SERIES 2026

DATED DATE	INTEREST RATE	MATURITY DATE
[April] 1, 2026	As stated below	[May 1, 2046]

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

FOR VALUE RECEIVED, the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the "Issuer"), hereby promises to pay (but only out of the Trust Estate pledged therefor) to the registered owner identified above, or its successor or registered assignee or legal representative, unless previously called for redemption, the principal amount set forth above, on the Maturity Date identified above, in lawful money of the United States of America which on the date of payment is legal tender for the payment of public and private debts, upon the presentation and surrender of this Bond at the corporate trust office of BOKF, NA, as trustee, or its successor in trust (the "Trustee"), and to pay interest thereon (but only out of the Revenues) to the registered owner hereof from the later of the (i) most recent Interest Payment Date or (ii) Dated Date identified above to, but not including, the Maturity Date specified above (or earlier redemption date), at the Interest Rate per annum identified below (subject to adjustment or change as provided in the hereinafter-defined Indenture), payable at the times and in the manner hereinafter set forth. Principal hereof shall be payable, upon the request of any registered holder of Bonds on the applicable Record Date having an aggregate principal amount of $1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such holder to the Trustee in writing. All interest hereon shall be paid by check or draft mailed by the Trustee to the registered owner hereof at his address as it appears on the registration books of the Issuer, or, upon the request of any registered holder of Bonds having an aggregate principal amount of $1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number provided by such registered owner to the Trustee in writing, such interest being payable on each Interest Payment Date.

This Bond is one of a total authorized issue of $[45,000,000] all of like tenor except as to date, interest rate, maturity, number and amount. The Bonds of this issue shall be issued in one series, designated as the Issuer's Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 (the "Bonds"), issued under and pursuant to the Constitution and laws of the State of Texas, including particularly Chapter 2306, Texas Government Code, as amended (the "Act") and a resolution of the Governing Board of the Issuer, for the purpose of making a loan of the proceeds thereof to Torrington Wilmer, LP, a Texas limited partnership (the "Borrower") to finance the costs of acquisition, construction and equipping of a multi-family residential rental housing project in Wilmer, Texas, and to be known as Torrington Wilmer (the "Project"). The proceeds of the Bonds are being lent to the Borrower by the Issuer under a Loan Agreement dated as of [April] 1, 2026 among the Borrower, Cedar Rapids Bank and Trust Company and the Issuer (the "Loan Agreement") and evidenced by a Promissory Note dated [the Closing Date], from the Borrower to the Issuer (the "Note").

The Bonds are issued under a Trust Indenture dated as of [April] 1, 2026 between the Issuer and the Trustee (the "Trust Indenture"), and, to the extent provided therein, are, equally and ratably secured and entitled to the protection given by the Trust Indenture. Pursuant to the Trust Indenture, the Issuer has assigned to the Trustee, for the benefit of the Holder of the Bonds (among other things) all of its right, title and interest (except the Reserved Rights of the Issuer) in and to the Loan Agreement and Note. Pursuant to the Note and the Loan Agreement, payments sufficient for the prompt payment when due of the principal of and interest on the Bonds are to be paid by the Borrower to the Trustee. The obligations of the Borrower under the Note and the Loan Agreement are further secured by the proceeds of the Bonds deposited into the Project Fund created pursuant to the Trust Indenture for payment to the Holder of the Bonds.

Reference is made to the Trust Indenture, the Note, and the Loan Agreement and to all amendments and supplements thereto for a description of the property pledged and assigned and the provisions, among others, with respect to the nature and extent of the security, the rights, duties and other obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the rights of the Holder of the Bonds and provisions for defeasance of such rights. Capitalized terms used herein have the same meaning as set forth in the Trust Indenture. The terms and conditions set forth herein concerning payment and other rights and remedies of the owners of the Bonds are descriptive only and are subject in all cases to the terms and conditions as set forth in the Trust Indenture.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING

AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.**

Neither the members of the governing body of the Issuer nor any officer, agent, representative or employee of the Issuer nor any person executing this Bond shall be subject to any personal liability or accountability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond is negotiable and is transferable, subject to certain restrictions as provided in the Trust Indenture and described below, only upon the books of the Issuer kept at the office of the Trustee, by the registered owner hereof in person or by his duly authorized attorney, and may be exchanged for new Bonds of the same aggregate principal amount of authorized denominations, maturity and interest rate, in registered form, but only upon presentation and surrender of this Bond, all in the manner and subject to the limitations and conditions provided in the Trust Indenture. The Issuer and the Trustee may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof for all purposes; and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY ONLY (A) TO A PERSON WHO IS A "QIB" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR (B) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A)(1), (2), (3), (7), OR (8) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT) (EACH AN "APPROVED TRANSFEREE", AND COLLECTIVELY, "APPROVED TRANSFEREES"), IN EITHER CASE, WHICH IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR AS A FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT FOR OTHER BENEFICIAL HOLDERS HOLDING BENEFICIAL INTERESTS IN THE BONDS THROUGH SUCH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT (WHICH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT AND SUCH BENEFICIAL HOLDERS MUST ALSO BE AN APPROVED TRANSFEREE); PROVIDED, AS A CONDITION PRECEDENT TO ANY SUCH TRANSFER ANY SUCH PROSPECTIVE TRANSFEREE SHALL DELIVER TO THE ISSUER AND TRUSTEE AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT C TO THE INDENTURE.

This Bond shall bear interest at the Interest Rate, as defined in the Trust Indenture. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. Interest on the Bonds shall be computed on the basis of a year of 360 days and the actual days elapsed.

The Bonds are issuable in the form of registered Bonds without coupons in denominations of $100,000 each or any integral multiple of $5,000 in excess thereof.

The Bonds are subject to mandatory redemption prior to maturity as set forth in the Indenture.

Upon presentation and surrender of the Bonds by the Holder on the date fixed for tender, the Holder shall be paid the principal amount of the Bonds to be tendered, plus accrued interest on such Bonds to the tender date.

The Holder of this Bond shall have no right to enforce the provisions of the Trust Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Trust Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Indenture. The Trustee shall treat the registered owner of this Bond as the person exclusively entitled to payment of principal and interest, and the exercise of all rights and powers of the owner of this Bond.

All acts, conditions and things required by the statutes of the State of Texas, the Act and the Trust Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed.

In any case where the date of maturity of or interest on this Bond shall be, in the city wherein the corporate trust office of the Trustee is located, a Saturday, a Sunday or legal holiday, or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding business day not a Saturday, a Sunday or a legal holiday or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity.

This Bond shall not be entitled to any benefit under the Trust Indenture, 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, or such alternate form as utilized by the Comptroller of Public Accounts of the State.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name under its official seal by the manual or facsimile signature of its Chair or Vice Chair under its official seal, or a facsimile, and attested by the manual or facsimile signature of its Secretary all as of the Dated Date hereof.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Issuer

(SEAL)

By:_____
Title: [Vice] Chair

ATTEST:

By:_____
Title: Secretary

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

_____
Comptroller of Public Accounts of the
State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Trust Indenture referred to in this Bond.

BOKF, NA, as Trustee

By _____
Authorized Signature

Date of Authentication: _____

[FORM OF ASSIGNMENT]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

_____

_____

_____

(Please Print or Type Name and Address of Assignee)

Social Security or Taxpayer Identification Number:_____

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

Attorney to transfer the said bond on the books of the within-named Issuer maintained by the Trustee for the registration thereof, with full power of substitution in the premises.

_____

Notice: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed.

Signature guaranteed by:

_____

[Bank, Trust Company or Firm]

_____

Authorized Signature

(Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program (STAMP, SEMP, MSP)).

EXHIBIT B

FORM OF REQUISITION

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS PURSUANT TO SECTION 3.3 OF THE LOAN AGREEMENT AND SECTION 5.02 OF THE INDENTURE

Pursuant to Section 3.3 of the Loan Agreement dated as of [April] 1, 2026 (the *"Loan Agreement"*) among the Texas Department of Housing and Community Affairs (the *"Issuer"*), Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, as Purchaser, and Torrington Wilmer, LP, a Texas limited partnership (the *"Borrower"*), and Section 5.02 of the Trust Indenture dated as of [April] 1, 2026 (the *"Indenture"*), between the Issuer and BOKF, NA, as trustee (the *"Trustee"*), the undersigned Authorized Borrower Representative hereby requests and authorizes the Trustee, as depositary of the Project Fund (the "*Fund*") created by the Indenture, to pay to the Person(s) listed on the Disbursement Schedule hereto out of the money deposited in the Project Fund the aggregate sum of $_____ to pay the costs of the items listed in the Disbursement Schedule. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture, the Loan Agreement or the Tax Exemption Agreement.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) Each item for which disbursement is requested is properly payable out of the Fund in accordance with the terms and conditions of the Loan Agreement and none of those items has formed the basis for any disbursement heretofore made from said Fund.

(b) Each item for which disbursement is requested from the Fund is or was incurred in connection with the acquisition, construction, installation, equipment or improvement of the Project.

(c) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics' or other liens with respect to each item for which disbursement is requested hereunder.

(d) After taking into account the proposed disbursement,

(i) no more than 5% of the proceeds of the Bonds will have been used for costs that are not Qualified Project Costs;

(ii) less than 25% of the proceeds of the Bonds will have been used for the cost of acquiring land; and

(iii) not more than 2% of the proceeds of the Bonds will have been used for Costs of Issuance.

(e) There is no current or existing default or event of default pursuant to the terms of the Loan Agreement, the Regulatory Agreement or the Tax Exemption Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(f) There are no liens on the Project except Permitted Encumbrances and those permitted or provided for by the Loan Agreement.

(g) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warranty, protection and authority to the Trustee for its actions taken pursuant hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This ____ day of _____, 20__.

TORRINGTON WILMER, LP,
a Texas limited partnership

By: _____
Name: _____
Title: Authorized Borrower Representative

Approved:
CEDAR RAPIDS BANK AND TRUST COMPANY,
an Iowa state-chartered banking corporation

By: _____
Name: _____
Title: _____

Disbursement Schedule

TO STATEMENT NO. _____ REQUESTING AND AUTHORIZING DISBURSEMENT OF FUNDS FROM THE PROJECT FUND PURSUANT TO SECTION 3.3 OF THE LOAN AGREEMENT

EXHIBIT C

FORM OF INVESTOR LETTER

[DATE]

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Director of Multifamily Bonds

BOKF, NA
1401 McKinney, Suite 1000
Houston, Texas 77010
Attention: Corporate Trust Department

RE: Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026

Ladies and Gentlemen:

The undersigned representative of _____ (the "Purchaser"), the initial purchaser of the Texas Department of Housing and Community Affairs $[45,000,000] Multifamily Housing Revenue Bonds (Torrington Wilmer), Series 2026, dated [April] 1, 2026 (the "Bonds"), does hereby certify, represent and warrant for the benefit of the Texas Department of Housing and Community Affairs (the "Issuer") and BOKF, NA, as trustee (the "Trustee"), that the Purchaser is an "accredited investor" as defined under Regulation D of the Securities Act of 1933, as amended (an "Accredited Investor"), excluding Section 230.501(a)(4), (a)(5) and (a)(6), or a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (a "QIB").

The Purchaser hereby acknowledges, represents, and warrants to, and agrees with, the Issuer and the Trustee, as follows:

(1) The Purchaser is purchasing the Bonds with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof, other than the deposit of the Bonds in a custodial or trust arrangement each of the beneficial owners of which shall be required to be an Accredited Investor or a QIB.

(2) The Purchaser has such knowledge and experience in business and financial matters and with respect to the purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Bonds, so as to enable it to understand and evaluate the risks of such investments and form

an investment decision with respect thereto; the Purchaser has no need for liquidity in such investment; and the Purchaser is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

(3) The Purchaser acknowledges that it has been provided with, and has had the opportunity to review, the documents relating to the issuance of the Bonds by the Issuer. The Purchaser either has been supplied with or has had access to information, including financial statements, and other financial information, and has had the opportunity to ask questions and receive answers from individuals concerning the Issuer, Torrington Wilmer, LP, a Texas limited partnership (the "Borrower"), and its credit standing, the Loan Agreement dated as of [April] 1, 2026, among the Issuer, Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, as Purchaser, and the Borrower (the "Loan Agreement"), the Trust Indenture dated as of [April] 1, 2026, between the Issuer and the Trustee (the "Indenture"), and the Bonds so that, as a sophisticated investor, the Purchaser has been able to make its decision to purchase the Bonds.

(4) The Purchaser has had the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information it may request.

(5) The Purchaser is a nationally- or state-chartered bank that regularly extends credit to state and local governments by making loans the repayment obligations under which are evidenced by obligations such as the Bonds; has knowledge and experience in financial and business matters that make it capable of evaluating the Borrower, the Bonds and the risks associated with the extension of credit evidenced by the Bonds; and has the ability to bear the economic risk of extending the credit evidenced by the Bonds. The Purchaser is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its extension of credit evidenced by the Bonds.

(6) The Purchaser acknowledges that (a) the Bonds (i) have not been registered under the Securities Act of 1933, as amended, (ii) have not been registered or otherwise qualified for sale under the securities laws of any state, and (iii) will not be listed on any securities exchange and (b) there is no established market for the Bonds and that none is likely to develop.

(7) THE PURCHASER UNDERSTANDS THAT:

(a) NEITHER THE STATE OF TEXAS NOR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TEXAS, SHALL BE LIABLE OR OBLIGATED (GENERALLY, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THE BONDS OR THE PREMIUM, IF ANY, OR INTEREST THEREON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; AND

(b) THE ISSUER HAS NO TAXING POWER AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE TRUSTEE ON BEHALF OF THE ISSUER UNDER THE LOAN AGREEMENT AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE INDENTURE.

(8) The Purchaser understands that in connection with any proposed transfer or exchange of Bonds, there must be delivered to the Trustee a letter of the transferee in substantially the same effect as this letter or otherwise as permitted under the Indenture.

(9) The Purchaser understands that, in connection with any proposed transfer of the Bonds, such transfer must be limited to an Eligible Purchaser. "Eligible Purchaser" means a prospective transferee that the Purchaser has clear grounds to believe and does believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

(10) **THE PURCHASER INDEMNIFIES THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) THAT RESULT IF THE REPRESENTATIONS CONTAINED IN THIS INVESTOR LETTER ARE FALSE IN ANY MATERIAL RESPECT.**

(11) The Purchaser is acquiring 100% of the Bonds.

The Purchaser has conducted its own investigation to the extent it deemed necessary. The Purchaser has been offered an opportunity to have made available to it any and all such information it might request from the Issuer and the Borrower. On this basis, it is agreed by the Purchaser that the Purchaser is not relying on any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

The Bonds for this Purchaser should be registered with the Trustee as follows and an executed W-9 has been attached:

Name: _____
Address: _____
Tax ID #: _____

Payment instructions: ( ) wire ( ) check

_____

_____

_____

This letter and the representations and agreements contained herein are made for your benefit.

IN WITNESS WHEREOF, I have hereunto set my hand the _____ day of _____.

PURCHASER:

_____

By:_____
Name:_____
Title:_____
MUST BE SIGNED BY ACTUAL PURCHASER. MAY NOT BE SIGNED BY NOMINEE OR AGENT.

EXHIBIT D

FORM OF CONVERSION NOTICE

PROJECT NAME:	Torrington Wilmer
PROJECT LOCATION:	Wilmer, Texas
ORIGINAL BOND AMOUNT:	$[45,000,000]
ISSUER:	Texas Department of Housing and Community Affairs
TRUSTEE:	BOKF, NA
BORROWER:	Torrington Wilmer, LP

The Purchaser hereby acknowledges that all Conversion Conditions have been satisfied or waived by the Purchaser.

1. The Permanent Loan Amount is $_____.

2. The Conversion Date will occur on _____.

3. If applicable, a revised Amortization Schedule for the Permanent Loan Amount is attached.

PURCHASER

CEDAR RAPIDS BANK AND TRUST COMPANY, an Iowa state-chartered banking corporation

By: _____
Name: _____
Title: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

CEDAR RAPIDS BANK AND TRUST COMPANY, an Iowa state-chartered banking corporation,
as Purchaser

and

TORRINGTON WILMER, LP, a Texas limited partnership,
as Borrower

LOAN AGREEMENT

Relating to

$[45,000,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Torrington Wilmer)
Series 2026

Dated as of [April] 1, 2026

The interest of the Texas Department of Housing and Community Affairs (the "Issuer") in this Loan Agreement has been assigned (except for the "Reserved Rights" as defined in the Indenture) pursuant to the Trust Indenture (the "Indenture") dated as of the date hereof between the Issuer and BOKF, NA, as trustee (the "Trustee"), and is subject to the security interest of the Trustee thereunder.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "**Agreement**" or "**Loan Agreement**") is entered into as of [April] 1, 2026, among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the "**Issuer**"), **CEDAR RAPIDS BANK AND TRUST COMPANY**, an Iowa state-chartered banking corporation (the "**Purchaser**"), and **TORRINGTON WILMER, LP**, a Texas limited partnership (the "**Borrower**").

W I T N E S S E T H:

WHEREAS, the Issuer is authorized under Chapter 2306, Texas Government Code, as amended (the "**Act**") to enter into loan agreements with respect to one or more projects authorized under the Act for such payments and upon such terms and conditions as the Issuer may deem advisable in accordance with the provisions of the Act; and

WHEREAS, the Borrower intends to construct certain Improvements on the real property located at or near 1501 E. Belt Line Road, Wilmer, Dallas County, Texas 75172 (the "**Land**"), which Land is more particularly described in Exhibit A attached hereto. On the Land will be constructed a multifamily apartment housing facility consisting of total of 300 units and related personal property and equipment to be known as Torrington Wilmer (the "**Project**"); and

WHEREAS, the Borrower has requested the Issuer to issue its Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 (the "**Bonds**"), the proceeds of which will be utilized to make a mortgage loan to the Borrower (the "**Bond Loan**") for purposes of paying a portion of the costs of the acquisition, construction and equipping of the Project; and

WHEREAS, pursuant to and in accordance with the Act, the Issuer desires to provide funds to finance a portion of the acquisition, construction and equipping of the Project and the payment of certain costs of issuance by issuing the Bonds, pursuant to a Trust Indenture by and between the Issuer and BOKF, NA, as Trustee, of even date herewith (the "**Indenture**"); and

WHEREAS, the Purchaser, pursuant to the terms and subject to the conditions of the Continuing Covenant Agreement (as defined in the Indenture), has agreed to purchase the Bonds, the proceeds of which will be used by the Issuer to fund the Bond Loan to the Borrower pursuant to this Loan Agreement; and

WHEREAS, the Bond Loan will be evidenced by this Loan Agreement and a promissory note dated the date of delivery of the Bonds and in the form attached hereto as Exhibit B (the "**Note**") from the Borrower to the Issuer; and

WHEREAS, to provide and secure amounts to repay the Bond Loan the Borrower has executed this Loan Agreement, a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated [the Closing Date], granted by the Borrower with respect to the Project to a trustee named therein, for the benefit of the Issuer (and assigned to the Trustee) (the "**Deed of Trust**"), and other documents executed and delivered for the purpose of securing the Bond Loan; and

WHEREAS, the obligations of the Borrower under this Loan Agreement and the Note will be secured by (i) the proceeds of the Bonds deposited in the Project Fund created pursuant to Section 4.01 of the Indenture; and (ii) the Deed of Trust; and

WHEREAS, the Issuer has expressly determined and hereby confirms that the issuance of the Bonds will accomplish a valid public purpose of the Issuer by enabling the Issuer to require the Borrower to comply with the provisions of this Loan Agreement with respect to the Project and the Regulatory Agreement, dated as of the same date as this Loan Agreement; and

WHEREAS, the acquisition, construction and equipping of the Project will be financed in whole or in part with proceeds of the Bonds; and

WHEREAS, the parties hereto, intending to be legally bound hereby, and for and in consideration of the premises and the mutual covenants hereinafter contained, do hereby covenant, agree and bind themselves as follows; provided, that any obligation of the Issuer created by or arising out of this Loan Agreement shall never constitute a debt or a pledge of the faith and credit or the taxing power of the State of Texas (the "**State**"), but shall be payable solely out of the Trust Estate (as defined in the Indenture), anything herein contained to the contrary by implication or otherwise notwithstanding:

ARTICLE I
DEFINITIONS

1.1. *Definitions.*

In this Loan Agreement, all capitalized, undefined terms used herein shall have the same meanings as used in Article I of the Indenture. In addition to the words and terms defined in the Indenture and elsewhere herein, the following words and phrases shall have the following meanings:

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower and its affiliated companies from time to time concerning or relating to bribery or corruption.

"Arbitration" means the submitting of a dispute as provided under Section 6.1 of this Loan Agreement regarding the removal of a General Partner, in the manner provided under the Commercial Arbitration Rules of the American Arbitration Association then in effect; such Arbitration shall be conducted before one arbitrator, chosen in accordance with such rules in the State, and shall be binding on all parties to the dispute; judgment on the award of such arbitrator may be rendered by any court having jurisdiction of such parties and the subject matter. The expense of such Arbitration shall be borne equally by the Borrower and the General Partner.

"Class B Limited Partner" shall mean Torrington Wilmer SLP, LLC, a Delaware limited liability company and its successors or assigns.

"Closing Date" has the meaning set forth for such term in the Indenture.

"Code" has the meaning set forth for such term in the Regulatory Agreement.

"**Completion Date**" has the meaning set forth for such term in the Continuing Covenants Agreement.

"Condemnation" means any taking of title, of use, or of any other property interest under the exercise of the power of eminent domain, by any governmental body or by any person acting under governmental authority.

"**Eligible Costs**" has the meaning assigned thereto in Section 9.12 hereof.

"Encumbrance" means any mortgage, pledge, lien, security interest, charge or other encumbrance, including but not limited to (i) any covenant or agreement restricting, regulating or otherwise affecting the use of, and binding on and running with, the Land or the Property and (ii) utility easements or service agreements which benefit the Property and which do not encroach upon the Improvements.

"**Force Majeure**" means, to the extent the Project is materially adversely affected, fire, earthquake, major flooding, any other condition causing the area within which the Project is located to be declared a federal disaster area, other acts of nature, strike, lockout, acts of public enemy, riot, insurrection, emergency affecting the sale or transportation of materials or supplies needed to construct the Project, or any similar condition not in the control of the Borrower.

"General Partner" means DCHFC 2025 Wilmer GP, LLC, a Texas limited liability company, and its permitted successors and assignees.

"Governmental Requirements" means all laws, ordinances, orders, rules or regulations of all governmental authorities applicable to the Project, the Issuer, the Borrower or any of the Borrower's assets or other properties, including without limitation, laws, ordinances, orders, rules and regulations relating to securities or other public disclosures, zoning, licenses, permits, subdivision, building, safety, health, and fire protection and all environmental laws.

"Hazardous Materials" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls ("**PCBS**") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which at the Project is prohibited by any federal, state or local authority; any substance that requires special handling under any Hazardous Materials Law; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," or "pollutant" within the meaning of any Hazardous Materials Law, but does not include any such substance that is a customary and ordinary household, cleaning, office, swimming pool or landscape maintenance product used on the Project by the Borrower or any tenant or agent of the Borrower, or customary construction materials used during the course of construction of the Project by the Borrower, provided such use is in accordance with applicable Hazardous Materials Laws.

"Hazardous Materials Law" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other Governmental Requirements, administrative

rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, and their state analogs, including laws of the State.

"Improvements" has the meaning set forth for such term in the Indenture.

"Permitted Encumbrances" means (a) any matters set forth in any policy of title insurance issued to the Trustee and insuring the Trustee's interest in the Project which are acceptable to the Purchaser as of the date hereof, (b) the Encumbrances and interests of the Deed of Trust, as applicable, (c) any other Encumbrance approved in writing by the Purchaser, (d) the Regulatory Agreement, (e) the Swap Mortgage, (f) liens for property taxes not delinquent or being contested in good faith and by appropriate proceedings, (g) granting liens or other security interests in favor of the Issuer, Trustee or Purchaser, and (h) any agreements, restrictions and covenants existing and required in connection with any tax-exempt bond financing, tax abatement and/or Section 42 of the Code.

"Permitted Transfers" means any of the following, subject to (I) the laws of the State as then in effect at the time of such Permitted Transfer and (II) the applicable provisions of Section 10 of the Regulatory Agreement:

(a) a Transfer to which the Purchaser has consented;

(b) prior to the Conversion Date, a Transfer which satisfies the following subparagraphs (A) or (B): (A) that is either: (i) by the Equity Investor of all or a portion of its partnership interest in the Borrower directly or indirectly only to another entity which controls, is controlled by, or is under common control with, the Equity Investor or an Affiliate of the Equity Investor, (ii) by a partner or member of the Equity Investor of its partnership or membership interest in the Equity Investor provided that, immediately after the Transfer, the Equity Investor or the general partner or managing member, as applicable, of the Equity Investor is an Affiliate of the Equity Investor, or (iii) the pledge and encumbrance of the interests of the Equity Investor to or for the benefit of any financial institution which enables the Equity Investor to make its capital contributions to the Borrower as well as the taking of such interests by such financial institution and its admission as a partner or member in the Borrower; or (B) the partners or members owning not less than seventy-five percent (75%) of the ownership interest in the Equity Investor are financial institutions or publicly held corporations with a rating of BBB- or better by Standard & Poor's or Baa3 or better by Moody's Ratings, or wholly owned subsidiaries of such entities or otherwise approved by the Purchaser in writing;

(c) after the Conversion Date, a Transfer which satisfies the following subparagraphs (A) or (B): (A) that is either: (i) by the Equity Investor of all or a portion of its partnership interest in the Borrower directly or indirectly to another entity, (ii) by a partner or member of the Equity Investor of its partnership or membership interest in the Equity Investor, or (iii) the pledge and

encumbrance of the interests of the Equity Investor to or for the benefit of any financial institution which enables the Equity Investor to make its capital contributions to the Borrower as well as the taking of such interests by such financial institution and their admission as a partner or member in the Borrower; or (B) the partners or members owning not less than seventy-five percent (75%) of the ownership interest in the Equity Investor are financial institutions or publicly held corporations with a rating of BBB- or better by Standard & Poor's or Baa3 or better by Moody's Ratings, or wholly owned subsidiaries of such entities or otherwise approved by the Purchaser in writing;

(d) the removal of the General Partner or Class B Limited Partner and replacement with the Equity Investor or an Affiliate of the Equity Investor as set forth in the Organizational Documents;

(e) a Transfer that occurs by devise, descent or by operation of law upon the death of a natural person;

(f) the grant of a leasehold interest in an individual dwelling unit for a term of two years or less not containing an option to purchase;

(g) a Transfer of obsolete or worn out personal property or fixtures that are contemporaneously replaced by items of equal or better function and quality, which are free of liens, encumbrances and security interests other than those created by the Documents otherwise consented to by the Purchaser;

(h) other than Permitted Encumbrances, the grant of an easement, servitude or restrictive covenant provided that, before the grant, the Purchaser has determined that the easement, servitude or restrictive covenant will not materially adversely affect the operation or value of the Project or the Purchaser's interest in the Project and the Borrower pays to the Purchaser, within ten (10) days of written demand, all costs and expenses incurred by the Purchaser in connection with reviewing the Borrower's request;

(i) the creation of a tax lien or mechanic's lien or judgment lien against the Project which is bonded off, released of record or otherwise remediated to the Purchaser's satisfaction within sixty (60) days of the date of creation;

(j) the execution, delivery and recordation of documents required in order to exercise the buyout option by and between the General Partner, Class B Limited Partner, or one or more of its respective Affiliates, and the Equity Investor or its Affiliate as set forth in the Organizational Documents, provided that the same is subject, subordinate and inferior to the liens and security interests of the Documents and that the exercise of any rights thereunder shall be subject to the Documents; and

(k) any Permitted Encumbrances.

"Plans and Specifications" means the plans and specifications for the Project approved in writing by the Issuer, together with such amendments thereto as are made from time to time in accordance with this Loan Agreement.

"Project Costs" shall have the meaning given to such term in the Tax Exemption Agreement.

"Property" has the meaning set forth for such term in the Deed of Trust.

"Qualified Project Costs" shall have the meaning given to such term in the Tax Exemption Agreement.

"Tax Exemption Agreement" shall have the meaning given to such term in the Indenture.

"Termination Date" means the date on which the principal of, premium (if any) and interest on the Bonds and the Note have been paid in full, and all of the Borrower's Obligations and the Issuer's Obligations are fully satisfied unless an act of bankruptcy shall occur within ninety-one (91) days thereafter, in which event the Termination Date shall not be deemed to occur until the Issuer, the Trustee or the Holders (as the case may be) is or are conclusively entitled (whether by final adjudication or otherwise) to retain such payment.

"Transfer" means (a) a sale, assignment, transfer or other disposition (whether voluntary, involuntary, or by operation of law), (b) the grant, creation, or attachment of a lien, encumbrance or security interest (whether voluntary, involuntary, or by operation of law), (c) the issuance or other creation of a direct or indirect ownership interest, (d) the withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity, or (e) the merger, dissolution, liquidation or consolidation of a legal entity. The term "Transfer" shall not mean or include (i) the conveyance of the Project at a judicial or non-judicial foreclosure sale under the Deed of Trust or (ii) the Project becoming part of a bankruptcy estate by operation of law under the United States Bankruptcy Code.

1.2. *Accounting Terms.*

Unless specifically provided otherwise, all accounting terms shall have the definitions given them in accordance with generally accepted accounting principles as applied to the applicable Person on a consistent basis in the preparation of its previous annual financial statements.

1.3. *Rules of Construction.*

The words "hereof", "herein", "hereunder", "hereto", "Agreement", and other words of similar import refer to this Loan Agreement in its entirety.

The term "including" shall mean "including, but not limited to".

References to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement.

The headings of this Loan Agreement are for convenience only and shall not define or limit the provisions thereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any reference to particular sections or subsections of the Code shall include any successor or predecessor provisions of law or regulations, to the extent the same shall apply to the Bonds.

"Reasonable" in the context of fees and expenses shall mean those fees and expenses charged by nationally recognized Bond Counsel firms; *provided*, *however*, that all costs and fees awarded by a court are not subject to the "reasonable" standard.

1.4. ***Uses of Phrases.***

Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding. All references herein to specific sections of the Code refer to such sections of the Code and all successor or replacement provisions thereto.

ARTICLE II
REPRESENTATIONS, COVENANTS AND WARRANTIES

2.1. ***Representations, Covenants and Warranties of the Issuer.***

The Issuer represents, covenants and warrants that:

(a) The Issuer is a public and official agency of the State. Under the provisions of the Act, the Issuer is authorized to enter into this Loan Agreement and the Indenture and the transactions contemplated hereunder and thereunder and to carry out its obligations hereunder and thereunder. By proper action of its Board of Directors, the Issuer has been duly authorized to execute and deliver the Issuer Documents and to issue and sell the Bonds.

(b) The Issuer covenants that it will not pledge the amounts derived from this Loan Agreement other than as contemplated by the Indenture.

(c) The Issuer hereby finds and determines that financing the Project by the issuance of the Bonds will achieve the public purposes of the Act.

(d) No member or director of the Issuer, nor any other official or employee of the Issuer, has any interest, financial, employment or other, in the Borrower, the Project or in the transactions contemplated hereby.

(e) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Issuer, threatened against the Issuer by or before any court, governmental agency or public board or body, which (i) affects or questions the existence or the title to office of any member of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bonds; (iv) questions the exclusion from gross income for federal income taxation of interest on the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer

Documents or the Bonds or to carry out the transactions contemplated by any of the Issuer Documents or the Bonds.

(f) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purposes.

2.2. ***Representations, Covenants and Warranties of the Borrower.***

The Borrower represents, covenants and warrants that:

(a) Good Standing; Single Purpose Covenants

(1) The Borrower (i) is a limited partnership duly organized and validly existing under the laws of the State of Texas qualified to transact business in the State, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Loan Agreement and the Tax Exemption Agreement, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State. The Borrower's business and purpose have always and shall consist solely of the ownership, development, operation and management of the Project and such other lawful activities as are incidental, necessary or appropriate thereto. The Borrower shall not incur any indebtedness other than Project indebtedness approved by the Issuer, indebtedness required under the Organizational Documents, and normal trade accounts payable in the ordinary course of the Borrower's business and/or advances on account of the Borrower. The Borrower shall not assume or guaranty any other Person's indebtedness or obligations. The Borrower shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property and assets substantially as an entirety to any entity. The Borrower is not contemplating and shall not institute or consent to any bankruptcy, insolvency or reorganization proceedings with respect to it, consent to the appointment of a receiver or similar official with respect to it, make any assignment for the benefit of its creditors or admit in writing its inability to pay its debts generally as they become due. The Borrower shall: maintain books and records and bank accounts separate from those of any other Person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with Affiliates; and transact all business with Affiliates on an arm's-length basis and pursuant to enforceable agreements. The Borrower shall not commingle its assets or funds with those of any other Person.

(2) The General Partner (i) is a limited liability company duly organized and existing in good standing under the laws of the State, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Loan Agreement, and the Tax Exemption Agreement, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State. The General Partner's business and purpose shall consist solely of acting as the General Partner of the Borrower. The General Partner shall not incur any indebtedness other than such obligations under the Project documents, the Organizational Documents and related documents, the Borrower's Project indebtedness approved by the Issuer and normal trade accounts payable in the ordinary course of its and the Borrower's business and shall not assume or guaranty any other Person's indebtedness or obligations. The General Partner shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property and assets substantially as an entirety to any entity. The General Partner shall not, with respect to itself or the Borrower, institute or consent to any bankruptcy, insolvency or reorganization proceedings, consent to the appointment of a receiver or similar official, make or consent to any assignment for the benefit of creditors or admit in writing its or the Borrower's inability to pay debts generally as they become due. The General Partner shall: maintain books and records and bank accounts separate from those of any other Person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with Affiliates; and transact all business with Affiliates using reasonable and customary terms pursuant to enforceable agreements. The General Partner shall not commingle its assets or funds with those of any other Person.

(b) Authority. The Borrower and the General Partner have full power and authority to (i) execute and deliver the Borrower Documents and (ii) incur the obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary corporate action. All consents or approvals of any public authority which are required as a condition to the validity of this Loan Agreement, the Tax Exemption Agreement, the Note, and the Regulatory Agreement have been obtained.

(c) Binding Agreements. The Borrower Documents have been properly executed by a duly authorized partner or member, as applicable, of the Borrower and the General Partner (as applicable) and constitute valid and legally binding obligations of the Borrower, and are fully enforceable against the Borrower in accordance with their respective terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally, and with respect to certain remedies which require, or may require, enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose.

(d) Litigation. There is no litigation or proceeding pending or, to the knowledge of the Borrower, threatened in writing against the Borrower, the General Partner or the Project before any court or administrative agency which, if determined adversely to the Borrower, will materially adversely affect the Borrower or the Project, or the authority of the Borrower to enter into or perform under the Borrower Documents.

(e) No Events of Default. To the Borrower's knowledge, no event has occurred and no condition exists with respect to the Borrower or the Project that would constitute a Default that is continuing or which, with the lapse of time, if not cured, or with the giving of notice, or both, would become a Default.

(f) Conflicts; Defaults. There is (i) no provision of the Borrower's or General Partner's organizational documents or resolutions of the Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or the General Partner or affecting any of the Borrower's property and (ii) to the Borrower's or General Partner's knowledge, no provision of law or order of court binding upon the Borrower or General Partner or affecting any of the Borrower's property, in either case which would conflict with or in any way prevent the execution, delivery, or performance of the terms of the Borrower Documents, or which would be in default or violated as a result of such execution, delivery or performance. The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

(g) Title to Project. The Borrower has or will have on the Closing Date a leasehold interest in the Land and a fee simple interest in the buildings constituting the site of the Project free and clear of any liens or encumbrances, other than the liens contemplated by the Loan Documents, Permitted Encumbrances and Issuer Documents.

(h) Financial Statements. The financial statements, if any, of the Borrower and the General Partner delivered to the Issuer are each complete and correct and fairly present in all material respects the financial position of the Borrower and the General Partner and the results of operations as of the dates and for the periods referred to and, with respect to the Borrower and General Partner only, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved. There are no liabilities (of the type required to be reflected on balance sheets prepared in accordance with generally accepted accounting principles), direct or indirect, fixed or contingent, of the Borrower or the General Partner as of the date of such financial statements which are not reflected therein or in the notes thereto. There has been no material adverse change in the financial condition or operations of the Borrower or the General Partner since the date of such balance sheet (and to the Borrower's and General Partner's knowledge no such material adverse change is pending or threatened), and none of the Borrower or the General Partner has guaranteed the obligations of, or made any investment in or loans to, any Person except as disclosed in such balance sheet or as provided for in the Documents. The Borrower and General Partner have good and marketable title to all of its properties and assets, including the Property, and all of such properties and assets, including the Property, are free and clear of encumbrances (other than Permitted Encumbrances), except as reflected on such financial statements or in the notes thereto.

(i) Indenture. The Indenture has been submitted to the Borrower for its examination, and the Borrower acknowledges, by execution of this Loan Agreement, that it has reviewed the Indenture, and it hereby approves the Indenture. The Borrower agrees to perform fully and faithfully all the duties and obligations which the Issuer has covenanted and agreed to in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower or the Issuer is required by the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

(j) Tax Exemption. The representations and warranties of the Borrower contained in the Tax Exemption Agreement and the Regulatory Agreement are true and correct, and as of the Closing Date, the Borrower is in compliance with all requirements of the Regulatory Agreement and the Tax Exemption Agreement.

(k) Compliance with Laws. The Project is of the type authorized and permitted by the Act and will, from the Closing Date forward, be operated in compliance with the provisions of the Act and the provisions of the Code applicable thereto. The Borrower will use due diligence to cause the Project to be operated in accordance with the Act and all other applicable laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Borrower has obtained or will cause to be timely obtained all requisite approvals of the State and of other federal and local governmental bodies required for the operation of the Project.

(l) No Material Misstatements. The representations and warranties of the Borrower and the General Partner contained in the Borrower Documents (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the issuance or delivery of the Bonds on the Closing Date), contain no material misstatement of fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. The representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Closing Date, are true, correct and complete in all material respects, do not contain any untrue statement or misleading statement of material fact, and do not omit to state a material fact necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading. The estimates and assumptions contained in this Loan Agreement and in any certificate of the Borrower delivered as of the Closing Date are reasonable and based on the most accurate information available to the Borrower.

(m) Interest of Member or Agent of Issuer. To the knowledge of the Borrower, no member or agent of the Issuer has been or is in any manner interested, directly or indirectly, in that Person's own name or in the name of any other Persons, in the loan of the Bond proceeds, the Bonds, the Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Documents.

(n) Reserved.

(o) Reserved.

(p) Tax Returns. The Borrower has filed or caused to be filed all required federal, state and local tax returns and has paid all taxes as shown on such returns as such taxes have become due. No claims have been assessed and are unpaid with respect to such taxes.

(q) No Reliance on Issuer. The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds.

(r) Fees. The Borrower shall pay all fees as provided under the Note and in this Loan Agreement, including the Issuer's Fees.

(s) Place of Business of Borrower. The Borrower has a place of business in the State.

(t) Name of Borrower and General Partner. The Borrower filed a Certificate of Formation with the State and since its date of filing has done business only under the name of Torrington Wilmer, LP. The General Partner is DCHFC 2025 Wilmer GP, LLC, a Texas limited liability company.

(u) Governmental Requirements. To the Borrower's knowledge, no violation of any Governmental Requirement exists with respect to the Project, the Borrower, or any other asset of the Borrower; the Project conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project; all necessary utilities are available or will be available to the Project; and the Borrower has obtained or will obtain all requisite zoning approvals necessary with respect to the Project.

(v) Condemnation. No condemnation, eminent domain or similar proceeding is pending, or to the knowledge of the Borrower, threatened in writing, with respect to the Project or any portion thereof.

(w) Compliance with Leasing Requirements of Code. At all times during the Qualified Project Period, as defined in the Regulatory Agreement, at least forty percent (40%) of the units in the Project will be occupied by tenants with incomes of sixty percent (60%) or less of the area median income as adjusted for family size and as determined in accordance with the provisions of Section 142(d) of the Code and applicable regulations issued thereunder. Within five (5) days after the commencement of the Qualified Project Period, the Borrower shall provide the Servicer and the Issuer with a certificate confirming that the Project is in compliance with the set-aside requirements of Section 142(d) of the Code.

(x) Exterior Installation Finish System. To the extent applicable, the Borrower will ensure that the installation of Exterior Installation Finish System ("**EIFS**") material,

will be accompanied by a 5-year warranty on the material and a 1-year warranty on labor and replacement costs.

(y) Not an Employee Benefit Plan. The Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. section 2510.3-101.

(z) Regulation U. No part of the proceeds of the Bond Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by law or any Document.

(aa) Securities Law. The Borrower is not (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal, State, or state law or regulation which purports to restrict or regulate its ability to borrow money.

(bb) No Fraud. The Borrower has not entered into the Bond Loan or any Document with the actual intent to hinder, delay, or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Documents.

(cc) Intellectual Property. The Borrower possesses and will at all times possess all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(dd) Utilities. All utility services necessary and sufficient for the construction, development and operation of the Project are presently or will be, and, to the best of Borrower's knowledge, will at all times necessary for the construction, development and operation of the Project be, available through dedicated public rights-of-way or through perpetual private easements with respect to which the Deed of Trust creates a valid and enforceable first lien. The Borrower will also promptly obtain all utility installations and connections required for the operation and servicing of the Project for its intended purposes.

(ee) Flood Hazard Insurance. No part of the Property which is essential to the operation of the Project is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any such part of the Property is in an area identified as an area having special flood hazard, adequate flood insurance has been obtained by the Borrower.

(ff) Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its

subsidiaries and their respective directors, officers, partners, members, employees and agents with Anti-Corruption Laws and applicable sanctions, and the Borrower, its subsidiaries and their respective officers, partners and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable sanctions in all material respects. None of (a) the Borrower, any subsidiary or to the knowledge of the Borrower or such subsidiary any of their respective directors, officers, partners, members or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any subsidiary that will act in any capacity in connection with or benefit from the Bond Loan established hereby, is a sanctioned person. No advance from the Project Fund or use of proceeds of the Bonds or other transaction contemplated by this Loan Agreement will violate Anti-Corruption Laws or applicable sanctions.

(gg) Governmental Approvals. The Borrower has obtained, or will obtain and has maintained as currently in full force and effect, or will be in full force and effect, all consents, and permits, licenses, accreditations, certifications and other approvals (governmental or otherwise) that:

(i) would constitute a condition precedent to, or the absence of which would materially adversely affect, the enforceability of and the performance by the Borrower of its obligations hereunder; and

(ii) are necessary for the acquisition, construction, financing and operation of the Project.

2.3. ***Representations, Warranties and Covenants of the Purchaser.***

The Purchaser hereby represents, warrants and covenants as follows:

(a) The Purchaser is a state-chartered banking corporation duly organized and existing under and pursuant to the laws of the state of Iowa. The Purchaser has duly authorized the execution and delivery of this Loan Agreement.

(b) The Purchaser has complied with the provisions of the laws of the State which are prerequisite to the consummation of, and has all necessary power and authority to consummate, all transactions described in this Loan Agreement and all other agreements relating hereto.

2.4. ***Additional Representations, Warranties and Undertakings of the Borrower.***

The Borrower makes the following additional representations as the basis for their covenants and agreements herein:

(a) The execution and delivery of the Borrower Documents, and the consummation of the transactions herein and therein contemplated, including the application of the proceeds of the Bonds as so contemplated, will not conflict with, or constitute a breach of, or default by it under its formation and governance documents, or any statute, indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or any of its

activities or properties. Additionally, the Borrower is not in breach, default or violation of any statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would preclude performance under the Borrower Documents by the Borrower.

(b) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened in writing against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, properties or operations and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its financial condition, assets, properties or operations, or the completion of the construction of the Project.

(c) Neither any information, exhibit or report furnished to the Issuer by the Borrower in connection with the negotiation of the Borrower Documents nor any of the foregoing representations contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Borrower shall have the right, without creating a Default hereunder, to contest the validity or amount of any lawful claims against the Borrower or the Property in good faith by timely and appropriate proceedings at its sole cost and expense, *provided that* (i) the Borrower shall give the Servicer, the Issuer and the Trustee written notice of its intention to contest such claims, (ii) the Borrower shall diligently prosecute such claims, (iii) the Borrower shall at all times effectively stay or prevent the imposition of any lien against the Property as a result of such lawful claims and the enforcement of such claim until resolution of the contest, or, to the extent any lien is imposed as a result of any such lawful claim, shall immediately bond off such lien, (iv) the Borrower's ability to pay and perform the Borrower's Obligations or the security for the Borrower's Obligations is not, in the reasonable discretion of the Servicer and the Issuer materially impaired during the period of contest, and (v) the Borrower shall establish reasonable reserves or obtain bonding for such liabilities being contested if the Servicer reasonably determines, after consulting with the Issuer, such reserves or bonding to be necessary. If clauses (i) through (v) are not satisfied, the Borrower shall promptly pay and discharge such claims, and the failure to so pay such claims shall constitute a Default under this Loan Agreement.

(e) The Borrower shall maintain such insurance as required by the Servicer and such other insurance with insurance companies on such of its properties, in such amounts and against such risks, as is customarily maintained by similar businesses operating in the same vicinity, and shall provide evidence of such insurance to the Trustee, the Issuer, and the Servicer as reasonably requested; provided, however, the Trustee shall have not duty to request such evidence. Such insurance shall name the Issuer, the Servicer and the Trustee as additional insureds and as loss payees, as their interest may appear.

(f) The Borrower shall maintain in good standing its existence as a limited partnership under the laws of the State of Texas, and maintain in good standing its qualification to transact business in the State. The General Partner shall maintain in good standing its existence as a limited liability company under the laws of the State.

(g) The Project shall at all times after completion of construction operate and maintain 300 rental units and the Borrower shall not at any time convert any of the rental units in the Project into non-residential space.

(h) The Borrower shall not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials in violation of Governmental Requirements, except for amounts of substances which are customarily used in the construction or operation of a multifamily residential rental project, and then only in compliance with applicable Governmental Requirements; nor shall the Borrower cause or permit, as a result of any intentional or unintentional act or omission on the part of the Borrower or any tenant or occupant, a release of Hazardous Materials onto the Property or the Project or, in the case of the Borrower, onto any other property. The Borrower shall comply with and ensure compliance by all tenants and occupants with all applicable Governmental Requirements concerning Hazardous Materials, whenever and by whoever triggered, and shall obtain and comply with, and shall ensure that all tenants and subtenants obtain and comply with any and all approvals, registrations or permits required thereunder. The Borrower shall conduct all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from or affecting the Land or the Project in accordance with, and as may be necessary to comply with all applicable Governmental Requirements.

(i) The Borrower shall comply with all restrictive covenants affecting the Land, the Property and the Project, including, without limitation, the Regulatory Agreement.

(j) The Borrower shall promptly notify the Trustee, the Issuer, and the Servicer in writing, with a full description, of all threatened (in writing) or pending litigation of which the Borrower receives written notice, and of all proceedings before any court or any governmental authority in which the Borrower is a party or of which the Borrower receives written notice, which if adversely determined, would materially adversely affect the conduct of the business of the Borrower, the condition (financial or otherwise) of the Borrower or in any manner materially adversely affecting the Property, including, but not limited to, tax deficiencies and any prospective Condemnation, change of zoning or other action affecting the Property or the Project. The Borrower shall provide prior written notice to the Servicer and the Issuer, prior to entering into a settlement in any litigation or proceedings involving (i) a recovery, or an uninsured payment, by the Borrower in excess of $200,000, so long as (A) any payment under $200,000 is not made from the revenues of the Project, and (B) all other payments in excess of $200,000 are approved by the Servicer and the Issuer, such approval not to be unreasonably withheld, (ii) a change in the permitted use of the Property, (iii) the inclusion in gross income of interest on the Bonds, or (iv) the creation of a lien on the Property.

(k) The Borrower shall be solely responsible for, and shall promptly make all disclosures and file or cause to be filed by the Issuer all reports required by all applicable federal and state securities laws in connection with the Bonds, the Bond Loan and the Project, including, if applicable, SEC Rule 15c2-12 and any similar or successor rules hereinafter made applicable to the Bonds, and will provide the Trustee and the Issuer with all information necessary for the Trustee or the Issuer, as applicable, to make any such required disclosures or file such reports. The Servicer shall be provided with a copy of each disclosure or report filed by the Borrower or the Issuer pursuant to the provisions of this paragraph (k).

(l) The Borrower shall keep and maintain the Property and each part thereof in good condition, working order and repair, ordinary wear and tear excepted, and make all necessary or appropriate repairs, replacements and renewals thereto so that each part thereof shall at all times be in good condition, fit and proper for the respective purposes for which it was originally intended, erected or installed and to ensure that the security for the Bonds and the Bond Loan shall not be impaired. The Borrower shall not use or occupy the Property or knowingly permit the same to be used or occupied in any manner which would cause structural injury to the Project or which would cause the value or the usefulness of the Property or any part thereof to diminish (ordinary wear and tear for its business excepted), or which would constitute a public or private nuisance or waste. Upon the written demand of the Servicer, the Borrower shall commence and proceed promptly and diligently to maintain and repair the Project in good condition, working order and repair and to correct any structural injuries or defects in the Project. In the event the Borrower fails to maintain and repair the Property or to correct structural injuries or defects in accordance with the terms of this subsection, the Servicer shall have the right to enter onto the Property, subject to the rights of tenants, in order to take any and all actions deemed necessary by the Servicer to so maintain and repair the Property, and all sums expended by the Servicer in connection therewith shall be payable by the Borrower with interest, on demand.

(m) The Borrower shall make such capital improvements as may be required to satisfy the Borrower's obligation to maintain the Property as set forth in Section 2.4(l) hereof.

(n) The Borrower shall not, without the prior written consent of the Servicer and the Issuer, create, assume or suffer to exist any other indebtedness or liability for the debts or obligations of any other Person except the Bond Loan.

(o) The Borrower shall not enter into any agreement, contract or undertaking containing any provision which would be violated or breached by the performance by the Borrower of any obligations hereunder or under any other Document.

(p) The Borrower shall deliver to the Servicer, the Issuer and the Trustee, on demand by either or both, as applicable, any contracts, bills of sale, statements, receipted vouchers or agreements, under which the Borrower claims title to any materials, fixtures or articles incorporated in the Project or subject to the lien of this Loan Agreement or the Deed of Trust.

(q) *Intentionally omitted*.

(r) *Intentionally omitted*.

(s) The Borrower agrees to provide to the Issuer or the Trustee, as applicable, all information necessary to enable the Issuer or the Trustee, as applicable, to complete and file all forms and reports required by the laws of the State and the provisions of the Code in connection with the Project and the Bonds.

(t) At all times during the term of the Bond Loan, the Borrower shall comply, and take all necessary steps to ensure compliance, with all requirements of Section 42 of the Code and all rules and regulations promulgated pursuant thereto by the Federal government or the applicable tax credit housing agency relating to the Section 42 low-income housing tax credits,

including, but not limited to, all restrictive covenants and agreements with the applicable tax credit housing agency.

(u) At all times during the term of the Bond Loan, the Borrower warrants and represents that neither it nor any person or entity who holds any direct or indirect interest in the Borrower or the General Partner, the Project or the proceeds of the Bond Loan described herein, or is in any way affiliated with or will benefit from any of the above, (i) is described in, covered by, or specially designated pursuant to or affiliated with any person or entity described in, covered by, or specially designated pursuant to "Executive Order 13224 Blocking Terrorist Property and a Summary of the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), Terrorism List Governments Sanctions Regulations (Title 31, Part 596 of the U.S. Code of Federal Regulations), and Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of U.S. Code of Federal Regulations)" ("**Executive Order 13224**"), or any other list or designation promulgated by the United States of America or any department or agency thereof of persons or entities transactions with which are blocked or prohibited by any statute, regulation or governmental order and (ii) is not, and shall not become a person or entity with whom any individual or entity is restricted from doing business with under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as amended from time to time (the "**USA Patriot Act**") or Executive Order 13224, and any regulations promulgated pursuant thereto.

(v) The Borrower shall pay all actual, out-of-pocket fees, costs and expenses required to be paid by the Borrower under the terms of this Loan Agreement.

(w) The Borrower shall notify the Trustee promptly in writing of the receipt of any prepayment of the Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise. If such prepayment results in revisions to the Amortization Schedule, the Purchaser or Majority Owner, as applicable, shall provide the revised Amortization Schedule to the Trustee, the Issuer and the Borrower in accordance with Section 3.09 of the Indenture.

All representations of the Borrower contained herein and in any certificate or other instrument delivered by the Borrower pursuant to the Borrower Documents or in connection with the transaction contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds.

2.5. ***Tax-Exempt Status of the Bonds.***

Excluding any representations made therein by or on behalf of another party thereto, the Borrower hereby represents, warrants and agrees that the Tax Exemption Agreement executed and delivered by the Borrower concurrently with the issuance and delivery of the Bonds is true, accurate and complete in all material respects as of the date on which executed and delivered.

2.6. ***Commencement and Completion***.

The Borrower shall, within sixty (60) days of the Closing Date, deliver to its general contractor for the Project (with a copy to the Purchaser) a "notice to proceed" with respect to the construction of the Project. Construction of the Project shall be completed no later than the

Completion Date (as defined in the Continuing Covenants Agreement), or such earlier date as required to ensure compliance with Section 42 of the Code relating to the "in service" requirements for the Section 42 low-income housing tax credits relating to the Project. The Borrower shall cause the Project to be completed in a good and workmanlike manner substantially in accordance with the Plans and Specifications (with such changes as approved by the Purchaser) and in accordance with the Budget (with such changes as approved by the Purchaser) and applicable Governmental Requirements. The Plans and Specifications shall be construed in such a manner that any work, structures or parts thereof exhibited in the Plans and not mentioned in the Specifications, or vice versa, shall be completed the same as if they were exhibited in the Plans and mentioned in the Specifications. The Borrower shall install and pay for all work provided in the Plans and Specifications. The Borrower shall obtain at its expense all permits and licenses which may be required by any governmental agency, including municipal, county and state authorities. The Borrower further agrees that the Purchaser, the Issuer and their designated representatives may audit the books of account pertaining to the Project covered by this Loan Agreement.

2.7. ***Notice of Determination of Taxability.***

Promptly after the Borrower first becomes aware of any investigation relating to the tax status of the Bonds, or a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Purchaser and the Trustee at the address of each party listed in Article I of the Indenture.

2.8. ***State Law Verifications.***

The Borrower and Purchaser make the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Borrower or Purchaser, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited, notwithstanding anything herein or therein to the contrary.

(a) Each of the Borrower and Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Borrower, the Purchaser, and Borrower's or Purchaser's, as applicable, 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) For purposes of Chapter 2271, Texas Government Code, Chapter 2274, Texas Government Code, and Chapter 2276, Texas Government Code, the Borrower hereby represents that it does not have at least 10 full-time employees.

(c) The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not

boycott Israel during the term of the applicable agreement(s). As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(d) The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the applicable agreement(s). 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.

(e) The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the applicable agreement(s). As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

(f) The Purchaser represents and verifies that it is aware of the Texas Office of the Attorney General's (the "Texas Attorney General") All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Attorney General using the following link: (https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf) and the Texas Attorney General's supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney General using the following link: (https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-06-2023.pdf). The Purchaser represents and verifies that it has (i) on file a standing letter ("Standing Letter") acceptable to the Texas Attorney General addressing the representations and verifications in this [Section 2.8] (a) through (d), and (ii) will, upon request of the Governmental Lender or Bond Counsel on behalf of the Governmental Lender, provide the Governmental Lender and Bond Counsel with a copy of its Standing Letter. The Purchaser further represents and verifies that its Standing Letter remains in effect as of the date of this Regulatory Agreement and that the Texas Attorney General has not notified the Purchaser that a determination has been made that such entity boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas. Upon request of the Governmental Lender or Bond Counsel on the Governmental Lender's behalf, the Purchaser shall provide additional written certifications to the Governmental Lender and Bond Counsel (which may be by email) to the effect that the Texas Attorney General may continue to rely on the Standing Letter and the statutory representations and covenants contained in this Regulatory Agreement through the Closing Date (the "Bringdown Verification"). The Governmental Lender reserves the right, and the Purchaser hereby expressly authorizes the Governmental Lender, to provide such Bringdown Verifications to the Texas Attorney General.

ARTICLE III
CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE BONDS

3.1. *Agreement to Construct the Project.*

The Borrower agrees to make all contracts and do all things necessary for the construction of the Project. The Borrower further agrees that it will construct the Project with all reasonable dispatch and use its best efforts to cause construction of the Project to be completed by the Completion Date, or as soon thereafter as may be practicable, except due to delays caused by Force Majeure or with the written consent of the Servicer and Issuer; but if for any reason such construction is not completed by said Completion Date there shall be no resulting liability on the part of the Borrower or the Issuer and no diminution in or postponement of the payments required in Section 4.2 hereof to be paid by the Borrower.

3.2. *Agreement to Issue, Sell and Deliver the Bonds; Deposit of Bond Proceeds.*

In order to provide funds for the payment of the Qualified Project Costs, the Issuer, concurrently with the execution of this Loan Agreement, will issue, sell, and deliver the Bonds and deposit the proceeds thereof with the Trustee, which amounts shall be immediately deposited into the Project Fund.

3.3. *Disbursements from the Project Fund.*

In the Indenture, the Issuer has authorized and directed the Trustee to make disbursements from the Project Fund to pay Qualified Project Costs upon satisfaction of the requirements of the Indenture.

Disbursements from the Project Fund for the payment of Qualified Project Costs shall be made by the Trustee only to, or at the written direction of, the Borrower, upon satisfaction of all of the following conditions:

(i) The receipt by the Trustee of a completed Requisition, in the form required by Section 5.02 of the Indenture, providing the amount of the disbursement request (a "Disbursement Amount") and the expected date of disbursement.

(ii) Promptly upon receipt of a completed and fully-executed Requisition, the Trustee will notify the Borrower if (A) the Disbursement Amount exceeds the available account balance of the Project Fund or (B) the Trustee has actual knowledge that an Event of Default has occurred and is continuing. If such an Event of Default has occurred and is continuing to the knowledge of the Trustee, the Trustee shall make no further disbursements from the Project Fund so long as such Event of Default continues to exist.

(iii) Upon satisfaction of the conditions set forth in clauses (i) and (ii) above, the Trustee shall be unconditionally and irrevocably obligated to disburse funds from the Project Fund in accordance with the Requisition.

The Borrower hereby acknowledges and agrees that it shall submit Requisitions to the Trustee no more frequently than once each calendar month and that it shall not request, and the Trustee shall not be required to make, any disbursement which is in excess of the amount of Eligible Investments then available to be withdrawn or liquidated at par and without penalty. Each such Requisition shall be consecutively numbered.

The Borrower shall not request disbursements from the Project Fund the aggregate amount of which exceeds the aggregate principal amount of the Bond Loan.

The Trustee may conclusively rely on the Borrower's Requisitions as to the eligibility of costs included in the Requisitions.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Qualified Project Costs promptly shall be transferred into the Bond Fund for payment of principal and interest on the Bonds when due.

3.4. ***Intentionally omitted.***

3.5. ***Establishment of Completion Date.***

(a) The Borrower shall evidence completion of the Project and the actual date of completion by delivery to the Issuer and the Trustee of Completion Certificate in the form attached hereto as Exhibit D executed by an Authorized Borrower Representative. The Completion Certificate shall be furnished by the Borrower to the Issuer and the Trustee promptly following the completion of the Project.

(b) If, as of the date of the Completion Certificate, at least ninety-five percent (95%) of the proceeds of the Bonds have not been used to pay Qualified Project Costs, any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Qualified Project Costs not then due and payable) remaining in the Project Fund shall be transferred by the Trustee into the Bond Fund and used by the Trustee (i) to pay the principal of and interest on the Bonds or (ii) for any other purpose; provided that, in each case, the Trustee is furnished with a Favorable Opinion of Bond Counsel (as defined in the Tax Exemption Agreement). Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

3.6. ***Borrower Required to Pay in Event Project Fund Insufficient.***

In the event the moneys in the Project Fund are not sufficient to pay the Project Costs in full, the Borrower agrees to complete the Project and to pay that portion of the Project Costs in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Project Costs will be sufficient to pay all of the Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower should pay any portion of the Project Costs pursuant to the provisions of this Section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor

shall the Borrower be entitled to any diminution of the amounts payable under this Loan Agreement.

ARTICLE IV
LOAN PROVISIONS

4.1. ***Loan of Proceeds.***

The Issuer agrees, upon the terms and conditions contained in this Loan Agreement and the Indenture, to finance the Bond Loan to the Borrower with the proceeds received by the Issuer from the sale of the Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 3.3 hereof.

4.2. ***Amounts Payable.***

(a) The Borrower hereby covenants and agrees to repay the Bond Loan on or before any date that any payment of interest or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Bonds as provided in the Indenture. Payments by the Trustee of principal and interest on the Bonds from amounts in the Bond Fund shall be credited against the Borrower's obligation to pay principal and interest on the Bond Loan. The Borrower also covenants and agrees to pay any additional amounts that may be due (1) as a result of a Determination of Taxability or (2) in connection with any prepayment of the Bond Loan required to allow the Bonds to be redeemed such that the Outstanding principal amount thereof is equal to the Permanent Loan Amount in accordance with Section 4.2(d) hereof.

It is understood and agreed that all payments of principal and interest payable by the Borrower under subsection (a) of this Section 4.2 are assigned by the Issuer to the Trustee for the benefit of the Holders of the Bonds (excluding amounts on deposit in the Costs of Issuance Fund and the Rebate Fund). The Borrower consents to such assignment.

(b) In the event the Borrower should fail to make any of the payments required in this Section 4.2, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

(c) *Intentionally omitted*.

(d) On or prior to the Conversion Date, the Borrower shall deliver, or shall cause to be delivered, to the Trustee, for deposit into the Bond Fund, moneys other than proceeds of the Bonds in an amount which is sufficient to pay the redemption price of the Bonds pursuant

to Section 3.02(b) of the Indenture. The Trustee shall apply such funds as set forth in Section 3.03 of the Indenture.

(e) After the Conversion Date, the Borrower shall pay to the Trustee, for deposit into the Bond Fund, on the Business Day immediately preceding each Bond Payment Date, an amount equal to the sum of (i) the interest due on the Bonds on such date, plus (ii) the principal due on the Bonds on such date, including the amount of mandatory redemption payments, if any, required pursuant to Section 3.03 of the Indenture (to the extent of money not already on deposit with the Trustee with respect to such mandatory redemption payments). Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds. In the event that any required payment of principal or interest hereunder is not made within ten (10) days after the due date thereof, Borrower shall pay to Issuer a late payment charge equal to five percent (5.00%) of the amount of the overdue payment, in accordance with Section 2.7 of the Continuing Covenants Agreement.

(f) The Borrower understands that the interest rate applicable under the Note and with respect to the Bonds is based upon the assumption that interest on the Bonds is excludable from gross income for federal income tax purposes. In the event that a Determination of Taxability shall occur, then the interest rate on the Note and the Bonds, and on all obligations under this Loan Agreement shall, effective on the date of such Determination of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall also indemnify, defend and hold the Owners, Issuer and Trustee (and each of their directors, members, officers and employees) harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Owners', Issuer's and Trustee's "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bonds and any interest payable to any Owner with respect to the Bonds. The obligations of the Borrower under this Section 4.2(f) shall survive termination of this Loan Agreement and the Note and repayment of the Bond Loan. If, following any increase in interest rates pursuant to this Section 4.2(f), a final determination is made, to the reasonable satisfaction of the Owners, that interest paid on the Bonds is excludable from the Owners' gross income under Section 103 of the Code and applicable state law, the Owners shall promptly refund to the Borrower any additional amounts paid by the Borrower pursuant to this Section 4.2(f).

4.3. ***Intentionally omitted.***

4.4. ***Fees and Expenses.***

On or prior to the Closing Date, the Borrower agrees to cause to be deposited the Costs of Issuance Deposit into the Costs of Issuance Fund as required under the Indenture, to pay, from moneys on deposit therein or in the Expense Fund or from other funds, the Issuer's Fees, the Trustee's Fees and the fee of the Rebate Analyst (including the reasonable fees and expenses of their respective counsel actually incurred) in connection with the issuance of the Bonds and the performance of their duties in connection with the transactions contemplated hereby, including, without limitation, all costs of recording and filing, to the extent such fees and expenses are not otherwise paid from the Expense Fund or the Costs of Issuance Fund in accordance with Section 4.06 or Section 4.08 of the Indenture. All such amounts shall be paid directly to the parties entitled

thereto for their own account as and when such amounts become due and payable. The Borrower will also pay any reasonable expenses actually incurred in connection with any redemption of the Bonds. Additionally, and without limiting the foregoing, the Borrower agrees to pay to the Issuer, the Trustee or to any payee designated by the Issuer (whether such amounts are due on the Closing Date or not), all reasonable costs and expenses incurred by the Issuer for post-closing actions including but not limited to consents, review, and modifications, all reasonable costs and expenses incurred by the Trustee in its administration of the trusts created by the Indenture and in the performance of its duties under the Documents, and all reasonable third-party expenses incurred by the Trustee, the Servicer, or the Issuer in servicing the Bond Loan and the Bonds.

The obligations of the Borrower under this Section shall survive the resignation or removal of the Trustee, termination of this Loan Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents, including the Regulatory Agreement.

4.5. ***Obligations of the Borrower Unconditional.***

The obligations of the Borrower to make the payments required under this Loan Agreement, and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Trustee or any other Person. Subject to termination as provided herein, the Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Loan Agreement, (ii) will perform and observe all of its other agreements contained in this Loan Agreement and (iii) will not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Loan Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied.

ARTICLE V
SPECIAL COVENANTS

5.1. ***No Warranty of Condition or Suitability by Issuer.***

THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY AS TO THE PROJECT OR THE CONDITION THEREOF, OR THAT THE PROJECT WILL BE SUITABLE FOR THE PURPOSES OR NEEDS OF THE BORROWER. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE BORROWER WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT. THE ISSUER MAKES NO

REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE BORROWER'S PURPOSES.

5.2. ***Access to the Property.***

Subject to the rights of the tenants under the Leases, the Borrower agrees that the Issuer, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Property and the construction thereof at all reasonable times with 48 hours' advance notice. The Borrower acknowledges that the Issuer shall monitor the construction of the Project. The Issuer, the Trustee and their duly authorized agents shall also be permitted, at all reasonable times with 48 hours' advance written notice, to examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.

5.3. ***Alterations, Additions and Improvements***. Except for the construction of the Project substantially in accordance with the Plans and Specifications, and as may otherwise be provided in the Documents, the Borrower will not construct any additional improvements on the Land without the prior written consent of the Servicer and the Issuer, such consent not to be unreasonably withheld, conditioned or delayed, and no material portion of the Project or any other improvements or equipment now or hereafter covered by the lien and security interest of this Loan Agreement or the Deed of Trust, shall be removed demolished or materially altered, without the prior written consent of the Servicer and the Issuer, such consent not to be unreasonably withheld, conditioned or delayed.

Subject to the provisions of Article III with respect to the construction of the Project, the Borrower will complete and pay for, within a reasonable time, any structure or improvement permitted or required under this Loan Agreement, and will:

(a) Compliance With Restrictions. Construct, erect and complete any permitted improvements (including but not limited to the Project) on any part of the Land (i) in good and workmanlike manner and strictly in accordance with all applicable Governmental Requirements and in accordance with the orders, rules and regulations of the National Board of Fire Underwriters, or any other body hereafter constituted exercising similar functions, (ii) except as otherwise set forth in the Plans and Specifications, entirely on lots or parcels of Land, (iii) except as otherwise set forth in the Plans and Specifications, so as not to encroach upon any easement or right of way or upon the land of others, (iv) except as otherwise set forth in the Plans and Specifications, wholly within the building restriction lines however established, and (v) so as not to violate use and other restrictions contained in prior conveyances, zoning ordinances or restrictions;

(b) Insurance. Furnish, in connection with any such work, general public liability insurance for the benefit of the Issuer, the Trustee and the Holders, as their interest may appear, in the limits required by the Servicer;

(c) Payment. Promptly pay for all such improvements; and

(d) Liens; Surety Bond. Discharge any and all encumbrances (other than the Permitted Encumbrances) filed against the Property (unless the Borrower in good faith contests any such liens by appropriate and diligent proceedings), and upon the reasonable request of the Servicer or the Issuer, deposit with the Trustee for the benefit of the Holders a one hundred percent (100%) surety bond, twenty-five percent (25%) letter of credit or other security reasonably satisfactory to the requesting party to assure the payment for and completion of any such changes, additions, alterations, substitutions, replacements, removals or improvements.

All such changes, additions, alterations, substitutions, replacements, removals and improvements shall become a part of the Project and subject to the lien and security interest of this Loan Agreement and the Deed of Trust.

5.4. ***Further Assurances and Corrective Instruments.***

The Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

5.5. ***Issuer and Borrower Representatives.***

Whenever under the provisions of this Loan Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by an authorized representative of the Issuer and for the Borrower by an Authorized Borrower Representative. The Trustee shall be authorized to act on any such approval or request pursuant to the Indenture.

5.6. ***Financing Statements.***

The Borrower shall, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture; provided, pursuant to the Indenture the Trustee shall file all necessary continuation statements with respect to any such original financing statements listing the Trustee as a secured party, of which a legible copy showing the date and place of filing is delivered to the Trustee. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith. The Trustee shall otherwise have no duty or obligation related to the creation, preservation or perfection of any security interest.

5.7. ***Insurance.***

The Borrower shall obtain and keep in force such insurance coverage as may be required by the Servicer. All insurance policies and renewals thereof relating to the Project shall be in a form acceptable to the Issuer in its reasonable discretion and shall designate the Issuer and the Trustee as additional insureds for liability insurance. The Trustee is not responsible for receiving or reviewing insurance policies or certificates. The Issuer shall be furnished with full copies of all policies within fifteen (15) calendar days of Borrower's receipt and shall have the right to receive

duplicate copies of policies and renewals, and the Borrower shall promptly furnish the Issuer and the Purchaser with copies of all renewal notices and all receipts for paid premiums within thirty (30) calendar days of receipt thereof. The Borrower shall notify the Issuer at least thirty (30) days in advance of an endorsement or of any change in the terms of coverage adverse to the Issuer. In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the Issuer.

With respect to any casualty insurance, it shall (i) be in an amount equal to the greater of the actual cash value of the replacement cost of the insurable, then existing improvements and equipment in the Project and (ii) be provided by an insurance company with a claims paying ability rating of not less than "A" by the A.M. Best.

5.8. ***Requisitions.***

(a) At such time as the Borrower shall desire to obtain an advance from the Project Fund, the Borrower shall complete, execute and deliver to the Issuer a Requisition. Each Requisition shall be signed on behalf of the Borrower and shall be in the form set forth as *Exhibit B* to the Indenture. The Trustee is not responsible for receiving or reviewing backup for requisitions.

(b) The amounts deposited into the Project Fund may be disbursed by the Trustee only in accordance with Section 3.3 hereof and Section 5.02 of the Indenture, including delivery of a written Requisition of the Borrower satisfying the requirements of this Section 5.8 and Section 5.02 of the Indenture.

5.9. ***Covenants Regarding Tax Credits***.

The Borrower hereby agrees to comply with all of the following covenants and with the practices and procedures related to the monitoring of Tax Credits (each, a "**Tax Credit Covenant**"):

(a) To observe and perform all obligations imposed on the Borrower in connection with the federal low income housing tax credits awarded to the Project (the "Tax Credits"), including the obligation to have the Project "placed in service" (within the meaning given in Section 42 of the Code) in a timely manner; and to operate the residential units of the Project, and to use the Borrower's best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes, and regulations governing the Tax Credits;

(b) To preserve, to the best of Borrower's ability, at all times the award and availability of the Tax Credits;

(c) Not to release, forego, or materially alter, amend, or modify its rights to the Tax Credits without the Servicer's prior written consent, which the Servicer may give or withhold in the Servicer's reasonable discretion;

(d) Not to execute any residential lease of all or any portion of the Project that does not comply fully with all requirements, statutes, and regulations governing the Tax Credits, without the Servicer's prior written consent, which the Servicer may give or withhold in the Servicer's reasonable discretion;

(e) To cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set-asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits in connection with the low-income occupancy of the Project;

(f) To comply with the appropriate minimum low-income set-aside requirements under the Code or applicable federal regulations (the "**Federal Laws**"), all requirements of the allocating authority in respect of the Tax Credits (the "**Allocation Authority**") and all applicable laws and regulations (the "**Local Laws**") applicable to the creation, maintenance and continued availability of the Tax Credits;

(g) To certify compliance with the set-aside requirements and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in service and any other information required for the Tax Credits at such time periods as required by Federal Laws, the Allocation Authority or Local Laws for such Tax Credits, as applicable;

(h) To set aside the appropriate number of units for households with incomes meeting the required standards of the median income of the jurisdiction in which the Project is located to qualify for the Tax Credits (as determined pursuant to Section 42 of the Code and/or Local Laws), adjusted for family size, and to operate and maintain all such units as "low-income units" qualifying for the Tax Credits under Section 42(i)(3) of the Code and/or Local Laws;

(i) To exercise good faith in all activities relating to the operation and maintenance of the Project in accordance with the requirement of Federal Laws and Local Laws;

(j) To deliver within ten (10) Business Days to the Issuer and the Servicer true and correct copies of all notices or other documents or communications received or given by the Borrower with regard to or relating in any way to the Borrower's membership interests and/or the Tax Credits that could have a material adverse impact on the Project. Promptly upon receipt thereof, the Borrower shall deliver to the Servicer a copy of (i) the fully-executed 42(m) letters for the Project; (ii) the basis audit (as required by Section 42 of the Code) for the Project (including a certificate of the Borrower's accountant and attorneys, if requested by them); (iii) the first annual income certification for all tenants of the Project showing that the tenants are qualified for purposes of the Borrower's obtaining Tax Credits, and (iv) the fully-completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver within ten (10) Business Days to the Issuer and the Servicer such other certificates, income certificates, reports and information as they may request; and

(k) The Borrower understands and acknowledges that the Holders are purchasing the Bonds based, in part, upon the value of the Tax Credits, and the Tax Credits, directly or indirectly, constitute part of the Trustee's security on behalf of the Holders for the Bond obligations. The Borrower agrees to indemnify, defend and hold the Holders harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with the Borrower's failure in a material manner to comply with one or more Tax Credit Covenants that results in the Borrower having to repurchase the Equity Investor's

limited partnership interests in the Borrower or a reduction in the Equity Investor's remaining Capital Contributions pursuant to the Organizational Documents, excepting, with respect to any Holder, those arising out of, or resulting, solely from such Holder's gross negligence or willful misconduct.

All of the proceeds of the Bonds shall be used in a manner that complies with the applicable sections of the Code.

5.10. ***Intentionally omitted.***

5.11. ***Borrower's Obligations Upon Redemption of Bonds.***

In connection with a redemption of the Bonds pursuant to Section 3.02 of the Indenture, for the purpose of paying the redemption price of the Bonds, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the redemption price of the Bonds, together with interest accrued to the date of redemption, exceeds the amount otherwise available to redeem the Bonds in full.

5.12. ***Option to Terminate.***

The Borrower shall have the option to cancel or terminate this Loan Agreement at any time when (a) the Indenture shall have been released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee to meet all Loan Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed. Such option shall be exercised by the Borrower giving the Issuer and the Trustee five (5) days' notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of this Section shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

5.13. ***Covenants Related to Rate Cap.***

Upon request by Purchaser, a Rate Cap meeting the Rate Cap Requirements shall be and remain in full force and effect and shall secure the Bonds, the Note and the Bond Loan. If the Rate Cap is terminated for any reason, the Borrower shall cooperate in obtaining the delivery and assignment to the Trustee of a substitute or replacement Rate Cap with substantially the same economic terms (including payment dates, strike price, termination provisions) as the original Rate Cap within thirty (30) days of notice of such termination. The Borrower acknowledges and agrees that the Majority Owner may arrange for the delivery of any such substitute or replacement Rate Cap on the Borrower's behalf. Any replacement Rate Cap and Rate Cap Provider must be acceptable to the Majority Owner in its sole discretion. Any consent, request, action, decision or any other matter pertaining or arising with respect to the Rate Cap (including any request for full or partial termination thereof or any other modification or replacement thereof or with respect to the security provided therefor) shall be determined in the sole and absolute discretion of the Majority Owner. With respect to any such matter pertaining or arising with respect to the Rate Cap, the Trustee and the Servicer shall only act upon the written direction of the Majority Owner, shall provide a copy of such direction to the Issuer, and shall be permitted to conclusively rely and fully protected in their reliance on any such written direction.

5.14. ***Servicing.***

Borrower hereby acknowledges that the Bonds, the Bond Loan and the Documents will be serviced by the Servicer. Notwithstanding anything herein to the contrary, Borrower agrees it will direct all deliverables, notices, questions, requests or other communications required by or otherwise regarding this Agreement directly to the Servicer, will provide a copy of such communication to the Issuer, and acknowledges that Servicer will coordinate with the Majority Owner with respect to the same.

ARTICLE VI
RESTRICTION ON TRANSFER; ASSIGNMENT, SELLING, LEASING; INDEMNIFICATION

6.1. ***Restriction on Transfer; Removal of General Partner.***

(a) Except for Permitted Transfers and Permitted Encumbrances and as otherwise set forth in this Section 6.1, in the event the Borrower intends to sell, lease (except to the tenants who will occupy units in the Project), sublease or otherwise materially encumber the whole of or any part of the Project or sell, assign or otherwise, except as otherwise provided herein, transfer any interest in the Borrower (a "**transfer**"), it shall apply to the Issuer and the Servicer for consent to transfer, provided that consent of the Issuer shall only be given subject to the conditions, and as provided, in Section 10 of the Regulatory Agreement.

(b) In addition, in connection with a proposed transfer, the Borrower and any transferee shall comply with all applicable provisions of the laws and regulations of the State in effect at that time regarding notice to tenants, and tenants' rights generally. The transferee shall expressly assume the Borrower's duties and obligations under this Loan Agreement and any other Documents to which the Borrower is a party in writing simultaneously with any approved transfer as set forth in this Section 6.1. The Borrower shall make available to the Issuer copies of any documents reflecting an amendment to membership interests in the Borrower or other organizational documents relating to the sale or other transfer of membership interests of the Borrower.

(c) Except as otherwise provided for herein, Permitted Transfers and/or Permitted Encumbrances or with the prior written consent of the Issuer in its reasonable discretion, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project, and will not encumber, alienate, hypothecate, grant a security interest in or grant any other ownership or control interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom.

(d) Except as otherwise provided for herein, Permitted Transfers and/or Permitted Encumbrances, no interest in the Borrower and no ownership interest in the General Partner may be sold, conveyed, transferred, assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise other than the transfer of the Equity Investor interests after the Equity Investor has paid all installments of the equity contribution required to be contributed under the Organizational Documents and such transfer shall

be expressly permitted hereunder without the consent of the Issuer, except to the extent required under Section 10 of the Regulatory Agreement.

(e) The Borrower shall not, without the prior written consent of the Servicer and the Issuer, enter into any merger, consolidation, other business combination or dissolution or sell, lease, or otherwise dispose of any of the collateral or its other assets (except assets customarily consumed, leased, or customarily disposed of and replaced in the ordinary course of operating an apartment project).

(f) Notwithstanding anything herein to the contrary, no transfers shall be permitted except as otherwise expressly permitted pursuant to the terms of the Continuing Covenant Agreement.

(g) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, or assignment for the benefit of creditors or similar proceedings.

(h) The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation, nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation.

(i) The General Partner and Class B Limited Partner shall be subject to removal by the Equity Investor or an Affiliate thereof in accordance with the Borrower Documents.

Any successor General Partner that is not the Equity Investor or an Affiliate of the Equity Investor shall be selected and approved in accordance with this Loan Agreement and the Organizational Documents and approved by the Issuer in accordance with Section 10 of the Regulatory Agreement.

(j) This Loan Agreement may not be sold, transferred or otherwise disposed of by the Borrower without the prior written consent of the Issuer in accordance with Section 10 of the Regulatory Agreement. Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Regulatory Agreement. In the event of a conflict between the provisions of this Loan Agreement and the Regulatory Agreement, the provisions of the Regulatory Agreement shall control.

(k) The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided, that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Borrower Documents and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer. The Borrower shall not permit one or more other entities to consolidate with or merge into it; or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein. No sale, assignment or transfer of title to the Project, except as may be otherwise required by the Purchaser, shall be made unless (a) the Purchaser consents to such assignment or transfer, (b) the transferee or assignee, as the case may

be, assumes all the duties of the Borrower under the Borrower Documents, provided that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder, except the Borrower's obligation to indemnify the Issuer and Trustee and reimburse the Issuer and the Trustee for the fees and expenses of the Issuer and Trustee, and (c) no Default as certified in writing to the Issuer and the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Loan Agreement. Upon the assumption of the duties of the Borrower by an assignee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; provided, however, the Borrower shall not be released from its obligation to pay or reimburse the fees and expenses of the Issuer and the Trustee and to indemnify the Trustee and the Issuer without the express written consent of the Trustee and the Issuer, as applicable, which consent shall not be unreasonably withheld.

Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Loan Documents.

6.2. ***Indemnification by Borrower.***

(a) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS: TO PROTECT, INDEMNIFY AND SAVE THE ISSUER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES (EACH, A "GOVERNMENTAL INDEMNIFIED PARTY") HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM, BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT (COLLECTIVELY, "GOVERNMENTAL INDEMNITY LIABILITIES") INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE PROJECT OR THE OPERATION OF THE PROJECT DURING THE TERM OF THIS LOAN AGREEMENT OR (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS LOAN AGREEMENT, OR (III) THE PROJECT OR ANY PART THEREOF, OR (IV) ANY VIOLATION OF CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, OR (V) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM ANY GOVERNMENTAL INDEMNIFIED PARTY, THE BORROWER SHALL DEFEND THE GOVERNMENTAL INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE; PROVIDED, HOWEVER, THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

IT IS THE INTENTION OF THE PARTIES HERETO THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF

THE TERMS OF THIS LOAN AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE GOVERNMENTAL INDEMNIFIED PARTIES IN CONNECTION WITH THE ISSUANCE OF THE BONDS, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE GOVERNMENTAL INDEMNIFIED PARTIES BY THIS LOAN AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE GOVERNMENTAL INDEMNIFIED PARTY BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; NEVERTHELESS, IF ANY GOVERNMENTAL INDEMNIFIED PARTY SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD THE GOVERNMENTAL INDEMNIFIED PARTIES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM ANY GOVERNMENTAL INDEMNIFIED PARTY THE BORROWER SHALL DEFEND THE GOVERNMENTAL INDEMNIFIED PARTIES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COMPETENT COUNSEL SATISFACTORY TO THE GOVERNMENTAL INDEMNIFIED PARTIES AND THE BORROWER SHALL PAY THE GOVERNMENTAL INDEMNIFIED PARTIES' EXPENSES INCLUDING PAYMENT OF THE COUNSEL USED BY THE GOVERNMENTAL INDEMNIFIED PARTIES; PROVIDED HOWEVER, THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

NOTWITHSTANDING ANY PROVISION OF THIS LOAN AGREEMENT TO THE CONTRARY, EACH GOVERNMENTAL INDEMNIFIED PARTY SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM SUCH PARTY'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM SUCH PARTY'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

Notwithstanding anything else in this Loan Agreement to the contrary, the Borrower shall be responsible for the fees, costs and expenses of counsel to the Issuer at all times; provided that the Issuer maintains control of the selection of its counsel at all times.

This indemnification covenant shall survive repayment of the Bond Loan and the Bonds.

(b) Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Loan Agreement and the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Article VI for Indemnity liabilities with respect to any claims based on actions or events occurring prior to the date of such transfer, but only if the Majority Owner, the Issuer and the Trustee have consented to such transfer. In that event, such subsequent owner shall indemnify any Indemnified Party hereunder following such transfer under all of the terms and conditions applicable to Borrower.

(c) The Borrower (the "**Indemnitors**") hereby agrees to indemnify and save harmless the Trustee from and against all liabilities, obligations, suits, actions, claims, judgments, demands, damages, penalties, fines, assessments, losses, expenses, fees (including all fees of attorneys, auditors, and consultants), taxes (including rebate to the United States) but exclusive of income taxes on fees earned by the Trustee, contributions, and costs of every kind and nature (including litigation and court costs, amounts paid in settlement by or with the approval of the Borrower and amounts paid to discharge judgments) (collectively, "**Claims**") incurred by, asserted or imposed against a Trustee Indemnified Party (hereinafter defined), the Indemnitors or any other Person directly or indirectly resulting from or arising out of or relating to (but excluding such Claims to the extent liability is finally adjudicated by a court of competent jurisdiction to have directly resulted from the negligence or willful misconduct of a Trustee Indemnified Party):

(i) the design, construction, installation, operation, use, occupancy, maintenance, repair, management or ownership of the Project;

(ii) the enforcement of (a) the provisions of this Loan Agreement, the other Borrower Documents and any other document executed by the Borrower in connection with issuance of the Bonds and the making of the Bond Loan and (b) the obligations of the Borrower imposed hereby or thereby;

(iii) any untruthful, misleading or inaccurate information supplied by the Borrower relating to the Project, the Borrower, the Project manager or to the terms of financing relating to the Project, including, but not limited to, any breach of any representation or warranty of the Borrower set forth in the Borrower Documents or any certificate delivered pursuant thereto, and any representation, or warranty of the Borrower, or any information provided by the Borrower that contains or contained any untrue or misleading statement of fact or omits or omitted to state any material fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made;

(iv) any breach or alleged breach (except in the case of a breach alleged by the Trustee and such alleged breach is not found by a court of competent jurisdiction) by the Borrower of the covenants contained herein;

(v) any injury to or death of any Person or damage to property in or upon the Project or growing out of or connected with the repair, management, ownership, operation, use, non-use, maintenance, construction, design, installation, rehabilitation, condition or occupancy of the Project or any part thereof, including any and all acts or operations relating to any construction, rehabilitation, operation, use, non-use, design,

management, ownership, condition, occupancy, maintenance, installation or repair performed by the Borrower in connection with the Project;

(vi) violation or breach of any agreement, covenant, representation, warranty or condition of this Loan Agreement (except in the case of a breach alleged by the Trustee and such alleged breach is not found by a court of competent jurisdiction) or the Note, except by the Trustee;

(vii) any Determination of Taxability with respect to the Bonds, including, but not limited to, the fees and expenses of the Trustee and their counsel with respect to such Determination of Taxability in responding to any inquiry or audit by the Internal Revenue Service;

(viii) the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in, on or from the Project of Hazardous Materials in violation of any Hazardous Materials Law or official interpretation thereof in connection with the Project or the Land;

(ix) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever related to the Project or the Bonds, commenced or threatened in writing against the Project or a Trustee Indemnified Party;

(x) any action, suit, claim, demand or proceeding contesting or affecting title to the Project;

(xi) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the Project or a Trustee Indemnified Party that might adversely affect the validity or enforceability of the Bonds, the Borrower Documents, or the performance by the Borrower or by any Trustee Indemnified Party of their respective obligations under the Borrower Documents, the Indenture or any other document executed in connection therewith by the Borrower or any Trustee Indemnified Party;

(xii) failure of the Borrower to pay the Issuer's Fees, the Trustee's Fees or the fees of the Rebate Analyst, or other amounts that the Borrower is obligated to pay pursuant to the reimbursement rights granted to such parties under this Loan Agreement or any of the other Documents;

(xiii) information provided by the Borrower or required and failed to be furnished by the Borrower relating to the Borrower or the Project, including, without limitation, any information furnished by the Borrower for, and included in, or used as a basis for preparation of, any certifications, information statements or reports furnished by the Issuer, any other information or certification obtained from the Borrower to assure the exclusion of the interest on the Bonds from gross income of the Holders thereof for federal income tax purposes, and the transactions contemplated by the Indenture, the Bonds, and the Borrower Documents and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture and the Borrower Documents.

All references to the Trustee in this Section shall be deemed to include all of its respective past, present, and future officers, directors, members, employees, commissioners, and agents and their permitted successors and assigns (collectively with the Trustee, also referred to herein as "**Trustee Indemnified Parties,"** and the Trustee Indemnified Parties together with the Governmental Indemnified Parties, the **"Indemnified Parties**").

The Indemnitors shall indemnify and save each Indemnified Party harmless from any such Claims (but excluding such Claims to the extent liability is finally adjudicated by a court of competent jurisdiction to have directly resulted from the willful misconduct of the Issuer or the negligence or willful misconduct of the Trustee) and upon notice from such Trustee Indemnified Party, the Indemnitors shall defend them or either of them in any such action or proceeding as provided below.

Any Trustee Indemnified Party, after receipt of notice of the existence of a Claim in respect of which indemnity hereunder may be sought or of the commencement of any action against a Trustee Indemnified Party in respect of which indemnity hereunder may be sought, shall notify the Indemnitors in writing of the existence of such Claim or commencement of such action. The Indemnitors shall undertake promptly to defend, at their sole cost and expense, any and all Claims against a Trustee Indemnified Party in connection with any of the matters indemnified against in this Section. In the event that any action or proceeding is brought against any Trustee Indemnified Party with respect to which indemnity may be sought under this Loan Agreement, the Indemnitors, upon receipt by either of written notice from the Trustee Indemnified Party, shall assume the investigation and defense of the Claims, including the employment of counsel selected by the Indemnitors, subject to the approval of the Trustee Indemnified Party in such party's sole discretion. The Indemnitors shall pay all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same, provided that the Trustee shall have the right to review and approve or disapprove any such compromise or settlement. If (i) a Trustee Indemnified Party determines that a potential conflict of interest exists or may arise as a result of any of the Indemnitors assuming the investigation and defense of any claims, (ii) a Trustee Indemnified Party shall have been advised by counsel that there may be legal defenses available to it which are different from or additional to those available to the Indemnitors, or that a conflict exists that could affect the zealous defense of such Claims by the Indemnitors, (iii) the Indemnitors shall not have assigned the defense of such action and employed counsel therefor satisfactory to the Trustee Indemnified Party within a reasonable time after notice of commencement of such action, such Trustee Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and the Indemnitors shall pay the fees and expenses of such separate counsel.

(d) Failure of an Indemnified Party to provide notification to the Indemnitors required under this Section shall not operate as a waiver of the Indemnitors' indemnification obligations in this Section.

(e) Notwithstanding anything to the contrary contained herein, neither the Borrower nor its respective partners, shareholders, members, directors, officers, employees and/or

agents shall have any liability to indemnify the Trustee or any Trustee Indemnified Party against Claims to the extent liability is finally adjudicated by a court of competent jurisdiction to have directly resulted from such Trustee's or Trustee Indemnified Party's negligence or willful misconduct.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except that in the case of the foregoing indemnification of any Trustee Indemnified Party, to the extent such damages are caused by the negligence or willful misconduct of such Person, and in the case of the foregoing indemnification of a Governmental Indemnified Party, the willful misconduct of such Person. The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by any other provisions hereof and shall survive the termination of this Loan Agreement and the resignation or removal of the Trustee.

6.3. *Issuer to Grant Security Interest to Trustee.*

The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Loan Agreement and the Note, except for Reserved Rights of the Issuer.

ARTICLE VII
DEFAULTS AND REMEDIES

7.1. *Defaults Defined.*

The following shall be "Defaults" under this Loan Agreement and the term "Default" shall mean, whenever it is used in this Loan Agreement, the occurrence of any one or more of the following events and continuation thereof beyond all applicable grace or cure periods:

(a) Failure by the Borrower to pay any amount required to be paid under Section 4.2 hereof when the same are due and payable.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (a) of this Section or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Tax Exemption Agreement, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (b), no Default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60 day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for ninety (90) days, or failure by the Borrower to promptly have discharged any execution,

garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

(d) The occurrence of a Default under the Indenture or any Loan Document.

Notwithstanding the foregoing, there shall be no payment-related default under the Bonds, the Indenture, this Loan Agreement, the Note, the Regulatory Agreement or any other Document in the event of default thereunder (including without limitation foreclosure of the Deed of Trust) to the extent that such Default is a "payment default" resulting from the failure of the Swap Counterparty to make its required payment(s) under the Swap Documents; *provided*, that the Swap Counterparty makes such payment within sixty (60) days after notice of such payment default has been provided by the Issuer or Trustee to the Swap Counterparty (with copies to the Borrower and Equity Investor).

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of Force Majeure it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), the Borrower shall not be deemed in Default during the continuance of such inability. Such Force Majeure event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement. The settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

7.2. ***Remedies on Default.***

Whenever any Default referred to in Section 7.1 hereof shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, as the assignee of the Issuer's rights hereunder, in its sole discretion may take (but only with the approval of the Servicer and after Notice to the Issuer), and upon written direction of the Servicer and Notice to the Issuer shall take, or the Issuer (in the event the Trustee fails to act) may take, one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to Section 9.01 of the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) *Reserved*.

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement,

the Note, the Regulatory Agreement or any other Document in the event of default thereunder (including without limitation foreclosure of the Deed of Trust).

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

7.3. ***No Remedy Exclusive.***

Subject to Section 9.01 of the Indenture, no remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights of the Issuer, shall be entitled to the benefit of all covenants and agreements herein contained.

7.4. ***Agreement to Pay Attorneys' Fees and Expenses.***

In the event the Borrower should default under any of the provisions of this Loan Agreement or under the Note and the Issuer and/or Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or under the Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Note, the Borrower agrees that it will on demand therefor pay to the Issuer and the Trustee, as the case may be, the fees and expenses of such attorneys and such other expenses so incurred by the Issuer and/or the Trustee. This Section 7.4 will continue in full force and effect notwithstanding the full payment of the obligations under this Loan Agreement or the termination of this Loan Agreement for any reason.

7.5. ***No Additional Waiver Implied by One Waiver.***

In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

7.6. ***Right to Cure.***

Notwithstanding anything herein to the contrary, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform and, as a result a default or event of default occurs or may occur, the General Partner, the Class B Limited Partner and the Equity Investor shall have the right, but not the obligation, to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such default or event of default, provided such default or event of default is cured within any applicable cure period or

grace period provided herein to the Borrower, and the Issuer shall accept or reject such cure on the same basis as if tendered by the Borrower.

ARTICLE VIII
DAMAGE TO THE PROPERTY; APPLICATION OF INSURANCE PROCEEDS

8.1. ***Damage to the Property***. If at any time prior to the Termination Date, the Project or any part thereof is damaged, either temporarily or permanently, the Borrower shall be obligated to continue to pay the amounts specified herein and in the Note, and any insurance proceeds resulting from any damage will be applied as set forth in the Deed of Trust.

ARTICLE IX
MISCELLANEOUS

9.1. ***Term of Agreement.***

This Loan Agreement shall remain in full force and effect from the date hereof until such time as all of the Bonds and all amounts payable hereunder and under the Indenture shall have been fully paid or provision made for such payments, whichever is later, provided, that all representations and certificates of the Borrower and the General Partner as to matters affecting the tax-exempt status of the Bonds, and the provisions of Sections 4.2(f), 4.4, 6.2, and 7.4 hereof shall survive termination of this Loan Agreement.

9.2. ***Notices.***

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed to each party's Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Borrower shall also be given to the Trustee. The Issuer, the Borrower, the Equity Investor and the Trustee may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

9.3. ***Nonrecourse Liability of Borrower.***

(a) General Rule. After the Conversion Date (as defined in the Continuing Covenants Agreement), the liability of all principal and interest due under the Note shall be only against the Project, and the rents, issues and profits thereof, and any other security for the Borrower's Obligations, and not against the Borrower, any direct or indirect member, partner, officer or director of the Borrower, the General Partner or the Class B Limited Partner, or any successor or assign of the Borrower, any direct or indirect partner, shareholder, manager, officer or director of the Borrower, the General Partner or the Class B Limited Partner. The Issuer and the Trustee shall look respectively thereto or to such other security as may from time to time be given or have been given for payment of the Bonds, and any judgment rendered against the Borrower, the General Partner or the Class B Limited Partner under this Loan Agreement shall be limited as described above and any other security including the Guaranties so given for satisfaction thereof; and no deficiency or other personal judgment shall be sought or rendered against the

Borrower, the General Partner or the Class B Limited Partner or their respective successors, transferees or assigns, in any action or proceeding arising out of this Loan Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing herein shall limit the Issuer's or the Trustee's ability to exercise any right or remedy with respect to any property pledged or granted to the Issuer or any Trustee under this Loan Agreement, or both, or to exercise any right against the Borrower, the General Partner or the Class B Limited Partner, on account of any claim for fraud and deceit. Notwithstanding anything herein to the contrary, nothing in this Section shall limit the rights of indemnification against the Borrower and the Class B Limited Partner pursuant to Section 6.2 hereof. Furthermore, notwithstanding anything to the contrary, the Borrower and the Class B Limited Partner shall be fully liable for: (1) amounts payable to the Issuer constituting Reserved Rights of the Issuer, (2) any amount due and owing as a result of any calculation or determination which may be required in connection with the Bonds for the purpose of complying with Section 148 of the Code (including rebate liability) or any applicable Treasury regulation, and (3) the indemnification and the payment obligations to the Issuer under Sections 6.2 and 7.4 hereof.

(b) No Application to Indemnification Obligations. Nothing in this Section 9.3 shall be deemed to limit in any way whatsoever any obligation of the Borrower to indemnify the Issuer, the Holders, the Servicer, any Indemnified Party (as defined herein) or the Trustee under the terms of this Loan Agreement or any of the other Documents, including indemnification for environmental liability, each of which shall be recourse obligations of the Borrower.

The limit on the Borrower's liability set forth in this Section shall not, however, be construed, and is not intended to in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by this Loan Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any Default or enforcing any other right of the Issuer under this Loan Agreement or to alter, limit or affect the liability of any Person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Loan Agreement.

Notwithstanding the foregoing, the provisions of this Section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Owner or any beneficiary of or the trustee under the Deed of Trust as a result of the Borrower's: (a) committing any act of fraud; (b) misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Issuer Documents, whether before or after a Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower or its heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the Organizational Documents or any other guaranty given in favor of the Issuer, the Trustee or the Servicer.

The provisions of this Section shall survive the termination of this Loan Agreement.

9.4. ***No Pecuniary Liability of Issuer.***

No agreements or provisions contained in this Loan Agreement or any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or any property of the Borrower financed, directly or indirectly, out of proceeds of the Bonds or the issuance, sale and delivery of the Bonds will give rise to any pecuniary liability of the Issuer (including tax and rebate liability) or its past, present or future officers, directors, employees, commissioners, agents or members of its governing body and their successors and assigns or constitute a charge against the Issuer's general credit, or obligate the Issuer financially in any way, except with respect to the Trust Estate. No failure of the Issuer to comply with any terms, covenants or agreements in this Loan Agreement or in any document executed by the Issuer in connection with the Bonds will subject the Issuer or its past, present or future officers, directors, employees, commissioners, agents and members of its governing body and their successors and assigns to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the Trust Estate. Without limiting the requirement to perform its duties or exercise its rights and powers under this Loan Agreement upon receipt of appropriate indemnity or payment, none of the provisions of this Loan Agreement or the Indenture will require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Loan Agreement. Nothing in this Loan Agreement will preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement in this Loan Agreement or in the Indenture; provided that no costs, expenses or other monetary relief will be recoverable from the Issuer except as may be payable from the funds available under this Loan Agreement or made available under the Indenture by the Borrower and pledged to the payment of the Bonds.

No covenant, agreement or obligation contained herein or in any other financing instrument executed in connection with the Project or the making of the Bond Loan shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee, commissioner, or agent of the Issuer in his or her individual capacity so long as he or she does not act in bad faith, and no such director, officer, employee, commissioner or agent of the Issuer in his or her individual capacity shall be subject to any liability under any agreement to which the Issuer is a party or with respect to any other action taken by him or her so long as he or she does not act in bad faith.

9.5. ***Binding Effect.***

This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower, the Trustee, the Holders of Bonds and their respective successors and assigns.

9.6. ***Severability.***

In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

9.7. ***Amounts Remaining in Funds.***

Subject to the provisions of the Indenture, it is agreed by the parties hereto that any amounts remaining in any account of the Bond Fund, the Project Fund or any other fund (other than the Rebate Fund) created under the Indenture upon expiration or earlier termination of this Loan Agreement, as provided in this Loan Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of the Trustee and the Issuer in accordance with the Indenture, shall belong to and be promptly paid to the Borrower by the Trustee so long as those remaining amounts do not constitute proceeds of the Bonds.

9.8. ***Amendments, Changes and Modifications.***

Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee, in accordance with the provisions of the Indenture.

9.9. ***Execution in Counterparts.***

This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

9.10. ***Applicable Law.***

This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

9.11. ***Captions***

The captions and headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Loan Agreement.

9.12. ***Use of Proceeds of the Bonds***

Notwithstanding anything contained in any of the documents executed in connection with the issuance of the Bonds to the contrary, all of the proceeds of the Bonds shall, for federal income tax purposes, be (i) allocated on a pro rata basis to each building in the Project and the land on which such building is located and (ii) used exclusively to pay costs of the acquisition or construction of the Project which are includible in the aggregate basis of any building and the land on which the building is located ("**Eligible Costs**") in a manner such that each building satisfies the requirements of Section 42(h)(4)(B) of the Code. No proceeds of the Bonds will be deemed or considered to have been used to fund any reserve accounts other than a Project Fund to be used to pay Eligible Costs.

[Balance of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Purchaser have caused this Loan Agreement to be executed in their respective official names all as of the date first above written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Issuer

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

TORRINGTON WILMER, LP,
a Texas limited partnership

By: DCHFC 2025 Wilmer GP, LLC
a Texas limited liability company,
its General Partner

By: Dallas County Housing Finance Corporation 2025,
a Texas non-profit housing finance corporation,
its sole member

By:_____
Name: _____
Title: _____

CEDAR RAPIDS BANK AND TRUST COMPANY,
an Iowa state-chartered banking corporation,
as Purchaser

By: _____
Name: Sam Kramer
Title Vice President

EXHIBIT A

PROPERTY DESCRIPTION

[to come]

EXHIBIT B

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

[Note and Allonge to be included from form provided by Lender's Counsel]

EXHIBIT C

AMORTIZATION SCHEDULE

Principal on the loan will be due according to the following schedule:

Payment Date	Principal Amount	Day Count for Int Calc	Int Pmt	Principal & Interest
[TO COME]				

EXHIBIT D

$[45,000,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Torrington Wilmer)
Series 2026

COMPLETION CERTIFICATE

Pursuant to Section 3.5(a) of the Loan Agreement (the "**Loan Agreement**") among the Texas Department of Housing and Community Affairs (the "**Issuer**") and Torrington Wilmer, LP, a Texas limited partnership (the "**Borrower**") and Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, dated as of [April] 1, 2026, relating to the captioned Bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings assigned or referenced in the Loan Agreement or the Tax Exemption Agreement):

(a) The Project was substantially completed and available and suitable for use as multifamily housing on _____ (the "**Completion Date**").

(b) The acquisition, construction, equipping and improvement of the Project has been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar governmental regulations.

(c) The costs of the Project financed with the loan from the Issuer were $_____.

(d) The applicable government having jurisdiction over the Project has issued certificates of occupancy with respect to each building in the Project.

(e) The proceeds of the Bonds were used in accordance with the requirements of the Tax Exemption Agreement, including the requirement that at least 95% of the proceeds of the Bonds be expended for Qualified Project Costs and no more than 2% of the proceeds of the Bonds be expended for Costs of Issuance. The Project will be operated in accordance with the terms of the Tax Exemption Agreement and the Regulatory Agreement.

(f) All obligations and costs in connection with the Project and payable out of the Project Fund have been paid and discharged except for amounts retained by the Trustee for the payment of Project Costs not then due and payable or then in dispute as provided in the Loan Agreement.

(g) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

IN WITNESS WHEREOF, the Authorized Borrower Representative has set his or her hand as of the _____ day of _____, 20__.

Authorized Borrower Representative

By: _____

REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer,

BOKF, NA,
a national banking association,
as Trustee,

DALLAS COUNTY HOUSING FINANCE CORPORATION 2025,
a Texas nonprofit housing finance corporation,
as Fee Owner

and

TORRINGTON WILMER, LP,
a Texas limited partnership,
as Borrower

Dated as of [April] 1, 2026

Relating to

$[45,000,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Torrington Wilmer)
Series 2026

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REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (as amended, modified or supplemented from time to time, this "Agreement" or this "Regulatory Agreement") dated as of [April] 1, 2026, is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the "Issuer" or "Department"), a public and official agency of the State of Texas (the "State"), **BOKF, NA**, a national banking association organized and existing under the laws of the United States of America, as trustee under the hereinafter defined Indenture (together with any successor trustee under the Indenture described below and their respective successors and assigns, the "Trustee"), the **DALLAS COUNTY HOUSING FINANCE CORPORATION 2025**, a Texas nonprofit housing finance corporation (together with its permitted successors and assigns, the "Fee Owner") and **TORRINGTON WILMER, LP**, a Texas limited partnership (together with its permitted successors and assigns, the "Borrower").

RECITALS

WHEREAS, pursuant to the Act (as hereinafter defined), the Issuer is authorized to issue the Bonds (as hereinafter defined) and to use the proceeds thereof to provide monies to aid in financing the acquisition, construction and equipping of residential rental property for dwelling units in the State; and

WHEREAS, the Borrower has requested the assistance of the Issuer in connection with the financing of a multifamily residential rental housing development to be located on the real property described in Exhibit A hereto (as defined herein, the "Development Site") and described in Exhibit B-1 hereto (as defined herein, the "Development Facilities" and, together with the Development Site, the "Development"), and, as a condition to such assistance, the Borrower has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Development; and

WHEREAS, the Fee Owner owns fee simple title to the real property described in Exhibit A hereto and the Borrower owns a leasehold estate pursuant to the Ground Lease (as hereinafter defined), and the Fee Owner has agreed to enter into this Regulatory Agreement as the Fee Owner and will receive significant benefits under the Ground Lease; and

WHEREAS, the Issuer has determined to provide funds in connection with the financing of the Development by issuing its Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 (the "Bonds") in the aggregate principal amount of $[45,000,000], and loaning the proceeds of such Bonds to the Borrower, upon the terms and conditions set forth in the Loan Agreement (as hereinafter defined); and

WHEREAS, in order for interest on the Bonds to be excludable from gross income for federal income tax purposes under the Code (as defined herein), and in order to comply with the Act, the use and operation of the Development must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee, the Fee Owner and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping, use and operation of the Development and in order to ensure that the Development will be acquired, constructed, equipped, used and operated in accordance with the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer, the Trustee, the Fee Owner and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. In addition to terms defined above, capitalized terms have the respective meanings assigned to them in this Section 1 or as elsewhere defined in this Regulatory Agreement, in the Indenture, in the Loan Agreement or in the Tax Exemption Agreement (each as defined herein), unless the context in which they are used clearly requires otherwise:

"**Act**" means Chapter 2306, Texas Government Code, as amended from time to time.

"**Agreement**" or "**Regulatory Agreement**" means this Regulatory and Land Use Restriction Agreement, as it may be amended, modified, supplemented or restated from time to time.

"**Annual Income**" means the anticipated annual income of a person (together with the anticipated annual income of all persons that intend to reside with such person in one Unit) calculated pursuant to Section 8 of the Housing Act, as required by section 142(d) of the Code.

"**Available Unit**" means a Unit (except for any Unit reserved for a resident manager, security personnel or maintenance personnel that is reasonably required for the Development) that has been leased at least once after becoming available for occupancy; provided that (a) a residential unit that is unoccupied on the later of (i) the date the Development is acquired by the Borrower or (ii) the Closing Date is not an "Available Unit" and does not become an "Available Unit" until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an "Available Unit" and does not become an "Available Unit" until it has been leased for the first time after the renovations are completed.

"**Bond Counsel**" means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes and that is appointed by the Issuer, and initially means Bracewell LLP.

"**Bond Purchaser**" means Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, and its successors and assigns.

"**Bonds**" have the meaning set forth in the recitals hereto.

"**Class B Limited Partner**" means Torrington Wilmer SLP, LLC, a Delaware limited liability company, and its successors and assigns.

"**Closing Date**" means the date upon which the Bonds are issued and delivered in exchange for the proceeds representing the purchase price of the Bonds paid by the original purchasers thereof.

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

"**Compliance Monitoring Rules**" means the rules published by the Issuer in Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code.

"**Development**" means the Development Facilities and the Development Site.

"**Development Amenities**" means the amenities for which the Development was awarded points by the Issuer, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program application scoring process, as more fully set forth in Exhibit B-2 hereto.

"**Development Facilities**" means the multifamily housing structures and related buildings and other improvements to be constructed on the Development Site by the Borrower as more fully set forth in Exhibit B-1 hereto, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Development.

"**Development Site**" means the parcel or parcels of real property described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances appertaining thereunto.

"**Eligible Tenants**" means (a) individuals and families of low, very low and extremely low income, (b) families of moderate income (in each case in the foregoing clauses (a) and (b) as such terms are defined by the Issuer under the Act), and (c) Persons with Special Needs, in each case, with an Annual Income not in excess of 140% of the area median income; provided that all Low-Income Tenants are Eligible Tenants.

"Equity Investor" means CREA Torrington Wilmer, LLC, a Delaware limited liability company, and its successors or assigns.

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

"**Federal Tax Status**" means, as to the Bonds, the status under existing law of the interest on the Bonds as excludable from gross income for federal income tax purposes (subject to any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds).

"**Fee Owner**" means the Dallas County Housing Finance Corporation 2025, a Texas nonprofit housing finance corporation, and its permitted successors and assigns.

"**Ground Lease**" means the Ground Lease between the Fee Owner, as landlord, and the Borrower, as tenant, dated as of [the date hereof].

"**Housing Act**" means the United States Housing Act of 1937, as amended, or a successor thereto.

"**HUD**" means the United States Department of Housing and Urban Development or its successors.

"**Indenture**" means the Trust Indenture of even date herewith between the Issuer and the Trustee, relating to the issuance of the Bonds, as it may be amended, modified, supplemented or restated from time to time, and any indenture supplemental thereto.

"**Loan**" means the loan of the proceeds of the Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement, and as evidenced by the Note.

"**Loan Agreement**" means the Loan Agreement of even date herewith among the Issuer, the Bond Purchaser and the Borrower, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Indenture.

"**Loan Documents**" means the Security Instrument, the Note, the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement, and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Loan.

"**Low-Income Tenant**" means a tenant whose Annual Income is 60% or less of the Multifamily Tax Subsidy Program Income Limit, as determined under sections 142(d)(2)(B) and (E) of the Code and in accordance with this Regulatory Agreement. If all the occupants of a Unit are students (as defined for the purposes of section 152(f)(2) of the Code) no one of whom is entitled to file a joint return under section 6013 of the Code, such occupants will not qualify as Low-Income Tenants unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

"**Low-Income Unit**" means a Unit that is included as a Unit satisfying the requirements of the Set Aside.

"**Multifamily Tax Subsidy Program Income Limit**" (or successor term) means the income limits provided by HUD pursuant to section 142(d) of the Code.

"**Note**" has the meaning set forth in the Indenture.

"**Organizational Documents**" means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of the Closing Date, as the foregoing may be amended, modified, supplemented or restated from time to time.

"**Persons with Special Needs**" means persons who (a) are considered to be individuals having a disability under State or federal law, (b) are elderly, meaning 62 years of age or more or of an age specified by the applicable federal program, (c) are designated by the governing board of the Issuer as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or (d) are legally responsible for caring for an individual described by clauses (a), (b) or (c) above and meet the income guidelines established by the governing board of the Issuer.

"**Qualified Project Period**" means, with respect to the Development, the period beginning on the first day on which 10 percent of the Units are occupied and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied, (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Development is outstanding for federal income tax purposes, or (c) the date on which any assistance provided with respect to the Development under Section 8 of the Housing Act terminates.

"**Regulations**" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"**Related Person**" has the meaning set forth in section 144(a)(3) of the Code. A person is a "Related Person" to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that "more than 50 percent" is substituted for "at least 80 percent" each place it appears therein).

"**Replacement Reserve**" means the account required to be established by the Replacement Reserve Agreement.

"**Replacement Reserve Agreement**" means the Replacement Reserve and Security Agreement to be dated as of [the Closing Date], by and between the Borrower and Bond Purchaser, as lender.

"**Security Instrument**" means the Leasehold Deed of Trust, Assignment Rents, Security Agreement and Fixture Filing from the Borrower, as the grantor, in favor of Issuer, as the beneficiary, and assigned to the Trustee, as the same may be supplemented, amended or modified.

"**Set Aside**" means the requirement that at least 40% of the Available Units be occupied or held vacant for occupancy at all times by Low-Income Tenants.

"**State Conversion Date**" means the date of the first amortization payment on the Note.

"**State Reserve Period**" means, with respect to the Development, the period beginning on the State Conversion Date and ending on the earliest of the following dates: (a) the date of any involuntary change in ownership of the Development; (b) the date on which the Borrower suffers a total casualty loss with respect to the Development or the date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored; (c) the date on which the Development is demolished; (d) the date on which the Development ceases to be used as multifamily rental property; or (e) the end of the State Restrictive Period.

"**State Restrictive Period**" means, with respect to the Development, the period beginning on the first day on which the Borrower takes legal possession of the Development and ending on the latest of (a) the date that is 40 years (as a result of the Borrower's election to extend the affordability period) after the first day of the State Restrictive Period, (b) the first date on which no tax-exempt private activity bond issued with respect to the Development is outstanding for federal income tax purposes, and (c) the date on which any assistance provided with respect to the Development from the federal government terminates.

"**Tax Exemption Agreement**" means the Tax Exemption Certificate and Agreement of even date herewith among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended, modified, supplemented or restated, from time to time, in accordance with its terms.

"**Tenant Income Certification**" means a certification form available on the Issuer's website at the time of submission used to certify income and other matters executed by the household members of each Unit in the Development.

"**Unit**" means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Development; provided that, a unit will not fail to be treated as a Unit merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

"**Unit Status Report**" means the certified residential rental housing program compliance report with respect to the Development to be filed by the Borrower with the Issuer electronically through the filing system available on the Issuer's website in the form available on the Issuer's website at the time of submission of the report or in such other form as the Issuer may reasonably prescribe in writing to the Borrower pursuant to Section 4(e) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender include each other gender, and words of the singular number include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof are to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms are to be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and do not in any way modify or restrict any of the terms or provisions hereof and are not to be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent arises.

Section 1A. Acquisition, Construction and Equipping of the Development. The Borrower hereby represents, covenants and agrees as follows:

(a) The statements made in the various certificates delivered by the Borrower to the Issuer or the Trustee or both, including specifically the representations and expectations set forth in the Tax Exemption Agreement, are true and correct.

(b) The Borrower will submit to the Issuer and the Trustee evidence of construction completion as required in the Loan Agreement, and attached as Exhibit D thereto, within 30 days of completion. The Borrower will also submit a request for final construction inspection to the Issuer, in the format prescribed by the Issuer as required pursuant to Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code. The Borrower further agrees to cause the architect of record to submit a certification that the Development was built in compliance with all applicable laws and the engineer of record (if applicable) must submit a certification that the Development was built in compliance with design requirements.

(c) The Borrower will take or not fail to take, as is applicable, all actions necessary to cause the proceeds of the Bonds to be applied in a manner consistent with the requirements of the Indenture, the Loan Agreement, the Tax Exemption Agreement and this Regulatory Agreement. The Borrower acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code applicable to the Borrower and the Development.

(d) The Borrower is a qualified "housing sponsor" as defined in the Act.

Section 2. Tax-Exempt Status of the Bonds. The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the Federal Tax Status of the Bonds. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees:

(a) That the Development will be owned, managed and operated as a "qualified residential rental project" within the meaning of section 142(d) of the Code, on a continuous basis during the Qualified Project Period. In particular, the Borrower covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) that the Development will be comprised of residential Units and facilities functionally related and subordinate thereto;

(ii) that each Unit will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other Units; provided that, a Unit will not fail to meet these

requirements merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code);

(iii) that the land and the facilities that are part of the Development will be functionally related and subordinate to the Units comprising the Development and will be of a character and size that is commensurate with the character and size of the Development;

(iv) that at no time will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than six months (unless the Unit serves as a single room occupancy unit or transitional housing for the homeless (as described in section 42(i)(3)(B) of the Code), in which case such lease may be on a month-to-month basis) or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

(v) that the Development will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (B) will be owned by the same person for federal income tax purposes, and (C) will be financed pursuant to a common plan;

(vi) that substantially all of the Development will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Development tenants at no additional charge, such as swimming pools, other recreational facilities, parking areas, and other facilities that are reasonably required for the Development, such as heating and cooling equipment, trash disposal equipment, and Units for resident managers, security personnel or maintenance personnel;

(vii) that at no time will any Unit in any building or structure in the Development that contains fewer than five Units be occupied by the Borrower;

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in this Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement) at all times during the longer of (A) the remaining term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low-Income Tenants and other Eligible Tenants as provided herein, and that at no time will any portion of the Development be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that the Development will meet the Set Aside. For the purposes of this Section 2(a)(ix), a vacant Unit that was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low-Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant's Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant's Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable

income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the same building (within the meaning of section 42 of the Code) is rented to a tenant that does not qualify as a Low-Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from each Low-Income Tenant dated immediately prior to the initial occupancy of such Low-Income Tenant in the Development and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Issuer's website; provided that, if any Units in the Development are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with section 142(d)(3)(A) of the Code. The Borrower will obtain such additional information as may be required in the future by section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations that are tax-exempt private activity bonds described in section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer's Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Issuer, the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Development continues to meet the requirements of section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer's website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer's website) in accordance with Section 4(e) hereof.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low-Income Units and will permit, at all reasonable times during normal business hours and upon reasonable notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Development Site to examine and inspect the Development and to inspect and photocopy the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low-Income Units. The Borrower will retain all records maintained in accordance with this Section 2 until the date that is three years after the end of the Qualified Project Period.

(c) That the Borrower will provide to the Trustee and the Issuer a certificate in the form attached hereto as Exhibit E certifying (i) within 90 days thereof, the date on which 10% of

the Units are occupied; and (ii) within 90 days thereof, the date on which 50% of the Units are occupied.

(d) That the Borrower will prepare and submit to the Issuer and the Trustee, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form; however, failure to deliver such certificate shall not extend the Qualified Project Period.

Anything in this Regulatory Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower hereunder or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

Section 3. Modification of Tax and Other Restrictive Covenants. The Borrower, the Trustee, the Fee Owner and the Issuer hereby agree as follows:

(a) During the Qualified Project Period and the State Restrictive Period, to the extent any amendments to the Act or the Code, in the written opinion of Bond Counsel filed with the Issuer, the Trustee, the Fee Owner and the Borrower, are required by the terms thereof to be applied to, and impose requirements upon, the ownership or operation of the Development that are more restrictive than those imposed by this Regulatory Agreement, this Regulatory Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements to be effective for the duration of such more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as is necessary to document such automatic amendment hereof. In addition, this Regulatory Agreement will be amended to the extent required by, and in accordance with, the Loan Agreement.

(b) During the Qualified Project Period and the State Restrictive Period, to the extent that the Act, the Code, or any amendments thereto, in the written opinion of Bond Counsel filed with the Issuer, the Trustee, the Fee Owner and the Borrower, impose requirements upon the ownership or operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee, the Fee Owner and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with compliance with the requirements of this Section will be paid by the Borrower and its successors in interest.

Section 4. Housing Development During the State Restrictive Period. The Issuer and the Borrower hereby recognize and declare their understanding and intent that the Development is to be owned, managed and operated as a "housing development," as such term is defined in Section 2306.004(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer until the expiration of the State Restrictive Period.

To the same end, the Borrower hereby represents, covenants and agrees as follows during the State Restrictive Period:

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Development, to assure that 100% of the Units are reserved for Eligible Tenants;

(b) to assure that the provisions of Sections 2(a)(viii) and 2(a)(ix) hereof continue in full force and effect until the end of the State Restrictive Period;

(c) to obtain a Tenant Income Certification from each tenant in the Development (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant's initial occupancy of a Unit in the Development, and, if required as described in Section 2(a)(x) hereof, at least annually thereafter in the manner as described in Section 2(a)(x) hereof, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

(d) to obtain from each tenant in the Development (other than resident managers, security personnel and maintenance personnel), at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form provided by the Issuer to the Borrower from time to time that (i) such lease is subordinate to the Security Instrument and this Regulatory Agreement, (ii) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (iii) the family income and eligibility requirements of this Regulatory Agreement and the Loan Agreement are substantial and material obligations of tenancy in the Development, (iv) such tenant will comply promptly with all requests for information with respect to such requirements from the Borrower, the Fee Owner, the Trustee and the Issuer, and (v) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Development;

(e) to cause to be prepared and submitted to the Issuer (via the electronic filing system available on the Issuer's website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Issuer with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Issuer's website at the time of submission or in such other form as the Issuer may reasonably prescribe in writing to the Borrower with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

(f) to the extent legally permissible and upon reasonable notice to permit any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Borrower pertaining to the Development or the incomes of Development tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements;

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Owner's Compliance Report to the Issuer in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2028;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached hereto as Exhibit C in the manner provided in such Exhibit, or from any additional supportive services added to the Issuer's rules at any future date that are of similar value to the service it is intending to replace as agreed to in writing by the Issuer. The Borrower must maintain documentation satisfactory to the Issuer of social services provided and such documentation will be reviewed during monitoring reviews beginning with the first monitoring review and must be submitted to the Issuer upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code and other Issuer rules regarding affirmative marketing and written policies and procedures, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's National Standards for the Physical Inspection of Real Estate and to provide regular maintenance to keep the Development sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Issuer must first provide notice of any default or breach to the Borrower, and the Borrower will have 30 days to cure such default or breach;

(k) to renew any available rental subsidies which are sufficient to maintain the economic viability of the Development pursuant to Section 2306.185(c) of the Texas Government Code;

(l) the Borrower is not a party to and will not enter into a contract for the Development with, a housing developer that (i) is on the Issuer's debarred list, including any parts of that list that are derived from the debarred list of HUD; (ii) breached a contract with a public agency; or (iii) misrepresented to a subcontractor the extent to which the Borrower has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Borrower's participation in contracts with the agency and the amount of financial assistance awarded to the Borrower by the agency;

(m) to cooperate fully with the Issuer with respect to its compliance and oversight requirements and to cause the manager of the Development to so comply;

(n) to ensure that Units intended to satisfy the Set Aside under Section 2(a)(ix) hereof will be distributed evenly throughout the Development and will include a reasonably proportionate amount of each type of Unit available in the Development;

(o) to ensure that the Development conforms to the federal Fair Housing Act; and

(p) to pay to the Issuer the Issuer Compliance Fee (as defined in the Indenture).

Section 4.A. Repairs and Maintenance Required by State Law. The Borrower will maintain the Replacement Reserve required by and created pursuant to the Replacement Reserve Agreement or a similar account for the longer of: (a) the period of time required pursuant to the Replacement Reserve Agreement, or (b) the State Reserve Period as required by Section 2306.186 of the Texas Government Code.

Section 4.B. Development Amenities. The Borrower hereby represents, covenants and agrees that the Development will include the Development Amenities as described in Exhibit B-2 attached hereto.

Section 5. Reserved.

Section 6. Persons With Special Needs. The Borrower represents, covenants and warrants that during the State Restrictive Period, it will make at least 5% of the Units within the Development available for occupancy by Persons with Special Needs.

Section 7. Consideration. The Issuer has issued the Bonds to provide funds to make the Loan to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Development. In consideration of the issuance of the Bonds by the Issuer and in consideration of the Borrower entering into the Ground Lease, the Borrower and the Fee Owner have entered into this Regulatory Agreement and have agreed to restrict the uses to which the Development can be put on the terms and conditions set forth herein.

Section 8. Reliance. The Issuer, the Trustee, the Fee Owner and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all Persons interested in the legality and validity of the Bonds, and in the excludability of interest on the Bonds from gross income for federal income tax purposes under existing law. In performing their duties and obligations hereunder, the Borrower, the Fee Owner, the Issuer and the Trustee may conclusively rely upon statements and certificates of the Low-Income Tenants or Eligible Tenants and the Issuer and the Trustee may rely upon (i) statements and certifications by the Borrower and the Fee Owner; (ii) audits of the books and records of the Borrower and the Fee Owner pertaining to the Development; and (iii) with respect to the Trustee, any other information provided to the Trustee, pursuant to this Regulatory Agreement. In addition, the Issuer, the Borrower, the Fee Owner and the Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by the Issuer, the Borrower, the Fee Owner or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default by the Borrower or the Fee Owner exists under this Regulatory Agreement, the Trustee is not required to conduct any investigation into or review of the operations or records of the Borrower or the Fee Owner and may rely on any written report, notice or certificate or other information delivered to the Trustee, as required by this Regulatory Agreement, by any Person retained to review the Borrower's or the Fee Owner's compliance with this Regulatory Agreement or by the Borrower, the Fee Owner or the Issuer with respect to the occurrence or absence of a default unless it has actual knowledge that the report, notice or certificate is erroneous or misleading.

Section 9. Development in Dallas County. The Borrower hereby represents that the Development is located entirely within Dallas County, Texas.

Section 10. Sale or Transfer of the Development or Change in General Partner or Class B Limited Partner.

(a) Each of the Borrower and the Fee Owner covenants and agrees not to sell, transfer or otherwise dispose of the Development (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Issuer, (ii) complying with any applicable provisions of this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and other Loan Documents and (iii) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the proposed purchaser or transferee has duly assumed all of the rights and obligations of the Borrower or the Fee Owner, as applicable, under this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by such proposed purchaser or transferee in connection therewith has been duly

authorized, executed and delivered by such proposed purchaser or transferee and is a valid and enforceable obligation of such proposed purchaser or transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee and the Borrower, which opinion will be furnished at the expense of the Borrower or the proposed purchaser or transferee, (C) the Issuer receives a transfer fee equal to $1,000, (D) the proposed purchaser or transferee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower or the Fee Owner under this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents, (E) the Issuer has performed a previous participation review on the proposed purchaser or transferee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or transferee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or transferee relating to the Development, including but not limited to this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents, (F) the proposed purchaser or transferee has met the requirements in Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code, and (G) the Borrower or proposed purchaser or transferee have paid any and all fees or expenses of Bond Counsel incurred in association with its review and drafting of documents relating to the transfer. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers (except in the case of a change in ownership resulting from a deed in lieu of foreclosure, advance notice, which notice must include information regarding the applicable rent/income requirements post such deed in lieu of foreclosure, must be provided to both the Department and to the tenants at least 30 days prior to finalizing the transfer), but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained herein, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, provided that written notice thereof has been provided to the Issuer: (a) the transfer by the Equity Investor of its non-Controlling interest in the Borrower in accordance with the terms of the Borrower's Organizational Documents, (b) the removal of the general partner or the Class B limited partner of the Borrower and the temporary replacement thereof with the Equity Investor or any of its affiliates in accordance with the Organizational Documents, (c) the transfer of ownership interests in the Equity Investor, (d) upon the expiration of the tax credit compliance period, the transfer of the interests of the Equity Investor in the Borrower to the Borrower's general partner or any of its affiliates, and (e) any amendment to the Organizational Documents to memorialize the transfers or removal described above. For the purposes of the preceding sentence, "Control" or "Controlling" has the meaning given to such term in Title 10, Part 1, Subchapter A, Section 11.1, Texas Administrative Code. Each of the Borrower and the Fee Owner hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Development in violation of this subsection will be ineffective to relieve the Borrower or the Fee Owner, as applicable, of its obligations under this Regulatory Agreement. Upon any sale, transfer or other disposition of the Development in compliance with this Regulatory Agreement, the Borrower or the Fee Owner so selling, transferring or otherwise disposing of the Development will have no further liability for obligations under the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement or any other Loan Document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower and the Fee Owner as set forth in the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement or any other Loan Document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Development.

(b) No transfer of the Development will release the Borrower or the Fee Owner from its respective obligations under this Regulatory Agreement arising prior to the date of such transfer, but any such transfer in accordance with this Regulatory Agreement will relieve the Borrower or the Fee Owner, as applicable, of further liability for obligations under this Regulatory Agreement arising after the date of such transfer.

(c) Except as set forth in Section 10(a) above, the Borrower will not change its general partner or Class B Limited Partner by transfer, sale or otherwise without the prior written consent of the Issuer, in accordance with Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code. A change in the Borrower's general partner or Class B Limited Partner includes any transfer of any controlling ownership interest in the general partner or Class B Limited Partner, respectively, other than by death or incapacity.

Section 11. Term. This Regulatory Agreement and all and each of the provisions hereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture and the resignation or removal of the Trustee; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements set forth herein will terminate, without the requirement of any consent by the Issuer or the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions hereof, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a "qualified residential rental project" that meets the requirements of the Code and State law including, but not limited to, the provisions set forth in Sections 1A through 6, 10, 11 and 12 of this Regulatory Agreement. The provisions of the preceding sentence will cease to apply and the requirements referred to therein will be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any Related Person obtains an ownership interest in the Development for federal income tax purposes or for the purposes of State law.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee, the Fee Owner and the Borrower upon receipt of a Favorable Opinion of Bond Counsel.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments are not necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. All costs, including fees and expenses, of the Issuer and the Trustee incurred in connection with the termination of this Regulatory Agreement will be paid by the Borrower and its successors in interest.

Section 12. Covenants to Run With the Land. The Borrower and the Fee Owner hereby subject the Development (including the Development Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer, the Trustee, the Fee Owner and the Borrower hereby declare that the covenants, reservations and restrictions set forth herein are covenants running with the land and will pass to and be binding upon the Borrower's and the Fee Owner's successors in title to the Development; provided, however, that upon the termination of this Regulatory Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Development or any portion thereof prior to the termination of this Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

No breach of any of the provisions of this Regulatory Agreement will impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Development or any portion thereof.

Section 13. Burden and Benefit. The Issuer, the Trustee, the Fee Owner and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Development is rendered less valuable thereby. The Issuer, the Trustee, the Fee Owner and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low-Income Tenants and Eligible Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof will apply uniformly to the entire Development in order to establish and carry out a common plan for the use, development and improvement of the Development Site.

Section 15. Default; Enforcement by the Trustee and Issuer. If the Borrower or the Fee Owner defaults in the performance or observance of any covenant, agreement or obligation of the Borrower or the Fee Owner, as applicable, set forth in this Regulatory Agreement, and if such default remains uncured by the Borrower or the Fee Owner for a period of 60 days after written notice thereof has been given by the Issuer or the Trustee to the Borrower, the Fee Owner and the Equity Investor at the Notice Addresses set forth in the Indenture, then the Trustee, acting on its own behalf or on behalf of the Issuer and after being indemnified as provided in the Indenture and in the Loan Agreement, will declare an "Event of Default" to have occurred hereunder; provided, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default will not constitute an Event of Default hereunder and will not be declared an Event of Default so long as (i) the Borrower or the Fee Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) the Borrower or the Fee Owner delivers to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Equity Investor shall be deemed to be cure by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

During the existence of an Event of Default hereunder, the Trustee or the Issuer, each subject to being indemnified as provided in the Indenture and in the Loan Agreement with respect to the costs and expenses of any proceeding, may, at its option, take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower or the Fee Owner, as applicable, to perform its obligations

and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower or the Fee Owner, as applicable, pertaining to the Development during regular business hours following reasonable prior written notice; and

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower or the Fee Owner hereunder.

Each of the Borrower and the Fee Owner hereby agrees that specific enforcement of the Borrower's and the Fee Owner's agreements contained herein is the only means by which the Issuer and the Trustee may obtain the benefits of such agreements made by the Borrower and the Fee Owner herein, and each of the Borrower and the Fee Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower or the Fee Owner hereunder. In addition, if the Issuer succeeds in an action for specific performance of an obligation, covenant or agreement of the Borrower or the Fee Owner contained herein, it is entitled to the relief provided in Section 16(b) hereof to the extent provided in that provision.

All rights and remedies herein given or granted are cumulative, nonexclusive and in addition to any and all rights and remedies that the parties may have or may be given by reason of any law, statute, ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section, promptly upon determining that a violation of this Regulatory Agreement has occurred, the Issuer will to the extent that it has actual knowledge thereof, by notice in writing, use its best efforts to inform the Trustee, the Fee Owner and the Borrower (provided that the failure to notify will not adversely affect the Issuer's or the Trustee's rights under this Regulatory Agreement) that a violation of this Regulatory Agreement has occurred.

It is specifically declared that this Regulatory Agreement or obligations hereunder may not be enforced by tenants or prospective tenants of the Development (except as described in Section 16 below) or, except as specifically provided in the Indenture, by the holder of the Bonds.

Section 16. Enforcement of Certain Provisions by Tenants and other Private Parties.

(a) During the existence of an Event of Default hereunder with respect to Sections 4(i) and 4(j) hereof only, a tenant of the Development or any private party may, at its option by mandamus or other suit, including injunctive relief, require the Borrower to perform its obligations and covenants under Sections 4(i) and 4(j) hereof.

(b) If the Issuer, a tenant of the Development, or any private party brings an action to enforce the obligations and covenants of the Borrower under Sections 4(i) and 4(j) hereof, such party has the right to recover attorney's fees directly from the Borrower, without recourse to the Development, if such party is successful in an action seeking enforcement of the obligations and covenants of the Borrower hereunder. This is the only monetary relief a tenant of the Development or other private parties may receive under this Regulatory Agreement and any such recovery is subject to the provisions set forth in Section 15 above.

Section 17. The Trustee. The Trustee will act only as specifically provided herein, in the Indenture and in the Tax Exemption Agreement. Subject to the right of the Trustee to be indemnified as provided herein, in the Indenture and in the Loan Agreement, the Trustee agrees to act as the agent of and on behalf of the Issuer when requested in writing by the Issuer to do so, and any act required to be performed

by the Issuer as herein provided will be deemed taken if such act is performed by the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights, protections and obligations of the Trustee in acting hereunder will be subject to the provisions of the Indenture, the Loan Agreement and the Tax Exemption Agreement, all of which are incorporated by reference herein. The incorporated provisions of the Indenture and the Tax Exemption Agreement are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement, defeasance or termination of the Indenture and the Tax Exemption Agreement and resignation or removal of the Trustee.

Subject to the Trustee's rights under the Indenture, the Trustee will, at the direction of the Issuer, take reasonable actions to enforce compliance by the Borrower and the Fee Owner with the terms of this Regulatory Agreement. The Trustee may conclusively rely on certificates, reports or other information delivered to the Trustee, in accordance with this Regulatory Agreement, without independent investigation and the Trustee's responsibility to review and monitor compliance hereunder will not extend beyond the Trustee's receipt of the certificates, reports, and other documents required to be submitted to the Trustee pursuant to this Regulatory Agreement, and the Trustee shall have no further duty to investigate if the same reflect compliance.

The Trustee may resign or be removed only as provided in [Sections 10.12 or 10.13], respectively, of the Indenture. Such resignation or removal will not be effective until a successor Trustee satisfying the requirements of the Indenture is appointed and has accepted its appointment. The Trustee's right to indemnification provided in the Loan Agreement will survive the resignation or removal of the Trustee and the termination of this Regulatory Agreement.

Upon discharge of the Indenture, the Borrower will pay to the Trustee a fee, in an amount mutually agreed upon by the Borrower and the Trustee at the time of such discharge, for the performance of the Trustee's duties under this Regulatory Agreement through the date upon which the Bonds are to be paid in full. After the date upon which the Bonds have been paid in full, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 18. Recording and Filing. The Borrower will cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Dallas County, Texas and in such other places as the Issuer may reasonably request. A file-stamped copy of this Regulatory Agreement, and prior to the date upon which the Bonds have been paid in full all amendments and supplements thereto will be delivered to the Trustee. The Borrower will pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 19. Reimbursement of Expenses. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture and the Tax Exemption Agreement, throughout the term of this Regulatory Agreement, the Borrower will continue to pay to the Issuer and the Trustee all fees and reimbursement for all expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Borrower pursuant to the Loan Agreement and the Tax Exemption Agreement including, without limitation, reasonable compensation for any services rendered by the Issuer and the Trustee under this Regulatory Agreement and reimbursement for all expenses reasonably incurred in connection therewith.

Section 20. Governing Law. This Regulatory Agreement is governed by the laws of the State of Texas. The Trustee's rights, duties, powers and obligations hereunder are governed in their entirety by

the terms and provisions of this Regulatory Agreement, the Loan Agreement, the Indenture and the Tax Exemption Agreement.

Section 21. Amendments. Subject to the provisions of Section 3 hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto (except that after discharge of the Indenture, consent of the Trustee will not be required), or their successors in title, and duly recorded in the real property records of Dallas County, Texas, and only upon receipt of a Favorable Opinion of Bond Counsel by the Issuer, and prior to the discharge of the Indenture, the Trustee.

Section 22. Notices. Any notice required to be given hereunder to the Issuer, the Trustee, the Borrower, the Fee Owner and the Equity Investor will be given in the manner and at the notice addresses or via electronic means as set forth in the Indenture.

Section 23. Severability. If any provision of this Regulatory Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof will not in any way be affected or impaired thereby.

Section 24. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which constitute one and the same instrument, and each of which is deemed to be an original.

Section 25. Authorization to Act for Issuer. To the extent allowed by law, the Issuer hereby authorizes the Borrower to take on behalf of the Issuer all actions required or permitted to be taken by it hereunder, or under the Indenture, the Loan Agreement and the Tax Exemption Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture, the Loan Agreement and the Tax Exemption Agreement. In addition, the Issuer hereby authorizes the Borrower to exercise, on behalf of the Issuer, any election with respect to the Bonds pursuant to the Code or the Regulations, and the Issuer agrees to cooperate with the Borrower and execute any form of statement required by the Code or the Regulations to perfect any such election.

Section 26. State Law Verifications. The representations in [Section 12.12] of the Indenture (with respect to the Trustee) and in [Section 2.8] of the Loan Agreement (with respect to the Borrower) are expressly incorporated by reference into this Regulatory Agreement.

The Fee Owner makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the "Government Code"), as heretofore amended, in entering into this Regulatory Agreement. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Fee Owner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Regulatory Agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Regulatory Agreement, notwithstanding anything therein to the contrary.

(a) Fee Owner 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 Fee Owner, and Fee Owner's 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) For purposes of Chapter 2271, Texas Government Code, Chapter 2274, Texas Government Code, and Chapter 2276, Texas Government Code, the Fee Owner hereby represents that it does not have at least 10 full-time employees.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Trustee, the Fee Owner and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Issuer

By:_____
Name: James B. "Beau" Eccles
Title: Secretary to Board

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

The foregoing instrument was acknowledged before me on _____, 2026 by James B. "Beau" Eccles, Secretary to the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, on behalf of said agency.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

BOKF, NA,
as Trustee

By: _____
Name: Rosalyn Davis
Title: Vice President

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on _____, 2026 by Rosalyn Davis, a Vice President of BOKF, NA, a national banking association, on behalf of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

DALLAS COUNTY HOUSING FINANCE CORPORATION 2025,
a Texas nonprofit housing finance corporation,
as Fee Owner

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me on _____, 2026 by _____, Authorized Signer of Dallas County Housing Finance Corporation 2025, a Texas nonprofit housing finance corporation, on behalf of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

TORRINGTON WILMER, LP,
a Texas limited partnership

By: DCHFC 2025 Wilmer GP, LLC
a Texas limited liability company,
its General Partner

By: Dallas County Housing Finance Corporation 2025,
a Texas non-profit housing finance corporation,
its sole member

By:_____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by _____, Authorized Signer of Dallas County Housing Finance Corporation 2025, a Texas nonprofit housing finance corporation, sole member of DCHFC 2025 Wilmer GP, LLC, a Texas limited liability company, General Partner of Torrington Wilmer, LP, a Texas limited partnership, on behalf of said entities.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

EXHIBIT A

PROPERTY DESCRIPTION

[to come]

EXHIBIT B-1

DESCRIPTION OF DEVELOPMENT

Borrower: Torrington Wilmer, LP, a Texas limited partnership

Development: The Development is a 300-unit affordable, multifamily housing development to be known as Torrington Wilmer, located at or near 1501 E. Belt Line Road, Wilmer, Dallas County, Texas 75172. It will consist of seven (7) residential apartment buildings. The unit mix will consist of:

33	one-bedroom/one-bath units
135	two bedroom/two-bath units
96	three-bedroom/two-bath units
36	four-bedroom/two-bath units
300	Total Units

EXHIBIT B-2

DEVELOPMENT AMENITIES

"Development Amenities" means the amenities for which the Development was awarded points by the Governmental Lender, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program pre-application scoring process.

Development Common Amenities must include at least eighteen (18) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of amenities from each section. The Borrower may change, from time to time, the amenities offered; however, the overall points must remain the same. The tenant must be provided written notice of the elections made by the Borrower.

(i) Community Space for Resident Supportive Services includes:

(I) Except in Applications where more than 10% of the Units in the proposed Development are Supportive Housing SRO Units, an Application may qualify to receive half of the points required under §11.101(b)(5)(A)(i) - (vi) by electing to provide a High Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site. To receive the points the Applicant must commit to all of items (-a-) - (-c-) of this subclause.

(-a-) Space and Design. The educational space for the HQ Pre-K program must be provided on the Development Site and must be a suitable and appropriately designed space for educating children that an independent school district or open-enrollment charter school can utilize to establish and operate a HQ Pre-K program. This space includes at a minimum a bathroom and large closet in the classroom space; appropriate design considerations made for the safety and security of the students; including limited and secure ingress and egress to the classroom space; and satisfaction of the requirements of all applicable building codes for school facilities. The Applicant must provide in the Application a copy of the current school facility code requirements applicable to the Development Site and Owner and Architect certifications that they understand the associated space and design requirements reflected in those code requirements. The Application must also include acknowledgement by all lenders, equity providers and partners that the Application includes election of these points.

(-b-) Educational Provider Agreement. The Applicant must enter into an agreement, addressing all items as described in subitems (-1-) - (-5-) of this item, and provide evidence of such agreement to the Department on or before submission of the Cost Certification. Lack of evidence of such agreement by the deadline will be cause for rescission of the Carryover Agreement for Competitive HTC Applications.

(-1-) The agreement must be between the Owner and an Educational Provider.

(-2-) The agreement must reflect that at the Development Site the Educational Provider will provide a HQ Pre-K program, in accordance with Texas Education Code Chapter 29, Subchapter E-1, at no cost to residents of the proposed

Development and that is available for general public use, meaning students other than those residing at the Development may attend.

(-3-) Such agreement must reflect a provision that the option to operate the HQ Pre-K program in the space at the Development Site will continue to be made available to the school or provider until such time as the school or provider wishes to withdraw from the location. This provision will not limit the Owner's right to terminate the agreement for good cause.

(-4-) Such agreement must set forth the responsibility of each party regarding payment of costs to use the space, utility charges, insurance costs, damage to the space or any other part of the Development, and any other costs that may arise as the result of the operation of the HQ Pre-K program.

(-5-) The agreement must include provision for annual renewal, unless terminated under the provisions of item (-c-) of this subclause.

(-c-) If an Educational Provider who has entered into an agreement becomes defunct or elects to withdraw from the agreement and provision of services at the location, as provided for in subitem (-b-)(-3-) of this subclause, the Owner must notify the Texas Commissioner of Education at least 30 days prior to ending the agreement to seek out any other eligible parties listed in subitem (-b-)(-1-) of this subclause above. If another interested open-enrollment charter school or school district is identified by the Texas Commissioner of Education or the Owner, the Owner must enter into a subsequent agreement with the interested open-enrollment charter school or school district and continue to offer HQ Pre-K services. If another interested provider cannot be identified, and the withdrawing provider certifies to the Department that their reason for ending the agreement is not due to actions of the Owner, the Owner will not be considered to be in violation of its commitment to the Department. If the Owner is not able to find a provider, they must notify the Commissioner annually of the availability of the space.

(II) Multifunctional learning and care center(s) or conference room(s) with the appropriate furnishings to deliver the Resident Supportive Services pertaining to classes or care for children and selected by the Development Owner. The room(s) devoted to meeting this requirement must equal 15 square feet times the total number of Units, but need not exceed 2,000 square feet in total. This space must be separate from any other community space but may include a full kitchen. The room(s) must include storage space, such as closets or cabinetry (4 points).

(III) Multifunctional learning and care center(s) or conference room(s) with the appropriate furnishings to deliver the Resident Supportive Services pertaining to classes or care for adults and selected by the Development Owner. The room(s) devoted to meeting this requirement must equal 10 square feet times the total number of Units, but need not exceed 1,000 square feet in total. This space must be separate from any other community space but may include a full kitchen. The room(s) must include storage space, such as closets or cabinetry (2 points).

(IV) Service provider office in addition to leasing offices (1 point).

(ii) Safety amenities include:

(I) Controlled gate access for entrance and exit areas, intended to provide access that is limited to the Development's tenancy (1 point).

(II) Secured Entry (applicable only if all Unit entries are within the building's interior) (1 point).

(III) Twenty-four hour, seven days a week monitored camera/security system in each building. Monitoring may be on-site or off-site (2 points).

(IV) Twenty-four hour, seven days a week recorded camera / security system in each building (1 point).

(V) The provision of a courtesy patrol service that, at a minimum, answers after-hour resident phone calls regarding noise and crime concerns or apartment rules violations and that can dispatch to the apartment community a courtesy patrol officer in a timely manner (3 points).

(iii) Health/Fitness/Play amenities include:

(I) Accessible walking/jogging path, equivalent to the perimeter of the Development or a length that reasonably achieves the same result, separate from a sidewalk and in addition to required accessible routes to Units or other amenities (1 point).

(II) Furnished fitness center. Equipped with a variety of fitness equipment (at least one item for every 40 Units). Choose from the following: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, dumbbell set, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control and allow for after-hours access. (1 point).

(III) Furnished fitness center. Equipped with a variety of fitness equipment (at least one item for every 20 Units). Choose from the following: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, dumbbell set, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control and allow for after-hours access. (2 points).

(IV) One Children's Playscape Equipped for five to 12 year olds, or one Tot Lot (2 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, and provide shade and ultraviolet protection. This item can only be selected if subclause (V) of this clause is not selected.

(V) Two Children's Playscapes Equipped for five to 12 year olds, two Tot Lots, or one of each (4 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, and provide shade and ultraviolet protection. This item can only be selected if subclause (IV) of this clause is not selected.

(VI) Horseshoe pit; putting green; shuffleboard court; pool table; ping pong table; or similar equipment in a dedicated location accessible to all residents to play such games (1 point).

(VII) Swimming pool with after-hours access (5 points).

(VIII) Splash pad/water feature play area (3 points).

(IX) Sport Court or field (including, but not limited to, Tennis, Basketball, Volleyball, Pickleball, Soccer, or Baseball Field) (2 points).

(iv) Design / Landscaping amenities include:

(I) Full perimeter fencing that contains the parking areas and all amenities (excludes guest or general public parking areas) (2 points).

(II) Enclosed community sun porch or covered community porch/patio (1 point).

(III) Dog Park area that is fully enclosed (the perimeter fencing may be used for part of the enclosure) and intended for tenant owned dogs to run off leash (requires that the Development allow dogs) (2 points).

(IV) Shaded rooftop or structural viewing deck of at least 500 square feet (2 points).

(V) Porte-cochere (1 point).

(VI) Lighted pathways along all accessible routes (1 point).

(VII) a resident-run community garden with annual soil preparation and mulch provided by the Owner and access to water (which may be subject to local water usage restrictions) (1 point).

(v) Community Resources amenities include:

(I) Community laundry room with at least one washer and dryer for every 40 Units (2 points).

(II) Barbecue grill and picnic table with at least one of each for every 50 Units (1 point). Grill must be permanently installed (no portable grills).

(III) Business center with workstations and seating internet access, 1 printer and at least one scanner which may be integrated with the printer, and either 2 desktop computers or laptops available to check-out upon request (2 points).

(IV) Furnished Community room (2 points).

(V) Library with an accessible sitting area (separate from the community room) (1 point).

(VI) Activity Room stocked with supplies (Arts and Crafts, board games, etc.) (2 points).

(VII) Community Dining Room with full or warming kitchen furnished with adequate tables and seating (3 points).

(VIII) Community Theater Room equipped with a 52 inch or larger screen or projection with surround sound equipment; DVD player or a streaming service at no cost to residents; and seating (3 points).

(IX) High-speed Wi-Fi with advanced telecommunications capacity as determined under 47 U.S.C. 1302 or more with coverage throughout the clubhouse or community building (1 point).

(X) High-speed Wi-Fi with advanced telecommunications capacity as determined under 47 U.S.C. 1302 with coverage throughout the Development (2 points).

(XI) Bicycle parking that allows for, at a minimum, one bicycle for every five Units, within reasonable proximity to each residential building that allows for bicycles to be secured with lock (lock not required to be provided to tenant) (1 point).

(XII) Package Lockers or secure package room. Automated Package Lockers or secure package room provided at a location within the complex that can be accessed by residents 24/7 and at no charge to the resident. To qualify, there would need to be at least one locker for every eight residential units (2 points).

(XIII) Recycling Service (includes providing a storage location and service for pick-up) (1 point).

(XIV) Community car vacuum station (1 point).

(XV) Access to onsite bike sharing services, provided tenants have short-term, autonomous access to community-owned bicycles, with at least one bicycle per 25 Units (1 point).

(XVI) A covered outdoor area with seating to be used as a waiting area for public transportation or a school bus (1 point).

Unit, Development Construction, and Energy and Water Efficiency Features.

The Development must include at least nine (9) points selected from the following list. At least two (2) points must be selected from clause (iii) Energy and Water Efficiency Features. The development must maintain the points associated with those amenities by maintaining the amenity selected or providing substitute amenities with equal or higher point values.

(i) Unit Features include:

(I) Covered entries (0.5 point);

(II) Nine foot ceilings in living room and all Bedrooms (at minimum) (1 point);

(III) Microwave ovens (0.5 point);

(IV) Self-cleaning or continuous cleaning ovens (0.5 point);

(V) Storage room or closet, of approximately 9 square feet or greater, separate from and in addition to Bedroom, entryway or linen closets and which does not need to be in the Unit but must be on the Property site (0.5 point);

(VI) Covered patios or covered balconies (0.5 point);

(VII) High Speed Internet service to all Units (can be wired or wireless; required equipment for either must be provided) (1 point);

(VIII) Built-in (recessed into the wall) shelving unit (0.5 point);

(IX) Breakfast Bar (a space, generally between the kitchen and dining area, that includes an area for seating although actual seating such as bar stools does not have to be provided) (0.5 point);

(X) Walk-in closet in at least one Bedroom (0.5 point);

(XI) 48-inch upper kitchen cabinets (1 point);

(XII) Kitchen island (0.5 points);

(XIII) Kitchen pantry with shelving (may include the washer/dryer unit for Rehabilitation Developments only) (0.5 point);

(XIV) Natural stone or quartz countertops in kitchen and bath (1 point);

(XV) Double vanity in at least one bathroom (0.5 point); and

(XVI) Hard floor surfaces in over 50% of unit NRA (0.5 point).

(ii) Development Construction Features include:

(I) Covered parking (may be garages or carports, attached or freestanding) and include at least one covered space per Unit (1.5 points);

(II) Thirty year roof (0.5 point);

(III) Greater than 30% stucco or masonry (includes stone, cultured stone, and brick but excludes cementitious and metal siding) on all building exteriors; the percentage calculation may exclude exterior glass entirely (2 points);

(IV) Electric Vehicle Charging Station (0.5 points);

(V) An Impact Isolation Class (IIC) rating of at least 55 and a Sound Transmission Class (STC) rating of 60 or higher in all Units, as certified by the architect or engineer of record (3 points); and

(VI) Green Building Features. Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Four (4) points may be selected from only one of the categories described in items (-a-) - (-d-) of this subclause. If the Development involves scattered sites, there must be green building features incorporated into each site in order to qualify for these points.

(-a-) Enterprise Green Communities. The Development must incorporate, at a minimum, all items necessary to obtain Enterprise Green Communities certification applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at http://www.greencommunitiesonline.org.

(-b-) Leadership in Energy and Environmental Design (LEED). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).

(-c-) ICC/ASHRAE - 700 National Green Building Standard (NGBS). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NGBS Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

(-d-) 2018 International Green Construction Code.

(iii) Energy and Water Efficiency Features include:

(I) Energy-Star or equivalently rated refrigerator with icemaker (0.5 point);

(II) Energy-Star or equivalently rated laundry equipment (washers and dryers) for each individual Unit; must be front loading washer and dryer in required accessible Units (2 points);

(III) Recessed LED lighting or LED lighting fixtures in kitchen and living areas (1 point);

(IV) Energy-Star or equivalently rated ceiling fans in all Bedrooms (0.5 point);

(V) EPA WaterSense or equivalent qualified toilets in all bathrooms (0.5 point);

(VI) EPA WaterSense or equivalent qualified showerheads and faucets in all bathrooms (0.5 point);

(VII) 15.2 SEER2 HVAC, or in Region 13, an efficient evaporative cooling system. For Rehabilitation (excluding Reconstruction) where such systems are not being replaced as part of the scope of work, a radiant barrier in the attic is provided, (1 point);

(VIII) 16.0 SEER2 HVAC, for New Construction or Rehabilitation (1.5 points);

(IX) A rainwater harvesting/collection system or locally approved greywater collection system (0.5 points);

(X) Wi-Fi enabled, Energy-Star or equivalently rated "smart" thermostats installed in all units (1 point); and

(XI) Solar panels installed, with a sufficient number of panels to reach a rated power output of at least 300 watts for each Low-Income Unit. (2 points).

EXHIBIT C

TENANT SUPPORTIVE SERVICES

The tenant supportive services to be provided must include at least eight (8) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of services from each section. The Borrower may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. Should the Issuer's rules in subsequent years provide different services than those listed below, the Borrower may be allowed to select services listed therein upon written consent from the Issuer, and any services selected must be of similar value to the service the Borrower is intending to replace. The services provided should be those that will directly benefit the Target Population of the Development. Tenants must be provided written notice of the elections made by the Borrower.

(A) Transportation Supportive Services include:

(i) shuttle, at least three days a week, to a grocery store and pharmacy or a major, big-box retailer that includes a grocery store and pharmacy, OR a daily shuttle, during the school year, to and from nearby schools not served by a school bus system for children who live at the Development (3.5 points); and

(ii) monthly transportation to community/social events such as mall trips, community theatre, bowling, organized tours, etc. (1 point).

(B) Children Supportive Services include:

(i) provide a High Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site meeting the requirements of paragraph (5)(C)(i)(I) of this subsection. (Half of the points required under this paragraph); and

(ii) Twelve hours of weekly, organized, on-site services provided to K-12 children by a dedicated service coordinator or third-party entity. Services include after-school and summer care and tutoring, recreational activities, character building programs, mentee opportunities, test preparation, and similar activities that promote the betterment and growth of children and young adults (3.5 points).

(C) Adult Supportive Services include:

(i) Four hours of weekly, organized, in-person, hybrid, or virtual classes accessible to participants from a Common Area on site to an adult audience by persons skilled or trained in the subject matter being presented, such as English as a second language classes, computer training, financial literacy courses, homebuyer counseling, health education courses, certification courses, GED preparation classes, resume and interview preparatory classes, general presentations about community services and resources, and any other course, class, or presentation that may equip residents with new skills that they may wish to develop (3.5 points);

(ii) annual income tax preparation (offered by an income tax prep service) or IRS-certified VITA (Volunteer Income Tax Assistance) program (offered by a qualified individual) that also emphasizes how to claim the Earned Income Tax Credit (1 point);

(iii) contracted career training and placement partnerships with local worksource offices, culinary programs, or vocational counseling services; may include resident training programs that train and hire residents for job opportunities inside the development in areas like leasing, tenant services, maintenance, landscaping, or food and beverage operation (2 points);

(iv) external partnerships for provision of weekly substance abuse meetings at the Development Site (1 point);

(v) reporting rent payments to credit bureaus for any resident who affirmatively elects to participate, which will be a requirement of the LURA for the duration of the Affordability Period (2 points); and

(vi) participating in a non-profit healthcare job training and placement service that includes case management support and other need-based wraparound services to reduce barriers to employment and support Texas healthcare institution workforce needs (2 points).

(vii) An eviction prevention program operated by a case manager. The case manager may be an employee of the owner or a third-party social service provider and shall be responsible for no more than 50 cases at a time. On at least a monthly basis, the case manager will obtain contact information and past due balances for households that are at risk of eviction for nonpayment of rent. For households that voluntarily choose to participate, the case manager shall offer an eviction holdoff agreement providing a minimum of 6 months for the household to resolve the past due balance and forgiving any late fees associated with that balance, regardless of whether they have been paid, should the agreement be fulfilled. During the eviction holdoff period, the case manager will offer to meet with the household at least once every other week. The case manager will identify resources in the community that provide emergency rental assistance and other financial support and assist the household in applying for these programs (5 points).

(D) Health Supportive Services include:

(i) food pantry consisting of an assortment of non-perishable food items and common household items (i.e. laundry detergent, toiletries, etc.) accessible to residents at least on a monthly basis or upon request by a resident. While it is possible that transportation may be provided to a local food bank to meet the requirement of this resident service, the resident must not be required to pay for the items they receive at the food bank (2 points);

(ii) annual health fair provided by a health care professional (1 point);

(iii) weekly exercise classes (offered at times when most residents would be likely to attend) (2 points); and

(iv) contracted onsite occupational or physical therapy services for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points).

(E) Community Supportive Services include:

(i) partnership with local law enforcement or local first responders to provide quarterly on-site social and interactive activities intended to foster relationships with residents (such activities could include playing sports, having a cook-out, swimming, card games, etc.) (2 points);

(ii) Notary Services during regular business hours (§2306.6710(b)(3)) (1 point);

(iii) twice monthly arts, crafts, and other recreational activities (e.g. Book Clubs and creative writing classes) (1 point);

(iv) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, holiday celebrations, etc.) (1 point);

(v) specific service coordination services offered by a qualified Owner or Developer, qualified provider or through external, contracted parties for seniors, Persons with Disabilities or Supportive Housing (3 points);

(vi) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc., and quarterly preventative maintenance including light bulb replacement) for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);

(vii) any of the programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of unplanned pregnancies; and encourages the formation and maintenance of two-parent families (1 point);

(viii) a part-time resident services coordinator with a dedicated office space at the Development or a contract with a third-party to provide the equivalent of 15 hours or more of weekly resident supportive services at the Development (2 points); and

(ix) provision, by either the Development Owner or a community partner, of an education tuition- or savings-match program or scholarships to residents who may attend college (2 points).

EXHIBIT D

RESERVED.

EXHIBIT E

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

BOARD MEMBERS
Leo Vasquez, *Chair*
Kenny Marchant, *Vice Chair*
Cindy Conroy, Member
Anna Maria Farías, Member
Holland Harper, Member
Ajay Thomas, Member

Multi Family Mortgage Revenue Bond
Qualified Project Period

The Texas Department of Housing and Community Affairs require the information in Sections A and B below to compute the qualified project period for Mortgage Revenue Bond properties. Please complete the form as the appropriate dates are identified. Upload this form in TDHCA's Compliance Monitoring Tracking System (CMTS) to the attention of Amy Hammond immediately after the property reaches the 50% Occupancy Date.

Section A

Property Name	
Address	
Contact Name	
Contact Phone #	

Section B

Initial Bond Closing Date	
Longest Maturity Date	
Date First Unit Occupied	
10% Occupancy Date	
50% Occupancy Date	
50% Occupancy Date + 15 years	

Signature _____ Date _____

Printed Name _____ Title_____

221 East 11th Street P.O. Box 13941 Austin, Texas 78711-3941 (800) 525-0657 (512) 475-3800

EQUAL HOUSING OPPORTUNITY

PROMISSORY NOTE

$[_____].00 [_____], 2026
Cedar Rapids, Iowa

FOR VALUE RECEIVED, TORRINGTON WILMER, LP, a Texas limited partnership (the "Borrower"), hereby promises to pay to the order of the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (the "Holder"), the principal sum of [_____] and 00/100 Dollars ($[_____].00), which amount has been advanced to or for the benefit of the Borrower pursuant to that certain Loan Agreement dated as of [April] 1, 2026 (the "Loan Agreement"), by and between the Borrower, Holder and Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation ("Lender"), in lawful money of the United States and immediately available funds, together with interest on the unpaid balance accruing from and after the date hereof at a rate initially equal to [___]%. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement or in the Indenture (as defined herein).

Commencing on the date hereof, and effective as of the first (1st) day of each Accrual Period, the rate of interest hereunder for such Accrual Period shall be adjusted to be equal to the Interest Rate. All such adjustments to said rate shall be made and become effective as of the first (1st) day of such Accrual Period and said rate as adjusted shall remain in effect until and including the day immediately preceding the next Accrual Period.

Interest on this Note shall accrue at the Interest Rate in effect during each Accrual Period and shall be payable on the first (1st) calendar day following such Accrual Period, beginning on [_____], 2026. Commencing on [_____], Borrower shall also make payments of principal hereunder equal to and when required as set forth in Schedule A attached hereto and incorporated herein. The full amount of principal and accrued interest hereunder shall be due and payable on May 1, 2046 (the "Maturity Date"). Notwithstanding anything to the contrary set forth herein, the Borrower agrees to make payments to BOKF, NA (the "Trustee") in the amounts and at the times necessary to pay the principal of, premium, if any, and interest on the Bonds when due (the "Bond Service Charges"), and to pay such Bond Service Charges and any other amounts under the Indenture when due.

In all cases interest on this Note shall be calculated on the basis of a 360 day year but charged for actual days principal is unpaid.

On or before the tenth (10th) anniversary of the date hereof, Borrower may not prepay this Note. After the tenth (10th) anniversary of the date hereof, Borrower may prepay this Note in whole or in part, on any Interest Payment Date, without penalty or premium, with 30 days notice to Holder and subject to the requirements of the Continuing Covenants Agreement.

In the event that any required payment of principal or interest hereunder (other than the balloon payment due on the Maturity Date) is not made within ten days after the due date thereof, Borrower shall pay to Holder a late payment charge equal to five percent (5.00%) of the amount of the overdue payment, for the purpose of reimbursing Holder for a portion of the expense incident to

handling the overdue payment. This late payment charge shall not be prorated on a daily basis as payments are received by Holder. This provision shall not be deemed to excuse a late payment or to be a waiver of any other rights Holder may have, including the right to declare the entire unpaid principal balance and accrued interest immediately due and payable. Borrower agrees that the "late payment charge" is a provision for liquidated damages and represents a fair and reasonable estimate of the damages Holder will incur by reason of the late payment, considering all circumstances known to Borrower and Holder on the date hereof. Borrower further agrees that proof of actual damages will be difficult or impossible.

Notwithstanding anything to the contrary contained herein, at all times in which an Event of Default (as defined in the Loan Agreement) has occurred and is continuing hereunder beyond all applicable notice and cure periods, interest shall accrue on amounts outstanding hereunder at a rate equal to five percent (5.00%) per annum in excess of the rate otherwise payable hereunder (the "Default Rate").

All payments and prepayments shall, at the option of Holder, be applied first to any costs of collection, second to any late charges, third to accrued interest on this Note, and lastly to principal.

Notwithstanding anything to the contrary contained herein, if the rate of interest, late payment fee or any other charges or fees due hereunder are determined by a court of competent jurisdiction to be usurious, then said interest rate, fees and/or charges shall be reduced to the maximum amount permissible under applicable Texas law.

This Note is issued pursuant to the terms of the Continuing Covenants Agreement, is secured by the Deed of Trust (as defined in the Continuing Covenants Agreement), and is guaranteed by the Guarantors (as defined in the Continuing Covenants Agreement) pursuant to the terms and conditions of each Guaranty of Non-Recourse Carve-Outs, each dated as of the date hereof, and Lender is entitled to all of the benefits, respectively, provided for such party in said documents.

Upon the occurrence of an Event of Default that extends beyond all applicable notice and cure periods, the outstanding principal balance hereof and accrued interest and all other amounts due hereon shall, at the option of Holder, become immediately due and payable, without notice or demand.

Upon the occurrence of an Event of Default that extends beyond all applicable notice and cure periods, Holder shall have the right to set off any and all amounts due hereunder by the Borrower to Holder against any indebtedness or obligation of Holder to the Borrower.

Upon the occurrence of an Event of Default that extends beyond all applicable notice and cure periods, the Borrower promises to pay all costs of collection of this Note, including but not limited to reasonable attorneys' fees, paid or incurred by Holder on account of such collection, whether or not suit is filed with respect thereto and whether such cost or expense is paid or incurred, or to be paid or incurred, prior to or after the entry of judgment.

Demand, presentment, protest and notice of nonpayment and dishonor of this Note are hereby waived, except for notice and cure rights set forth in the Loan Documents.

This Note shall be governed by and construed in accordance with the laws of the State of Texas.

The Borrower hereby irrevocably submits to the jurisdiction of Texas state court or federal court over any action or proceeding arising out of or relating to this Note, the Continuing Covenants Agreement, the Deed of Trust and any instrument, agreement or document related thereto, and the Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Texas state or federal court, selected by Holder in its sole discretion. The Borrower hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Borrower agrees that judgment final by appeal, or expiration of time to appeal without an appeal being taken, in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Paragraph shall affect the right of Holder to bring any action or proceeding against the Borrower or its property in the courts of any other jurisdiction to the extent permitted by law.

Time is of the essence with respect to all obligations of the Borrower under this Note.

If Holder delays in exercising or fails to exercise any of its rights under this Note, that delay or failure shall not constitute a waiver of any of Holder's rights or any breach, default, or failure of condition under this Note. No waiver by Holder of any of its rights or of any such breach, default or failure of condition shall be effective unless the waiver is expressly stated in a writing signed by Holder.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE BORROWER AND HOLDER WAIVES ITS RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED ON, ARISING FROM OR RELATED TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED BY THIS NOTE, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH OF THE BORROWER AND HOLDER FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING THAT SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS NOTE. THIS WAIVER SHALL APPLY TO ANY FUTURE AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS NOTE.

Notwithstanding anything to the contrary contained herein, as of the Conversion Date (as defined in the Continuing Covenants Agreement), this Note shall be non-recourse to Borrower and its partners subject to the terms and set forth in Article X of the Continuing Covenants Agreement.

Unless the context otherwise requires, the terms defined in this Note will have the meanings specified as follows:

"*30-day Average SOFR*" means, with respect to any U.S. Government Securities Business Day means the compounded average of SOFR over a rolling 30-calendar day period as such rate is published by the Federal Reserve Bank of New York (or a successor administrator), as the administrator of the benchmark, on the Federal Reserve Bank of New York's Website (or such successor administrator's website).

"*Accrual Period*" means the period from the first calendar day of each month to and including the last calendar day of such month, provided that the first Accrual Period shall begin on the date hereof, and the last Accrual Period shall end on the date this Note and the Bonds are paid in full.

"*Adverse REMIC Event*" means either (a) a loss of status as a REMIC within the meaning of Section 860D of the Code, for any group of assets identified as a REMIC, or (b) the imposition of any tax, including the tax imposed under Section 860F(a)(1) of the Code on prohibited transactions, and the tax imposed under Section 860G(d) of the Code on certain contributions to a REMIC.

"*Adverse Tax Event*" means (a) An alteration of the Note resulting in an exchange under Treasury Regulations section 1.1001-3(a); (b) an Adverse REMIC Event to any holder of the Note or a portion thereof that is a REMIC; or (c) an event that results in a holder of the Note or a portion thereof that is a grantor trust being treated as having a power under the trust agreement to vary the investment of the certificate holders under Treasury Regulations section 301.7701-4(c)(1).

"*Benchmark*" means, initially, 30-day Average SOFR as determined on the Benchmark Determination Time; provided that if Lender determines prior to the Benchmark Determination Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement; provided further that Lender may only make such determination after providing at least sixty (60) days advance written notice to Borrower, Trustee and the Holder. In any event, the adoption of a Benchmark Replacement or any other substitute index will be conditioned upon the receipt of a Favorable Opinion of Bond Counsel (as defined in the Tax Exemption Agreement). Lender shall notify Borrower, Trustee and Holder of the current index rate upon the request of any such party.

"*Benchmark Determination Time*" means, with respect to any determination of the Benchmark applicable to an Accrual Period (as defined below):

(A) 3:00 p.m. (New York time) on the U.S. Government Securities Business Day most recently preceding the first day of the month in which the Accrual Period begins; or

(B) If the Benchmark does not so appear on such day, 3:00 p.m. (New York time) on the first preceding U.S. Government Securities Business Day for which such rate was published on the Federal Reserve Bank of New York's Website.

Provided that if the Benchmark is not 30-day Average SOFR, the Benchmark Determination Time may be changed by the Lender in connection with any Benchmark Replacement Conforming Changes.

"*Benchmark Replacement*" means the first alternative set forth in the order below that can be determined by Lender as of the Benchmark Replacement Date.

(a) the sum of: (1) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (2) the Benchmark Replacement Adjustment;

(b) the sum of: (1) the ISDA Fallback Rate and (2) the Benchmark Replacement Adjustment; or

(c) the sum of: (1) the alternate rate of interest that has been selected by Lender as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate securities at such time and (2) the Benchmark Replacement Adjustment.

"*Benchmark Replacement Adjustment*" means the first alternative set forth in the order below that can be determined by Lender as of the Benchmark Replacement Date:

(a) the spread adjustment (which may be a positive or negative value or zero), or method for calculating or determining such spread adjustment, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(b) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(c) the spread adjustment (which may be a positive or negative value or zero) that has been selected by Lender giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate securities at such time.

"*Benchmark Replacement Conforming Changes*" means, with respect to any interest accrual periods affected by Benchmark Replacement, any technical, administrative or operational changes (including the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that Lender decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if Lender decides that adoption of any portion of such market practice is not administratively feasible or if Lender determines that no market practice for use of the Benchmark Replacement exists, in such other manner as Lender determines is reasonably necessary).

"*Benchmark Replacement Date*" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (1) the date of the public statement or publication of information referenced therein and (2) the date on which the administrator of the Benchmark

permanently or indefinitely ceases to provide the Benchmark (or such component); or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Benchmark Determination Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Benchmark Determination Time for such determination.

"*Benchmark Transition Event*" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(a) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator of the Benchmark (or such component), a resolution authority with jurisdiction over the administrator of the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator of the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"*Code*" shall have the meaning given to such term in the Tax Exemption Agreement.

"*Compounded SOFR*" means the compounded average of SOFR over a rolling 30 calendar-day period as such rate is currently identified on the Index Source as "30-Day Average SOFR."

"*FRBNY's Website*" means the website of the Federal Reserve Bank of New York, currently located at https://apps.newyorkfed.org/markets/autorates/sofr-avg-ind, or at such other page as may replace such page on the FRBNY's website.

"*Index*" means an independent index on which the interest rate on the Note is subject to change from time to time. Lender shall notify Borrower, Trustee and Holder of the current Index upon the request of any such party. In any event, the adoption of a new Index or any other substitute index will be conditioned upon the receipt of a Favorable Opinion of Bond Counsel (as defined in the Tax Exemption Agreement).

"*Index Source*" means

(a) If the Index is Compounded SOFR, the FRBNY's Website.

(b) If the Index is Term SOFR, such source as selected by Lender in accordance with the SOFR Adjustment Conforming Changes (as defined below).

(c) If the Index is a Benchmark Replacement, such source as contemplated by the definition of Benchmark Replacement.

(d) If the then-current Index Source ceases to publish the Index, such other source selected by Lender in its sole discretion.

"*Interest Rate*" shall mean the per annum variable annual interest rate calculated for each Accrual Period equal to the Benchmark determined for such Accrual Period (truncated at the 5th decimal place if necessary) plus 1.25%, provided, however, that if at any time the Interest Rate so calculated is less than 125 Basis Points, the Interest Rate will be deemed to be 125 Basis Points, in all cases not to exceed the Maximum Interest Rate.

"*ISDA Definitions*" means the 2021 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"*ISDA Fallback Adjustment*" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark.

"*ISDA Fallback Rate*" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"*Relevant Governmental Body*" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"REMIC" means a Real Estate Mortgage Investment Conduit.

"*SOFR*" means The Secured Overnight Financing Rate.

"*SOFR Adjustment Conforming Changes*" means with respect to the SOFR Rate, any technical, administrative, or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that Lender decides, from time to time, may be appropriate to adjust such SOFR Rate in a manner substantially consistent with or conforming to market practice (or if Lender decides that adoption of any portion of such market practice is not administratively feasible, or if Lender determines that no market practice exists, in such other manner as Lender determines is reasonably necessary).

"*SOFR Rate*" means initially, Compounded SOFR, and subsequently, commencing on the Term SOFR Transition Date, Term SOFR. The SOFR Rate will be determined by Lender on the U.S. Government Securities Business Day immediately preceding the first day of each month. Lender's internal records of applicable interest rates shall be determinative in the absence of manifest error. The SOFR Rate is not necessarily the lowest rate charged by Lender on its loans.

"*Tax Exemption Agreement*" means the Tax Exemption Certificate and Agreement dated as of [April 1, 2026] among the Holder, Borrower and Trustee.

"*Term SOFR*" means the forward-looking term rate with a tenor of approximately one calendar month based on SOFR that is selected or recommended by the Relevant Governmental Body and may initially be increased or decreased by a spread adjustment value that is either (i) set or recommended by the Relevant Governmental Body for such term rate or (ii) determined in accordance with the methodology endorsed by the Relevant Governmental Body for such term rate.

"*Term SOFR Transition*" means the transition of the SOFR Rate from Compounded SOFR to Term SOFR.

"*Term SOFR Transition Date*" means the date on which the Term SOFR Transition occurs, which will be the date Lender determines in its sole discretion that the Term SOFR Transition will be operationally, administratively, and technically feasible, provided that the Term SOFR Transition may occur only if such transition will not cause an Adverse Tax Event.

"*Unadjusted Benchmark Replacement*" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

"*U.S. Government Securities Business Day"* means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association (or a successor organization) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

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BORROWER:

TORRINGTON WILMER, LP, a
Texas limited partnership

By: DCHFC 2025 Wilmer GP, LLC, a
Texas limited liability company, its
General Partner

By: Dallas County Housing Finance Corporation 2025, a
Texas non-profit housing finance corporation, its
Sole Member

By: _____
Name: _____
Its: _____

STATE OF TEXAS)
)
COUNTY OF _____)

The foregoing instrument was subscribed, sworn acknowledged before me this ____ day of _____, 2026, by _____, the _____ of Dallas County Housing Finance Corporation 2025, a Texas non-profit housing finance corporation, the Sole Member of DCHFC 2025 Wilmer GP, LLC, a Texas limited liability company, the General Partner of Torrington Wilmer, LP, a Texas limited partnership, for and on behalf of said limited partnership.

_____
Notary Public

SCHEDULE A
AMORTIZATION SCHEDULE

[To be inserted].

<u>NOTICE OF CONFIDENTIALITY RIGHTS</u>: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

After recording
return to:

WINTHROP & WEINSTINE, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: Holly A. Stocker

LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

TEXAS

LEASEHOLD DEED OF TRUST,
ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

TEXAS

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Instrument**") is made to be effective this _____ day of _____, 2026, by TORRINGTON WILMER, LP, a limited partnership organized and existing under the laws of Texas, whose address is 9001 Cypress Waters Boulevard, Suite 2A, Dallas, Texas 75019, as trustor ("**Borrower**"), to BRETT POSTON, whose address is 2007 Randall Street, Dallas, Texas 75201, as trustee ("**Trustee**"), for the benefit of BOKF, NA, a national banking association in its capacity as bond trustee under the Trust Indenture (defined below) (the "**Bond Trustee**"), whose address is 1401 McKinney, Suite 1000, Houston, Texas 77010 and the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (the "**Issuer**") who address is P.O. Box 13941, Austin, Texas 78711 (together with Trustee, the "**Beneficiary**"). Borrower's organizational identification number is 32102127225.

RECITALS

WHEREAS, Borrower owns a leasehold interest in certain real property located in Wilmer, Texas legally described on Exhibit A, attached hereto and hereby incorporated herein (the "**Land**") upon which Borrower intends to construct on the Land a 300-unit affordable housing development; and

WHEREAS, to provide for a portion of the funding necessary for the development of the Improvements (as defined below), the Issuer has determined to issue its Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 dated as of [April] 1, 2026, in the original principal amount of $[_____] (the "**Bonds**"); and

WHEREAS, pursuant to that certain Continuing Covenants Agreement between Borrower and Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation ("**Lender**") dated as of even date herewith (the "**Continuing Covenants Agreement**") and that certain Trust Indenture dated as of [_____] 1, 2026, by and among the Issuer and Bond Trustee (together with any amendments thereto, the "**Trust Indenture**"); and

WHEREAS, pursuant to that certain Loan Agreement dated as of [_____] 1, 2026 (the "**Loan Agreement**"), by and between the Issuer, Borrower and Lender, Lender purchased the Bonds, and the Issuer used the proceeds from the sale of the Bonds to make a loan to Borrower in the maximum principal amount of the Bonds ("**Loan**"); and

WHEREAS, Borrower's obligation to repay the Loan is evidenced by that certain Promissory Note dated of even date herewith (the "**Note**"), executed by Borrower, payable to Issuer and endorsed to Bond Trustee; and

WHEREAS, Borrower is indebted to Beneficiary under the Note in the principal amount of $[_____], and the Note matures on [SWAP TERMINATION DATE] ("**Maturity Date**").

AGREEMENT

TO SECURE TO BENEFICIARY the repayment of the Indebtedness, and all renewals, extensions and modifications of the Indebtedness, and the performance of the covenants and agreements of Borrower contained in the Continuing Covenants Agreement or any other Loan Document, and in consideration of the Indebtedness and the trust created by this Instrument, Borrower irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the Mortgaged Property, including the Leasehold Estate in the Land located in Dallas County, State of Texas and described in Exhibit A attached to this Instrument, to have and to hold the Mortgaged Property unto Trustee, Trustee's successor in trust and Trustee's assigns forever.

Borrower warrants and represents that Borrower is lawfully seized of the Mortgaged Property and has the right, power and authority to grant, convey and assign the Mortgaged Property, and that the Mortgaged Property is unencumbered, except as shown on the schedule of exceptions to coverage in the title policy issued to and accepted by Lender contemporaneously with the execution and recordation of this Instrument and insuring Beneficiary's interest in the Mortgaged Property ("**Schedule of Title Exceptions**"). Borrower covenants that Borrower will warrant and defend generally the title to the Mortgaged Property against all claims and demands, subject to any easements and restrictions listed in the Schedule of Title Exceptions.

UNIFORM COVENANTS

Covenants. In consideration of the mutual promises set forth in this Instrument, Borrower and Beneficiary covenant and agree as follows:

1. **Definitions**. The following terms, when used in this Instrument (including when used in the above recitals), will have the following meanings and any capitalized term not specifically defined in this Instrument will have the meaning ascribed to that term in the Continuing Covenants Agreement:

"**Attorneys' Fees and Costs**" means (a) fees and out-of-pocket costs of Beneficiary's and Loan Servicer's attorneys, as applicable, including costs of Beneficiary's and Loan Servicer's in-house counsel, support staff costs, costs of preparing for litigation, computerized research, telephone and facsimile transmission expenses, mileage, deposition costs, postage, duplicating, process service, videotaping and similar costs and expenses; (b) costs and fees of expert witnesses, including appraisers; (c) investigatory fees; and (d) the costs for any opinion required by Beneficiary pursuant to the terms of the Loan Documents.

"**Event of Default**" means the occurrence of any event described in Section 8.

"**Fee Estate**" means the fee estate of Ground Lessor in the Land.

"**Fixtures**" means all property owned by Borrower which is attached to the Land or the Improvements so as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators and installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

"**Governmental Authority**" means any board, commission, department, agency or body of any municipal, county, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over the Mortgaged Property, or the use, operation or improvement of the Mortgaged Property, or over Borrower.

"**Ground Lease**" means the lease described in Exhibit B pursuant to which Borrower leases the Land, as such lease may be amended, modified, supplemented, renewed, and extended.

"**Ground Lessor**" means the lessor under the Ground Lease.

"**Hazardous Materials**" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (PCBs) and compounds containing them; lead and lead-based paint; asbestos or asbestos containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Mortgaged Property is prohibited by any Governmental Authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," or "pollutant" by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

"**Hazardous Materials Law**" and "**Hazardous Materials Laws**" means all federal, state and local laws, ordinances, regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future, including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to Borrower or to the Mortgaged Property. Hazardous Materials Laws include the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water

Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

"**Impositions**" means all Taxes, Insurance premiums, and any Other Impositions.

"**Imposition Reserve Deposits**" means all amounts deposited with Beneficiary to pay Impositions.

"**Improvements**" means the buildings, structures, improvements now constructed or at any time in the future constructed or placed upon the Land, including any future alterations, replacements and additions.

"**Indebtedness**" means the principal of, interest at the fixed or variable rate set forth in the Note on, and all other amounts due at any time under, the Note, this Instrument or any other Loan Document, including prepayment charges, late charges, default interest, and advances as provided in Section 7 to protect the security of this Instrument.

"**Instrument**" has the meaning set forth in the first paragraph hereof.

"**Insurance**" means property insurance, liability insurance and all other insurance that Lender requires Borrower to maintain pursuant to the Continuing Covenants Agreement.

"**Leasehold Estate**" means Borrower's interest in the Land and any other real property leased by Borrower pursuant to the Ground Lease, if applicable, including all of the following:

(a) All rights of Borrower to renew or extend the term of the Ground Lease.

(b) All amounts deposited by Borrower with Ground Lessor under the Ground Lease.

(c) Borrower's right or privilege to terminate, cancel, surrender, modify or amend the Ground Lease.

(d) All other options, privileges and rights granted and demised to Borrower under the Ground Lease and all appurtenances with respect to the Ground Lease.

"**Leases**" means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property, and all modifications, extensions or renewals.

"**Lien**" means any mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance on the Mortgaged Property.

"**Loan Documents**" shall have the meaning as ascribed to such term in the Continuing Covenants Agreement.

"**Loan Servicer**" means the entity that from time to time is designated by Lender or its designee to collect payments and deposits and receive Notices under the Note, this Instrument and any other Loan Document, and otherwise to service the loan evidenced by the Note for the benefit of Beneficiary. Unless Borrower receives Notice to the contrary, the Loan Servicer is the entity identified as "Lender" therein.

"**Mortgaged Property**" means all of Borrower's present and future right, title and interest in and to all of the following:

(a) The Land, or, if Borrower's interest in the Land is pursuant to a Ground Lease, the Ground Lease and the Leasehold Estate.

(b) The Improvements.

(c) The Fixtures.

(d) The Personalty.

(e) All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights of way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses and appurtenances related to or benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated.

(f) All proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, whether or not Borrower obtained the Insurance pursuant to Beneficiary's requirement.

(g) All awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof.

(h) All contracts, options and other agreements for the sale of the Land, or the Leasehold Estate, as applicable, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations.

(i) All proceeds from the conversion, voluntary or involuntary, of any of the items described in subsections (a) through (h) inclusive into cash or liquidated claims, and the right to collect such proceeds.

(j) All Rents and Leases.

(k) All earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the Loan.

(l) All Imposition Reserve Deposits.

(m) All refunds or rebates of Impositions by any Governmental Authority or any insurance company (other than refunds applicable to periods before the real property tax year in which this Instrument is dated).

(n) All tenant security deposits which have not been forfeited by any tenant under any Lease and any bond or other security in lieu of such deposits.

(o) All names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property.

(p) The Rate Cap Collateral.

"**Notice**" or "**Notices**" means all notices, demands and other communication required under the Loan Documents, provided in accordance with the requirements of the Continuing Covenants Agreement.

"**Other Impositions**" means, collectively, (i) water and sewer charges that could become a Lien on the Mortgaged Property and (ii) assessments or other charges that could become a Lien on the Mortgaged Property, including ground rents and homeowner association dues.

"**Person**" means any natural person, sole proprietorship, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, limited liability limited partnership, joint venture, association, joint stock company, bank, trust, estate, unincorporated organization, any federal, state, county or municipal government (or any agency or political subdivision thereof), endowment fund or any other form of entity.

"**Personalty**" means all of the following:

(a) Accounts (including deposit accounts) of Borrower related to the Mortgaged Property.

(b) Equipment and inventory owned by Borrower, which are used now or in the future in connection with the ownership, management or operation of the Land or Improvements or are located on the Land or Improvements,

including furniture, furnishings, machinery, building materials, goods, supplies, tools, books, records (whether in written or electronic form) and computer equipment (hardware and software).

(c) Other tangible personal property owned by Borrower which is used now or in the future in connection with the ownership, management or operation of the Land or Improvements or is located on the Land or in the Improvements, including ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances (other than Fixtures).

(d) Any operating agreements relating to the Land or the Improvements.

(e) Any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements.

(f) All other intangible property, general intangibles and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land and including subsidy or similar payments received from any sources, including a Governmental Authority.

(g) Any rights of Borrower in or under letters of credit.

"**Prior Lien**" means any Lien encumbering the Mortgaged Property preexisting the Lien of this Instrument.

"**Property Jurisdiction**" means the jurisdiction in which the Land is located.

"**Rate Cap Agreement**" means the Cap Agreement as defined in the Continuing Covenants Agreement.

"**Rate Cap Collateral**" means all of the following:

(a) Any Rate Cap Agreement.

(b) Any Rate Cap Payments.

(c) All rights of Borrower under any Rate Cap Agreement and all rights of Borrower to all Rate Cap Payments, including contract rights and general intangibles, whether existing now or arising hereafter.

(d) All rights, liens and security interests or guaranties granted by any Person to secure or guaranty payment of any Rate Cap Payments, whether existing now or granted hereafter.

(e) All documents, writings, books, files, records and other documents from or relating to any of the foregoing, whether existing now or created hereafter.

(f) All cash and non-cash proceeds and products of (b) through (e) of this definition.

"**Rate Cap Payment(s)**" means all monies payable pursuant to any Rate Cap Agreement.

"**Rents**" means all rents (whether from residential or non-residential space), revenues and other income of the Land or the Improvements, parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due or to become due, and deposits forfeited by tenants.

"**Taxes**" means all taxes, assessments, vault rentals and other charges, if any, whether general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, will become a Lien on the Land or the Improvements.

"**Uniform Commercial Code**" means the Uniform Commercial Code as promulgated in the applicable jurisdiction.

2. Uniform Commercial Code Security Agreement.

(a) This Instrument is also a security agreement under the Uniform Commercial Code for any of the Mortgaged Property which, under applicable law, may be subjected to a security interest under the Uniform Commercial Code, for the purpose of securing Borrower's obligations under this Instrument and to further secure Borrower's obligations under the Note, this Instrument and other Loan Documents, whether such Mortgaged Property is owned now or acquired in the future, and all products and cash and non-cash proceeds thereof (collectively, "**UCC Collateral**"), and by this Instrument, Borrower grants to Beneficiary a security interest in the UCC Collateral. To the extent necessary under applicable law, Borrower hereby authorizes Beneficiary to prepare and file financing statements, continuation statements and financing statement amendments in such form as Beneficiary may require to perfect or continue the perfection of this security interest.

(b) Unless Borrower gives Notice to Lender and Beneficiary 30 days prior to the occurrence of any of the following, and executes and delivers to Lender and Beneficiary modifications or supplements of this Instrument (and any financing statement which may be filed in connection with this Instrument) as Beneficiary may require, Borrower will not (i) change its name, identity, structure or jurisdiction of organization; (ii) change the location of its place of business (or chief executive office if more than one place of business); or (iii) add to or change any location at which any of the Mortgaged Property is stored, held or located.

(c) If an Event of Default has occurred and is continuing, Beneficiary will have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this Instrument or existing under applicable law. In exercising any remedies, Beneficiary may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Beneficiary's other remedies.

(d) This Instrument also constitutes a financing statement with respect to any part of the Mortgaged Property that is or may become a Fixture, if permitted by applicable law.

3. Assignment of Rents; Appointment of Receiver; Lender in Possession.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Beneficiary all Rents.

(i) It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Beneficiary of all Rents and to authorize and empower Beneficiary to collect and receive all Rents without the necessity of further action on the part of Borrower.

(ii) Promptly upon request by Beneficiary, Borrower agrees to execute and deliver such further assignments as Beneficiary may from time to time require. Borrower and Beneficiary intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only.

(iii) For purposes of giving effect to this absolute assignment of Rents, and for no other purpose, Rents will not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the Property Jurisdiction, then the Rents will be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a Lien on Rents in favor of Beneficiary, which Lien will be effective as of the date of this Instrument.

(b)

(i) Until the occurrence of an Event of Default, Beneficiary hereby grants to Borrower a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Beneficiary and to apply all Rents to pay the installments of interest and principal then due and payable under the Note and the other amounts then due and payable under the other Loan Documents, including Imposition Reserve Deposits, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, Taxes and Insurance premiums (to the extent not included in Imposition Reserve Deposits), tenant improvements and other capital expenditures.

(ii) So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to Section 3(b)(i) may be retained by Borrower free and clear of, and released from, Beneficiary's rights with respect to Rents under this Instrument.

(iii) After the occurrence of an Event of Default, and during the continuance of such Event of Default, Borrower authorizes Beneficiary to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Beneficiary. From and after the occurrence of an Event of Default, and during the continuance of such Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Borrower's license to collect Rents will automatically terminate and Beneficiary will without Notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Borrower will pay to Beneficiary upon demand all Rents to which Beneficiary is entitled.

(iv) At any time on or after the date of Beneficiary's demand for Rents, Beneficiary may give, and Borrower hereby irrevocably authorizes Beneficiary to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Beneficiary. No tenant will be obligated to inquire further as to the occurrence or continuance of an Event of Default. No tenant will be obligated to pay to Borrower any amounts which are actually paid to Beneficiary in response to such a notice. Any such notice by Beneficiary will be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Borrower will not interfere with and will cooperate with Beneficiary's collection of such Rents.

(c) If an Event of Default has occurred and is continuing beyond all applicable notice and cure periods, then Beneficiary will have each of the following rights and may take any of the following actions:

(i) Beneficiary may, regardless of the adequacy of Beneficiary's security or the solvency of Borrower and even in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Beneficiary in its discretion determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing the assignment of Rents pursuant to Section 3(a), protecting the Mortgaged Property or the security of this Instrument, or for such other purposes as Beneficiary in its discretion may deem necessary or desirable.

(ii) Alternatively, if an Event of Default has occurred and is continuing beyond all applicable notice and cure periods, regardless of the adequacy of

Beneficiary's security, without regard to Borrower's solvency and without the necessity of giving prior notice (oral or written) to Borrower, Beneficiary may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in the preceding sentence. If Beneficiary elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver ex parte if permitted by applicable law.

(iii) Reserved.

(iv) Beneficiary or the receiver, as the case may be, will be entitled to receive a reasonable fee for managing the Mortgaged Property.

(v) Immediately upon appointment of a receiver or immediately upon Beneficiary's entering upon and taking possession and control of the Mortgaged Property, Borrower will surrender possession of the Mortgaged Property to Beneficiary or the receiver, as the case may be, and will deliver to Beneficiary or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents.

(iv) If Beneficiary takes possession and control of the Mortgaged Property, then Beneficiary may exclude Borrower and its representatives from the Mortgaged Property.

Borrower acknowledges and agrees that the exercise by Beneficiary of any of the rights conferred under this Section 3 will not be construed to make Beneficiary a mortgagee-in-possession of the Mortgaged Property so long as Beneficiary has not itself entered into actual possession of the Land and Improvements.

(d) If Beneficiary enters the Mortgaged Property, Beneficiary will be liable to account only to Borrower and only for those Rents actually received. Except to the extent of Beneficiary's gross negligence or willful misconduct, Beneficiary will not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property, by reason of any act or omission of Beneficiary under Section 3(c), and Borrower hereby releases and discharges Beneficiary from any such liability to the fullest extent permitted by law.

(e) If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Beneficiary for such purposes will become an additional part of the Indebtedness as provided in Section 7.

(f) Any entering upon and taking of control of the Mortgaged Property by Beneficiary or the receiver, as the case may be, and any application of Rents as provided in this Instrument will not cure or waive any Event of Default or invalidate any other right or remedy of Beneficiary under applicable law or provided for in this Instrument.

4. Assignment of Leases; Leases Affecting the Mortgaged Property.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Beneficiary all of Borrower's right, title and interest in, to and under the Leases, including Borrower's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(i) It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Beneficiary of all of Borrower's right, title and interest in, to and under the Leases. Borrower and Beneficiary intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only.

(ii) For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases will not be deemed to be a part of the Mortgaged Property.

(iii) However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the Property Jurisdiction, then the Leases will be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a Lien on the Leases in favor of Beneficiary, which Lien will be effective as of the date of this Instrument.

(b) Until Beneficiary gives Notice to Borrower of Beneficiary's exercise of its rights under this Section 4, Borrower will have all rights, power and authority granted to Borrower under any Lease (except as otherwise limited by this Section or any other provision of this Instrument), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, and during the continuance of such Event of Default, the permission given to Borrower pursuant to the preceding sentence to exercise all rights, power and authority under Leases will automatically terminate. Borrower will comply with and observe Borrower's obligations under all Leases, including Borrower's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c)

(i) Borrower acknowledges and agrees that the exercise by Beneficiary, either directly or by a receiver, of any of the rights conferred under this Section 4 will not be construed to make Beneficiary a mortgagee-in-possession of the

Mortgaged Property so long as Beneficiary has not itself entered into actual possession of the Land and the Improvements.

(ii) The acceptance by Beneficiary of the assignment of the Leases pursuant to Section 4(a) will not at any time or in any event obligate Beneficiary to take any action under this Instrument or to expend any money or to incur any expenses.

(iii) Except to the extent of Beneficiary's gross negligence or willful misconduct, Beneficiary and Lender will not be liable in any way for any injury or damage to person or property sustained by any Person or Persons in or about the Mortgaged Property.

(iv) Prior to Beneficiary's actual entry into and taking possession of the Mortgaged Property, Beneficiary will not be obligated for any of the following:

(A) Beneficiary will not be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease).

(B) Beneficiary will not be obligated to appear in or defend any action or proceeding relating to the Lease or the Mortgaged Property.

(C) Beneficiary will not be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this Instrument by Borrower will constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and will be that of Borrower, prior to such actual entry and taking of possession.

(d) Upon delivery of Notice by Beneficiary to Borrower of Beneficiary's exercise of Beneficiary's rights under this Section 4 at any time after the occurrence of an Event of Default, and during the continuance of such Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Beneficiary immediately will have all rights, powers and authority granted to Borrower under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(e) Borrower will, promptly upon Beneficiary's request, deliver to Beneficiary an executed copy of each residential Lease then in effect.

5. Prepayment Charge. Borrower may be required to pay a prepayment charge in connection with certain prepayments of the Indebtedness, including a payment made after

Beneficiary's exercise of any right of acceleration of the Indebtedness, as provided in the Continuing Covenants Agreement, the Bond Documents, and the Swap Documents.

6. Application of Payments. If at any time Beneficiary receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, then Beneficiary may apply that payment to amounts then due and payable in any manner and in any order determined by Beneficiary, in Beneficiary's discretion, in accordance with applicable law. Neither Beneficiary's acceptance of an amount that is less than all amounts then due and payable nor Beneficiary's application of such payment in the manner authorized will constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such amount to the Indebtedness, Borrower's obligations under this Instrument, the Note and all other Loan Documents will remain unchanged.

7. Protection of Beneficiary's Security; Instrument Secures Future Advances.

(a) If Borrower fails to perform any of its obligations under this Instrument or any other Loan Document, or if any action or proceeding is commenced which purports to affect the Mortgaged Property, Beneficiary's security or Beneficiary's rights under this Instrument, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Beneficiary at Beneficiary's option may make such appearances, file such documents, disburse such sums and take such actions as Beneficiary reasonably deems necessary to perform such obligations of Borrower and to protect Beneficiary's interest, including all of the following:

i. Beneficiary may pay Attorneys' Fees and Costs.

ii. Beneficiary may pay fees and out-of-pocket expenses of accountants, inspectors and consultants.

iii. Beneficiary may enter upon the Mortgaged Property to make repairs or secure the Mortgaged Property.

iv. Beneficiary may procure the Insurance required by the Continuing Covenants Agreement.

v. Beneficiary may pay any amounts which Borrower has failed to pay under the Loan Documents.

vi. Beneficiary may perform any of Borrower's obligations under the Loan Documents.

vii. Beneficiary may make advances to pay, satisfy or discharge any obligation of Borrower for the payment of money that is secured by a Prior Lien.

(b) Any amounts disbursed by Beneficiary under this Section 7, or under any other provision of this Instrument that treats such disbursement as being made under this Section 7, will be secured by this Instrument, will be added to, and become part of, the principal component of the Indebtedness, will be immediately due and payable and will bear interest from the date of disbursement until paid at the Default Rate pursuant to the Continuing Covenants Agreement and the Bond Documents.

(c) Nothing in this Section 7 will require Beneficiary to incur any expense or take any action.

8. Events of Default. Any "Event of Default" under the Continuing Covenants Agreement will constitute an Event of Default under this Instrument.

9. Remedies Cumulative. Each right and remedy provided in this Instrument is distinct from all other rights or remedies under this Instrument, the Continuing Covenants Agreement or any other Loan Document or afforded by applicable law or equity, and each will be cumulative and may be exercised concurrently, independently or successively, in any order. Beneficiary's exercise of any particular right or remedy will not in any way prevent Beneficiary from exercising any other right or remedy available to Beneficiary. Beneficiary may exercise any such remedies from time to time and as often as Beneficiary chooses.

10. Waiver of Statute of Limitations, Offsets and Counterclaims. Borrower waives the right to assert any statute of limitations as a bar to the enforcement of the Lien of this Instrument or to any action brought to enforce any Loan Document. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Beneficiary or otherwise to offset any obligations to make the payments required by the Loan Documents. No failure by Beneficiary to perform any of its obligations under this Instrument will be a valid defense to, or result in any offset against, any payments that Borrower is obligated to make under any of the Loan Documents.

11. Waiver of Marshalling.

(a) Notwithstanding the existence of any other Liens in the Mortgaged Property held by Beneficiary or by any other party, Beneficiary will have the right to determine the order in which any or all of the Mortgaged Property will be subjected to the remedies provided in this Instrument, the Note, the Continuing Covenants Agreement, or any other Loan Document or applicable law. Beneficiary will have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies.

(b) Borrower and any Person who now or in the future acquires a Lien in the Mortgaged Property and who has actual or constructive notice of this Instrument waives any and all right to require the marshalling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the

exercise of any of the remedies permitted by applicable law or provided in this Instrument.

12. Further Assurances; Beneficiary's Expenses.

(a) Borrower will deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements or amendments, transfers and assurances as Beneficiary may require from time to time in order to better assure, grant and convey to Beneficiary the rights intended to be granted, now or in the future, to Beneficiary under this Instrument and the Loan Documents or in connection with Beneficiary's consent rights under the Continuing Covenants Agreement.

(b) Borrower acknowledges and agrees that, in connection with each request by Borrower under this Instrument or any Loan Document, Borrower will pay all reasonable Attorneys' Fees and Costs and expenses incurred by Beneficiary, including any fees payable in accordance with any request for further assurances or an estoppel certificate pursuant to the Continuing Covenants Agreement, regardless of whether the matter is approved, denied or withdrawn. Any amounts payable by Borrower under this Instrument or under any other Loan Document will be deemed a part of the Indebtedness, will be secured by this Instrument and will bear interest at the Default Rate pursuant to the Continuing Covenants Agreement and the Bond Documents.

13. Governing Law; Consent to Jurisdiction and Venue. This Instrument, and any Loan Document which does not itself expressly identify the law that is to apply to it, will be governed by the laws of the Property Jurisdiction without regard to any principles of conflicts of law. Borrower agrees that any controversy arising under or in relation to the Note, this Instrument or any other Loan Document may be litigated in the Property Jurisdiction or as otherwise set forth in the Continuing Covenants Agreement, which venue and forum selection provisions are incorporated herein by this reference. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction and as otherwise set forth in the Continuing Covenants Agreement will have jurisdiction over all controversies that may arise under or in relation to the Note, any security for the Indebtedness or any other Loan Document. Borrower irrevocably consents to service, jurisdiction and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Section 13 is intended to limit Beneficiary's right to bring any suit, action or proceeding relating to matters under this Instrument in any court of any other jurisdiction.

14. Notice. All Notices, demands and other communications under or concerning this Instrument will be governed by the terms set forth in the Continuing Covenants Agreement.

15. Successors and Assigns Bound. This Instrument will bind the respective successors and assigns of Borrower and Beneficiary, and the rights granted by this Instrument will inure to Beneficiary's successors and assigns.

16. Joint and Several Liability. If more than one Person signs this Instrument as Borrower, the obligations of such Persons will be joint and several.

17. Relationship of Parties; No Third Party Beneficiary.

(a) The relationship between Beneficiary and Borrower will be solely that of creditor and debtor, respectively, and nothing contained in this Instrument will create any other relationship between Beneficiary and Borrower. Nothing contained in this Instrument will constitute Beneficiary as a joint venturer, partner or agent of Borrower, or render Beneficiary liable for any debts, obligations, acts, omissions, representations or contracts of Borrower.

(b) No creditor of any party to this Instrument and no other Person will be a third party beneficiary of this Instrument or any other Loan Document. Without limiting the generality of the preceding sentence, (i) any arrangement ("**Servicing Arrangement**") between Beneficiary and any Loan Servicer for loss sharing or interim advancement of funds will constitute a contractual obligation of such Loan Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness, (ii) Borrower will not be a third party beneficiary of any Servicing Arrangement, and (iii) no payment by the Loan Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.

18. Severability; Amendments.

(a) The invalidity or unenforceability of any provision of this Instrument will not affect the validity or enforceability of any other provision, and all other provisions will remain in full force and effect. This Instrument contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Instrument.

(b) This Instrument may not be amended or modified except by a writing signed by the party against whom enforcement is sought.

19. Construction.

(a) The captions and headings of the Sections of this Instrument are for convenience only and will be disregarded in construing this Instrument. Any reference in this Instrument to a "Section" will, unless otherwise explicitly provided, be construed as referring to a Section of this Instrument.

(b) Any reference in this Instrument to a statute or regulation will be construed as referring to that statute or regulation as amended from time to time.

(c) Use of the singular in this Instrument includes the plural and use of the plural includes the singular.

(d) As used in this Instrument, the term "including" means "including, but not limited to" and the term "includes" means "includes without limitation."

(e) The use of one gender includes the other gender, as the context may require.

(f) Unless the context requires otherwise any definition of or reference to any agreement, instrument or other document in this Instrument will be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in this Instrument).

(g) Any reference in this Instrument to any Person will be construed to include such Person's successors and assigns.

(h) Notwithstanding anything herein to the contrary, (A) the applicable and necessary provisions of the Indenture are incorporated herein by reference, including the rights, protections, immunities and indemnities afforded Beneficiary in its capacity as bond trustee thereunder; and (B) Beneficiary will be entitled to request and receive written instructions from Lender, who will direct in writing all remedies and other actions which may be exercised by Beneficiary under this Instrument, and Beneficiary will have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by Beneficiary in accordance with such written direction or otherwise.

20. Subrogation. If, and to the extent that, the proceeds of the Loan, or subsequent advances under Section 7, are used to pay, satisfy or discharge a Prior Lien, such Loan proceeds or advances will be deemed to have been advanced by Beneficiary at Borrower's request, and Beneficiary will automatically, and without further action on its part, be subrogated to the rights, including Lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

21. Fixture Filing. This Instrument, upon being recorded or registered in the real estate records of the office of the county recorder of the county in which the Land is situated (the "**Recorder's Office**"), shall constitute and operate as a financing statement filed as a "fixture filing" within the meaning of Sections 9-334 and 9-502 of the UCC for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures (as that term is defined in Article 9 of the UCC) related to the Land. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Borrower) and Secured Party (Beneficiary) as set forth in the first paragraph of this Instrument.

22-28. Reserved.

29. No Merger of Estates.

(a) If Borrower acquires the Fee Estate, there will be no merger between the Fee Estate and the Leasehold Estate unless all Persons, including Beneficiary, having an interest in the Ground Lease consent in writing to the merger.

(b) Simultaneously with Borrower's acquisition of the Fee Estate, the Lien of this Instrument will automatically, without the necessity of any further conveyance, be

spread to cover the Fee Estate and as so spread will be prior to the Lien of any mortgage, deed of trust or other Lien placed on the Fee Estate after the date of this Instrument. Promptly after Borrower's acquisition of the Fee Estate, Borrower, at its sole cost and expense, including payment of Beneficiary's Attorneys' Fees and Costs and out-of-pocket disbursements, will execute and deliver all documents and instruments necessary to subject the Fee Estate to the Lien of this Instrument, and must provide to Beneficiary a title insurance policy insuring the Lien of this Instrument as a first Lien on the Fee Estate and the Leasehold Estate, as applicable.

(c) If Beneficiary acquires the Fee Estate and the Leasehold Estate (whether pursuant to the provisions of the Ground Lease, by foreclosure of this Instrument or otherwise), the Fee Estate and the Leasehold Estate will not merge as a result of such acquisition and will remain separate and distinct for all purposes after such acquisition unless and until Beneficiary elects to merge the Fee Estate and the Leasehold Estate.

30. Reserved.

31. Acceleration; Remedies.

(a) At any time during the existence of an Event of Default, Beneficiary, at Beneficiary's option, may declare the Indebtedness to be immediately due and payable without further demand, and may invoke the power of sale and any other remedies permitted by Texas law or provided in this Instrument, the Continuing Covenants Agreement or in any other Loan Document. Borrower acknowledges that the power of sale granted in this Instrument may be exercised by Beneficiary without prior judicial hearing. Beneficiary will be entitled to collect all costs and expenses incurred in pursuing such remedies, including Attorneys' Fees and Costs, costs of documentary evidence, abstracts and title reports.

(b) If Beneficiary invokes the power of sale, Beneficiary may, by and through the Trustee, or otherwise, sell or offer for sale the Mortgaged Property in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of the Mortgaged Property, to the highest bidder for cash at public auction. Such sale will be made at the courthouse door of the county in which all or any part of the Land to be sold is situated (whether the parts or parcel, if any, situated in different counties are contiguous or not, and without the necessity of having any Personalty present at such sale) on the first Tuesday of any month between the hours of 10:00 a.m. and 4:00 p.m. (or, if the first Tuesday of the month falls on January 1 or July 4, the date of the foreclosure sale will be the first Wednesday of such month), after advertising the time, place and terms of sale and that portion of the Mortgaged Property to be sold by posting or causing to be posted written or printed notice of sale at least 21 days before the date of the sale at the courthouse door of the county in which the sale is to be made and at the courthouse door of any other county in which a portion of the Land may be situated, and by filing such notice with the County Clerk(s) of the county(s) in which all or a portion

of the Land may be situated, which notice may be posted and filed by the Trustee acting, or by any person acting for the Trustee, and Beneficiary has, at least 21 days before the date of the sale, served written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the Indebtedness according to Beneficiary's records by the deposit of such notice, enclosed in a postpaid wrapper, properly addressed to such debtor at debtor's most recent address as shown by Beneficiary's records, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed will be *prima facie* evidence of the fact of service.

(c) Trustee will deliver to the purchaser at the sale, within a reasonable time after the sale, a deed conveying the Mortgaged Property so sold as to the Fee Estate and the Leasehold Estate with covenants of general warranty. Borrower covenants and agrees to defend generally the purchaser's title to the Mortgaged Property against all claims and demands. The recitals in Trustee's deed will be *prima facie* evidence of the truth of the statements contained in those recitals. Trustee will apply the proceeds of the sale in the following order: (i) to all reasonable costs and expenses of the sale, including reasonable Trustee's fees not to exceed 5% of the gross sales price, Attorneys' Fees and Costs and costs of title evidence; (ii) to the Indebtedness in such order as Beneficiary, in Beneficiary's discretion, directs; and (iii) the excess, if any, to the person or persons legally entitled to the excess.

(d) If all or any part of the Mortgaged Property is sold pursuant to this Section, Borrower will be divested of any and all interest and claim to the Mortgaged Property, including any interest or claim to all insurance policies, utility deposits, bonds, loan commitments and other intangible property included as a part of the Mortgaged Property. Additionally, after a sale of all or any part of the Land, Improvements, Fixtures and Personalty, Borrower will be considered a tenant at sufferance of the purchaser of the same, and the purchaser will be entitled to immediate possession of such property. If Borrower will fail to vacate the Mortgaged Property immediately, the purchaser may and will have the right, without further notice to Borrower, to go into any justice court in any precinct or county in which the Mortgaged Property is located and file an action in forcible entry and detainer, which action will lie against Borrower or its assigns or legal representatives, as a tenant at sufferance. This remedy is cumulative of any and all remedies the purchaser may have under this Instrument or otherwise.

(e) In the event an interest in any of the Mortgaged Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Borrower agrees as follows: notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, Borrower agrees that Beneficiary will be entitled to seek a deficiency judgment from Borrower and any other party obligated on the Note equal to the difference between the amount owing on the Note and the amount for which the Mortgaged Property was sold pursuant to judicial or nonjudicial

foreclosure sale. Borrower expressly recognizes that this Section constitutes a waiver of the above-cited provisions of the Texas Property Code which would otherwise permit Borrower and other persons against whom a recovery of deficiencies is sought or Guarantor independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Mortgaged Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Borrower further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Mortgaged Property for purposes of calculating deficiencies owed by Borrower, Guarantor, and others against whom recovery of a deficiency is sought. Alternatively, in the event the waiver provided for in this Section is determined by a court of competent jurisdiction to be unenforceable, in any action for a deficiency after a foreclosure under this Instrument, if any person against whom recovery is sought requests the court in which the action is pending to determine the fair market value of the Mortgaged Property, as of the date of the foreclosure sale, the following will be the basis of the court's determination of fair market value:

(i) The Mortgaged Property will be valued "as is" and in its condition as of the date of foreclosure, and no assumption of increased value because of post-foreclosure repairs, refurbishment, restorations or improvements will be made.

(ii) Any adverse effect on the marketability of title because of the foreclosure or because of any other title condition not existing as of the date of this Instrument will be considered.

(iii) The valuation of the Mortgaged Property will be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Mortgaged Property for cash within a 6 month-period after foreclosure.

(iv) Although the Mortgaged Property may be disposed of more quickly by the foreclosure purchaser, the gross valuation of the Mortgaged Property as of the date of foreclosure will be discounted for a hypothetical reasonable holding period (not to exceed 6 months) at a monthly rate equal to the average monthly interest rate on the Note for the 12 months before the date of foreclosure.

(v) The gross valuation of the Mortgaged Property as of the date of foreclosure will be further discounted and reduced by reasonable estimated costs of disposition, including brokerage commissions, title policy premiums, environmental assessment and clean-up costs, tax and assessment, prorations, costs to comply with legal requirements and Attorneys' Fees and Costs.

(vi) Expert opinion testimony will be considered only from a licensed appraiser certified by the State of Texas and, to the extent permitted under Texas law, a member of the Appraisal Institute, having at least 5 years' experience in appraising property similar to the Mortgaged Property in the county where the Mortgaged Property is located, and who has conducted and prepared a complete written appraisal of the Mortgaged Property taking into considerations the factors set forth in this Instrument; no expert opinion testimony will be considered without such written appraisal.

(vii) Evidence of comparable sales will be considered only if also included in the expert opinion testimony and written appraisal referred to in subsection (vi), above.

(viii) An affidavit executed by Beneficiary to the effect that the foreclosure bid accepted by Trustee was equal to or greater than the value of the Mortgaged Property determined by Beneficiary based upon the factors and methods set forth in subsections (i) through (vii) above before the foreclosure will constitute *prima facie* evidence that the foreclosure bid was equal to or greater than the fair market value of the Mortgaged Property on the foreclosure date.

(f) Beneficiary may, at Beneficiary's option, comply with these provisions in the manner permitted or required by Title 5, Section 51.002 of the Texas Property Code (relating to the sale of real estate) or by Chapter 9 of the Texas Business and Commerce Code (relating to the sale of collateral after default by a debtor), as those titles and chapters now exist or may be amended or succeeded in the future, or by any other present or future articles or enactments relating to same subject. Unless expressly excluded, the Mortgaged Property will include Rents collected before a foreclosure sale, but attributable to the period following the foreclosure sale, and Borrower will pay such Rents to the purchaser at such sale.

(g) At any such sale, all of the following will be true:

(i) Whether made under the power contained in this Instrument, Section 51.002 of the Texas Property Code, Chapter 9 of the Texas Business and Commerce Code, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it will not be necessary for Trustee to have physically present, or to have constructive possession of, the Mortgaged Property. Borrower will deliver to Trustee any portion of the Mortgaged Property not actually or constructively possessed by Trustee immediately upon demand by Trustee and the title to and right of possession of any such property will pass to the purchaser as completely as if the property had been actually present and delivered to the purchaser at the sale.

(ii) Each instrument of conveyance executed by Trustee will contain a general warranty of title, binding upon Borrower.

(iii) The recitals contained in any instrument of conveyance made by Trustee will conclusively establish the truth and accuracy of the matters recited in the Instrument, including nonpayment of the Indebtedness and the advertisement and conduct of the sale in the manner provided in this Instrument and otherwise by law and the appointment of any successor Trustee.

(iv) All prerequisites to the validity of the sale will be conclusively presumed to have been satisfied.

(v) The receipt of Trustee or of such other party or officer making the sale will be sufficient to discharge to the purchaser or purchasers for such purchaser(s)' purchase money, and no such purchaser or purchasers, or such purchaser(s)' assigns or personal representatives, will thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication of such purchase money.

(vi) To the fullest extent permitted by law, Borrower will be completely and irrevocably divested of all of Borrower's right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale will be a perpetual bar to any claim to all or any part of the property sold, both at law and in equity, against Borrower and against any person claiming by, through or under Borrower.

(vii) To the extent and under such circumstances as are permitted by law, Beneficiary may be a purchaser at any such sale.

32. Release. Upon payment of the Indebtedness, Beneficiary will release this Instrument. Borrower will pay Beneficiary's reasonable costs incurred in releasing this Instrument.

33. Trustee.

(a) Trustee may resign by giving of notice of such resignation in writing to Beneficiary. If Trustee will die, resign or become disqualified from acting under this Instrument or will fail or refuse to act in accordance with this Instrument when requested by Beneficiary or if for any reason and without cause Beneficiary will prefer to appoint a substitute trustee to act instead of the original Trustee named in this Instrument or any prior successor or substitute trustee, Beneficiary will have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who will succeed to all the estate, rights, powers and duties of the original Trustee named in this Instrument. Such appointment may be executed by an authorized officer, agent or attorney-in-fact of Beneficiary (whether acting pursuant to a power of attorney or otherwise), and such appointment will be conclusively presumed to

be executed with authority and will be valid and sufficient without proof of any action by Beneficiary.

(b) Any successor Trustee appointed pursuant to this Section will, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of the predecessor Trustee with like effect as if originally named as Trustee in this Instrument; but, nevertheless, upon the written request of Beneficiary or such successor Trustee, the Trustee ceasing to act will execute and deliver an instrument transferring to such successor Trustee, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and will duly assign, transfer and deliver any of the property and monies held by the Trustee ceasing to act to the successor Trustee.

(c) Trustee may authorize one or more parties to act on Trustee's behalf to perform the ministerial functions required of Trustee under this Instrument, including the transmittal and posting of any notices.

34. Vendor's Lien. To the extent a vendor's lien is retained in that certain deed conveying the Mortgaged Property to Borrower and dated on or about the date of this Instrument, such vendor's lien has been assigned to Beneficiary, the Note is primarily secured by said vendor's lien, and this Instrument is additional security therefore.

35. No Fiduciary Duty. Beneficiary owes no fiduciary or other special duty to Borrower.

36. Fixture Filing. This Instrument is also a fixture filing under the Uniform Commercial Code of Texas.

37. Additional Provisions Regarding Assignment Of Rents. Section 3 will not be construed to require a *pro tanto* or other reduction of the Indebtedness resulting from the assignment of Rents. If the provisions of Section 3 and the preceding sentence cause the assignment of Rents in Section 3 to be deemed to be an assignment for additional security only, Beneficiary will be entitled to all rights, benefits and remedies attendant to such collateral assignment. The assignment of Rents contained in Section 3 will terminate upon the release of this Instrument.

38. Loan Charges. Borrower and Beneficiary intend at all times to comply with the laws of the State of Texas governing the maximum rate or amount of interest payable on or in connection with the Indebtedness (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount payable under the Note, this Instrument or any other Loan Document, or contracted for, charged, taken, reserved or received with respect to the Indebtedness, or if acceleration of the maturity of the Indebtedness, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by any applicable law, then Borrower and Beneficiary expressly intend that all excess amounts collected by Beneficiary will be applied to reduce the unpaid principal balance of the

Indebtedness (or, if the Indebtedness has been or would thereby be paid in full, will be refunded to Borrower), and the provisions of the Note, this Instrument and the other Loan Documents immediately will be deemed reformed and the amounts thereafter collectible under the Loan Documents reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under the Loan Documents. The right to accelerate the maturity of the Indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Beneficiary does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Beneficiary for the use, forbearance or detention of the Indebtedness will, to the extent permitted by any applicable law, be amortized, prorated, allocated and spread throughout the full term of the Indebtedness until payment in full so that the rate or amount of interest on account of the Indebtedness does not exceed the applicable usury ceiling. Notwithstanding any provision contained in the Note, this Instrument or any other Loan Document that permits the compounding of interest, including any provision by which any accrued interest is added to the principal amount of the Indebtedness, the total amount of interest that Borrower is obligated to pay and Beneficiary is entitled to receive with respect to the Indebtedness will not exceed the amount calculated on a simple (i.e., noncompounded) interest basis at the maximum rate on principal amounts actually advanced to or for the account of Borrower, including all current and prior advances and any advances made pursuant to the Instrument or any other Loan Document (such as for the payment of Impositions and similar expenses or costs).

39. <u>ENTIRE AGREEMENT</u>. THIS INSTRUMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

40. WAIVER OF TRIAL BY JURY.

(a) **BORROWER AND BENEFICIARY EACH COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS INSTRUMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND BENEFICIARY THAT IS TRIABLE OF RIGHT BY A JURY.**

(b) **BORROWER AND BENEFICIARY EACH WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.**

41. **Notice of Additional Provisions Regarding Insurance.** Any terms to the contrary contained in this Instrument notwithstanding, the following requirements are hereby imposed pursuant to Section 307.052 of the Texas Finance Code:

(a) **BORROWER IS REQUIRED TO: (i) KEEP THE MORTGAGED PROPERTY INSURED AGAINST DAMAGE IN AN AMOUNT EQUAL TO THE INDEBTEDNESS, (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER, AND (iii) NAME THE BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF LOSS.**

(b) **IF BORROWER FAILS TO COMPLY WITH SUBSECTION (a) ABOVE, BENEFICIARY MAY, BUT WILL NOT BE OBLIGATED TO, OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE.**

42. **Attached Exhibits.** The following Exhibits, if marked with an "X" in the space provided, are attached to this Instrument:

|X| Exhibit A Description of the Land
|X| Exhibit B Ground Lease Description
|X| Exhibit C Ground Lease Deed of Trust with Fee Joinder

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REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE AND ACKNOWLEDGMENT PAGE FOLLOWS

IN WITNESS WHEREOF, Borrower has signed and delivered this Instrument or has caused this Instrument to be signed and delivered by its duly authorized representative.

BORROWER:

TORRINGTON WILMER, LP, a
Texas limited partnership

By: DCHFC 2025 Wilmer GP, LLC, a
Texas limited liability company, its
General Partner

By: Dallas County Housing Finance Corporation 2025, a
Texas non-profit housing finance corporation, its
Sole Member

By: _____
Name: _____
Its: _____

STATE OF TEXAS)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by _____, the _____ of Dallas County Housing Finance Corporation 2025, a Texas non-profit housing finance corporation, the Sole Member of DCHFC 2025 Wilmer GP, LLC, a Texas limited liability company, the General Partner of Torrington Wilmer, LP, a Texas limited partnership, for and on behalf of said limited partnership.

_____
Notary Public

EXHIBIT A

DESCRIPTION OF THE LAND

[to be inserted]

EXHIBIT B

GROUND LEASE DESCRIPTION

1. Ground Lease dated as of [_____], 2026, by and between Dallas County Housing Finance Corporation 2025, a Texas non-profit housing finance corporation, as landlord, and Torrington Wilmer, LP, a Texas limited partnership, as tenant.

2. [Memorandum of Ground Lease] dated as of [_____], 2026, by and between Dallas County Housing Finance Corporation 2025, a Texas non-profit housing finance corporation, as landlord, and Torrington Wilmer, LP, a Texas limited partnership, as tenant, and to be recorded against the Land (as defined above) in the Official Public Records of Dallas County, Texas.

EXHIBIT C

GROUND LEASE DEED OF TRUST WITH FEE JOINDER

The following changes are made to the Instrument which precedes this Exhibit C, which is incorporated into and made a part of the Instrument by this reference:

A. The granting clause on Page 2 of this Instrument is deleted and replaced with the following:

TO SECURE TO BENEFICIARY the repayment of the Indebtedness, and all renewals, extensions and modifications of the Indebtedness, and the performance of the covenants and agreements of Borrower and Ground Lessor contained in the Continuing Covenants Agreement or any other Loan Document, and in consideration of the Indebtedness and the trust created by this Instrument, Borrower irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the Mortgaged Property, including the Leasehold Estate and the Fee Estate in the Land located in Dallas County, State of Texas and described in Exhibit A attached to this Instrument, to have and to hold the Mortgaged Property unto Trustee, Trustee's successor in trust and Trustee's assigns forever.

B. The definitions of "Fixtures", "Mortgaged Property" and "Personalty" in Section 1 of this Instrument are deleted and replaced with the following:

"**Fixtures**" means all property owned by Borrower or Ground Lessor which is attached to the Land or the Improvements so as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators and installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

"**Mortgaged Property**" means all of Borrower's and Ground Lessor's present and future right, title and interest in and to all of the following:

(a) The Land, including Borrower's interest in the Land pursuant to the Ground Lease, the Ground Lease and the Leasehold Estate, and Ground Lessor's interest in the Land, the Ground Lease, and the Fee Estate.

(b) The Improvements.

(c) The Fixtures.

(d) The Personalty.

(e) All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights of way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses and appurtenances related to or benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated.

(f) All proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, whether or not Borrower or Ground Lessor obtained the Insurance pursuant to Lender's requirement or the Ground Lease.

(g) All awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land or the Leasehold Estate, as applicable, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof.

(h) All contracts, options and other agreements for the sale of the Land, or the Leasehold Estate, as applicable, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Borrower or Ground Lessor now or in the future, including cash or securities deposited to secure performance by parties of their obligations.

(i) All proceeds from the conversion, voluntary or involuntary, of any of the items described in subsections (a) through (h) inclusive into cash or liquidated claims, and the right to collect such proceeds.

(j) All Rents and Leases (including the Ground Lease).

(k) All earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the Loan.

(l) All Imposition Reserve Deposits.

(m) All refunds or rebates of Impositions by any Governmental Authority or any insurance company (other than refunds applicable to periods before the real property tax year in which this Instrument is dated).

(n) All tenant security deposits which have not been forfeited by any tenant under any Lease (including the Ground Lease) and any bond or other security in lieu of such deposits.

(o) All names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property.

"**Personalty**" means all of the following:

(a) Accounts (including deposit accounts) related to the Mortgaged Property.

(b) Equipment and inventory which are used now or in the future in connection with the ownership, management or operation of the Land or Improvements or are located on the Land or Improvements, including furniture, furnishings, machinery, building materials, goods, supplies, tools, books, records (whether in written or electronic form) and computer equipment (hardware and software).

(c) Other tangible personal property which is used now or in the future in connection with the ownership, management or operation of the Land or Improvements or is located on the Land or in the Improvements, including ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances (other than Fixtures).

(d) Any operating agreements relating to the Land or the Improvements.

(e) Any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements.

(f) All other intangible property, general intangibles and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land and including subsidy or similar payments received from any sources, including a Governmental Authority.

C. Sections 29 and 30 of this Instrument are deleted and replaced with the following:

29. No Merger of Estates.

(a) If Borrower acquires the Fee Estate, there will be no merger between the Fee Estate and the Leasehold Estate unless all Persons, including Lender, having an interest in the Ground Lease consent in writing to the merger.

(b) Simultaneously with Borrower's acquisition of the Fee Estate, the Lien of this Instrument will automatically, without the necessity of any further conveyance, continue to cover the Fee Estate and will be and remain prior

to the Lien of any mortgage, deed of trust or other Lien placed on the Fee Estate after the date of this Instrument. Promptly after Borrower's acquisition of the Fee Estate, Borrower, at its sole cost and expense, including payment of Lender's Attorneys' Fees and Costs and out-of-pocket disbursements, will execute and deliver all documents and instruments necessary to subject or further subject the Fee Estate to the Lien of this Instrument or to confirm and ratify such Lien, and must provide to Lender a title insurance policy insuring the Lien of this Instrument as a first Lien on the Fee Estate and the Leasehold Estate, as applicable.

(c) If Lender acquires the Fee Estate and the Leasehold Estate (whether pursuant to the provisions of the Ground Lease, by foreclosure of this Instrument or otherwise), the Fee Estate and the Leasehold Estate will not merge as a result of such acquisition and will remain separate and distinct for all purposes after such acquisition unless and until Lender elects to merge the Fee Estate and the Leasehold Estate.

30. Ground Lessor Joinder.

(a) By its execution and delivery of this Instrument, Ground Lessor joins in this Instrument with the same intent and consequence as if Ground Lessor were originally a party to this Instrument, for the purpose of imposing the lien of this Instrument on the Fee Estate, and acknowledging the agreements, covenants and obligations set forth in this Instrument are applicable to Ground Lessor, including those set forth in Sections 2, 3, 4, 6, 7(a), 10 – 13, 15 – 17 and 20 of this Instrument. All leasehold mortgagee protection provisions set forth in the Ground Lease, and all other provisions inuring to the benefit of leasehold mortgagees or their successors or assigns contained in the Ground Lease, and any representations, warranties and certifications set forth in the Estoppel Certificate (as defined in the Continuing Covenants Agreement) delivered by Ground Lessor in connection with the Loan, are incorporated into this Instrument by reference and are restated and confirmed by Ground Lessor for the benefit of Lender.

(b) Ground Lessor represents to Lender that it has the power, authority and right to execute this Instrument as an accommodation grantor, and to deed, grant, convey and assign to, as applicable, Lender or Trustee, in trust, a security interest in Ground Lessor's right, title and interest in the Mortgaged Property pursuant to the terms of this Instrument and to keep and observe all of the terms of this Instrument to be performed by Ground Lessor under this Instrument. Ground Lessor further represents that Ground Lessor possesses an unencumbered fee simple absolute estate in the Land and that it owns the Land and, to the extent not owned in fee by Borrower, the Improvements, free and clear of all liens, encumbrances and charges except for those otherwise approved by Lender. Ground Lessor will forever warrant, defend and preserve the title, validity and priority of the lien of this Instrument and defend the same to Lender against the claims of all persons.

Ground Lessor agrees that Ground Lessor will not, without the prior written consent of Lender, cause or agree to a transfer of or all or any part of the Mortgaged Property or any interest in the Mortgaged Property, or permit a transfer of all or any portion of the Mortgaged Property.

(c) Ground Lessor acknowledges all of the following:

(i) Lender has not made any representations or warranties to Ground Lessor with respect to the creditworthiness of Borrower or the prospects of repayment of the Indebtedness.

(ii) Ground Lessor assumes full responsibility for keeping informed with respect to Borrower's business operations, if any, and financial condition to the extent Ground Lessor wishes to do so.

(iii) Lender will have no duty to disclose or report to Ground Lessor any information now or later known to Lender with respect to Borrower, including any information relating to any of Borrower's business operations or financial condition.

(d) At any time after Ground Lessor receives notice of an Event of Default under any of the Loan Documents from Lender, Ground Lessor has the right (but will not be obligated) to make any payment, perform any obligation and take any other action that Borrower would have the right to pay, perform or take under this Instrument which Ground Lessor deems necessary or desirable to cure the Event of Default.

(e) Ground Lessor acknowledges and agrees that, upon the occurrence of an Event of Default, Lender or Trustee (if applicable) may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower, Ground Lessor, and in and to the Mortgaged Property, including the Land, to the fullest extent under the terms of this Instrument, the Continuing Covenants Agreement, and the other Loan Documents.

(f) Any indebtedness of Borrower to Ground Lessor now or later existing (including claims under the Ground Lease or any rights to subrogation Ground Lessor may have as a result of this Instrument or any action taken by Lender under this Instrument), together with any interest thereon, will be, and such indebtedness is, hereby deferred, postponed and subordinated to the prior payment in full of the Indebtedness.

(g) Ground Lessor has no personal liability for the repayment of the Indebtedness or for the performance of any of Borrower's or Ground Lessor's obligations under the Loan Documents, and Ground Lessor's liability under the Loan Documents is expressly limited to the Mortgaged

Property. However, nothing in this exhibit limits the liability or obligations of Ground Lessor as Landlord under the Ground Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DALLAS COUNTY HOUSING FINANCE CORPORATION 2025, a
Texas non-profit housing finance corporation

By: _____
Name: _____
Authorized Signer

STATE OF TEXAS)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by _____, an Authorized Signer of Dallas County Housing Finance Corporation 2025, a Texas non-profit housing finance corporation, for and on behalf of said non-profit housing finance corporation.

_____
Notary Public

ASSIGNMENT OF DEED OF TRUST DOCUMENTS

This Assignment of Deed of Trust Documents ("Assignment") is dated as of [April] 1, 2026 from the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (the "Assignor"), to BOKF, NA, a national banking association, as Trustee (the "Assignee") under the Trust Indenture (the "Indenture") dated as of [April] 1, 2026, between the Assignor as Issuer and the Assignee as Trustee.

RECITALS

TORRINGTON WILMER, LP, a Texas limited partnership (the "Owner"), as Borrower, has:

(i) entered into with the Assignor a Loan Agreement dated as of [April] 1, 2026 (said Loan Agreement with all further supplements and amendments thereto is herein referred to as the "Loan Agreement"), evidencing indebtedness in the aggregate principal amount of $[45,000,000] (the "Loan");

(ii) executed and delivered to the Assignor the Promissory Note dated [as of the Closing Date] (said Note together with all further supplements and amendments thereto is herein referred to as the "Note") in a principal amount equal to the amount of the Loan and made to the order of the Assignor as Payee, further evidencing the Loan; and

(iii) executed and delivered to the Assignor the Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of [the Closing Date] (the "Mortgage") made to a mortgage trustee for the benefit of the Assignor and the Assignee, securing the Note, and to be recorded in the Deed Records of Dallas County, Texas, and relating to the real estate described in **Exhibit A** hereto.

The documents identified in (i), (ii) and (iii) above, together with all financing and continuation statements to perfect the liens and security interests granted thereby, are collectively referred to herein as the "Deed of Trust Documents."

The Assignor desires to assign and transfer to the Assignee all its right, title and interest in and to the Deed of Trust Documents, excluding the Reserved Rights, and the Assignee desires to acquire Assignor's right, title and interest as aforesaid under the Deed of Trust Documents in accordance with the terms hereof. The Assignee is joining in the execution of this Assignment in order to evidence its acceptance hereof.

The Owner is joining in the execution of this Assignment in order to evidence its consent hereto and in order to agree that the Deed of Trust Documents shall be effective to secure the obligations of the Owner to the Assignee as more fully set forth therein and herein.

AGREEMENT

For and in consideration of the premises, the sum of $10.00, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Definitions. All words and phrases defined in the Indenture have the same meanings in this Assignment, which definitions are incorporated herein by reference, unless a different definition is set forth in this Assignment.

Section 2. Assignment. The Assignor sells, assigns and sets over and transfers to the Assignee all the right, title and interest of the Assignor in, to and under the Deed of Trust Documents, excluding any Reserved Rights, and Assignee accepts such assignment and assumes Assignor's obligations under the Deed of Trust Documents. This Assignment is made and shall be without recourse, warranty or representation of the Assignor.

Section 3. Miscellaneous. In case any one or more of the provisions contained in this Assignment are invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not be affected or impaired thereby.

This Assignment may be executed in any number of counterparts, each executed counterpart constituting an original, but all counterparts together constituting only one instrument.

It is the intention of the parties hereto that this Assignment and the rights and obligations of the parties hereunder shall be governed, construed and enforced in accordance with the laws of the State of Texas, without reference to the conflicts of laws principles of the State of Texas.

(SIGNATURE PAGES FOLLOW)

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Deed of Trust Documents as of the date first above written.

ASSIGNOR:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By:_____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

Address: P.O. Box 13941
Austin, Texas 78711-3941
Attention: Director of Multifamily Bonds

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2026 by James B. "Beau" Eccles, Secretary to the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, on behalf of said agency.

_____
Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

ASSIGNEE:

BOKF, NA, as Trustee

By: _____
Name: Rosalyn Davis
Title: Vice President

Address: 1401 McKinney, Suite 1000
Houston, Texas 77010
Attention: Rosalyn Davis

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2026 by Rosalyn Davis, a Vice President of BOKF, NA, a national banking association, duly organized and existing under the laws of the United States of America, on behalf of said association.

_____
Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

The undersigned, being the Owner referred to in the foregoing Assignment of Deed of Trust Documents, hereby acknowledges receipt and acceptance thereof and consents and agrees to the assignment made therein and to the terms and provisions thereof.

TORRINGTON WILMER, LP,
a Texas limited partnership

By: DCHFC 2025 Wilmer GP, LLC
a Texas limited liability company,
its General Partner

By: Dallas County Housing Finance Corporation 2025,
a Texas non-profit housing finance corporation,
its sole member

By:_____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by _____, Authorized Signer of Dallas County Housing Finance Corporation 2025, a Texas nonprofit housing finance corporation, sole member of DCHFC 2025 Wilmer GP, LLC, a Texas limited liability company, General Partner of Torrington Wilmer, LP, a Texas limited partnership, on behalf of said entities.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

EXHIBIT A

LEGAL DESCRIPTION

[to come]

TAX EXEMPTION CERTIFICATE AND AGREEMENT

Dated as of

[Dated Date]

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer
and

BOKF, NA,
as Trustee

and

TORRINGTON WILMER, LP,
as Borrower

regarding

$[Par Amount]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Torrington Wilmer) Series 2026

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TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this "Agreement") dated as of [Dated Date], but effective as of the Issue Date of the Bonds (as defined below) is among the **Texas Department of Housing and Community Affairs** (together with its successors and assigns, the "Issuer"), a public and official agency of the State (as defined herein), **BOKF, NA**, a national banking association organized and existing under the laws of the United States of America, as Trustee under the hereinafter defined Indenture (together with any successor Trustee under the Indenture described below and their respective successors and assigns, the "Trustee"), and **Torrington Wilmer, LP**, a Texas limited partnership (together with its permitted successors and assigns, the "Borrower") and is entered into in connection with the issuance of the $[Par Amount] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 (the "Bonds"). The representations of facts and circumstances and the covenants of the Issuer made herein are made in part for purposes of fulfilling the requirements set forth in section 1.148-2(b)(2) of the Regulations (as defined herein).

RECITALS

WHEREAS, the Governing Board of the Issuer has determined to authorize the issuance of the Bonds pursuant to and in accordance with the terms of the Indenture (as defined herein) for the purpose of obtaining funds to finance the Project (as defined herein), all under and in accordance with the Constitution and laws of the State (as defined herein); and

WHEREAS, the Issuer desires to use the Proceeds (as defined herein) of the Bonds to fund a mortgage loan to the Borrower (i.e., the Bond Loan, as defined herein) upon the terms and conditions set forth in the Loan Agreement (as defined herein) in order to finance Project Costs (as defined herein); and

WHEREAS, the Issuer and the Borrower desire that interest on the Bonds be excludable from gross income for federal income tax purposes under the Code (as defined herein); and

WHEREAS, the purpose of executing this Agreement is to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Project and to establish the expectations of the Issuer, the Borrower, and the Trustee as to future events regarding the Bonds, the Project, and the use and investment of Proceeds of the Bonds.

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby certify, covenant, represent, and agree on behalf of the Issuer, the Borrower, and the Trustee (but not in their individual capacities), respectively, as follows:

1. Definitions. Each capitalized term used in this Agreement has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Agreement or in Exhibits to this Agreement and for all purposes hereof has the meaning or is in the amount therein specified. All capitalized terms used but not defined herein, to the extent that such terms are defined in the Indenture, the Loan Agreement, or the Regulatory

Agreement for all purposes hereof have the meanings therein specified. All such terms defined in the Code or Regulations that are not defined herein will for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

"***Bond Counsel***" means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially shall mean Bracewell LLP.

"***Bond Fund***" means the "Bond Fund" established pursuant to the Indenture.

"***Bond Loan***" means the loan of Proceeds of the Bonds from the Issuer to the Borrower pursuant to the terms of the Loan Agreement.

"***Bond Year***" means each one-year period that ends on the day selected by the Borrower in a certificate provided to the Issuer and the Trustee. The first and last bond years may be short periods. If no day is selected by the Borrower before the earlier of the final maturity date of the Bonds or the date that is five years after the Issue Date of the Bonds, a bond year will end on each anniversary of the Issue Date of the Bonds and on the final maturity date of the Bonds.

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

"***Computation Date***" means each Installment Computation Date and the Final Computation Date.

"***Costs of Issuance***" means costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"***Costs of Issuance Fund***" means the "Costs of Issuance Fund" established pursuant to the Indenture.

"***Expense Fund***" means the "Expense Fund" established pursuant to the Indenture.

"***Favorable Opinion of Bond Counsel***" means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds

under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the recipient thereof).

"***Final Computation Date***" means the date on which the final payment in full of the Bonds is made.

"***Financial Advisor***" means CSG Advisors Incorporated.

"***Form 8038***" means IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

"***Gross Proceeds***" means any Proceeds and any Replacement Proceeds.

"***Hedged Bonds***" means that portion of the Bonds covered by the Swap.

"***Indenture***" means the Trust Indenture by and between the Issuer and the Trustee, dated as of [Dated Date].

"***Installment Computation Date***" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"***Investment Proceeds***" has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

"***IRS***" means the Internal Revenue Service.

"***Issue Date***" means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

"***Issue Price***" has the meaning ascribed to it in section 1.148-1(f) of the Regulations.

"***Loan Agreement***" means the Loan Agreement among the Issuer, the Purchaser and the Borrower, dated as of [Dated Date].

"***Median Gross Income for the Area***" means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of HUD, under Section 8 of the Housing Act (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

"***Minor Portion***" means that portion of the Gross Proceeds of the Bonds that does not exceed in the aggregate $100,000.

"***Net Proceeds***" means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

"***Nonpurpose Investment***" means any "investment property," within the meaning of section 148(b) of the Code, that is not a Purpose Investment.

"***Official Intent Date***" means October 10, 2024.

"***Placed in Service***" has the meaning set forth in section 1.150-2(c) of the Regulations and means, with respect to a facility, the date on which, based on all the facts and circumstances, (a) the facility reaches a degree of completion that will permit its operation at substantially its design level, and (b) the facility is, in fact, in operation at such level.

"***Pre-Issuance Accrued Interest***" has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

"***Preliminary Expenditures***" are described in section 1.150-2(f)(2) of the Regulations and include architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation.

"***Proceeds***" has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

"***Project***" means an approximately 300-unit affordable, multifamily housing development located at or near 1501 E. Belt Line Road, Wilmer, Dallas County, Texas 75172.

"***Project Costs***" means, to the extent authorized by State law, any and all costs incurred by the Borrower with respect to the acquisition, construction, and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the Issue Date of the Bonds, including, without limitation, costs for site preparation, the planning of housing and improvements, the removal or demolition of existing structures, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and Borrower's overhead and supervisor's fees and costs directly allocable to the Project, and administrative and other expenses necessary or incident to the Project and the financing thereof.

"***Project Fund***" means the "Project Fund" established pursuant to the Indenture.

"***Purchaser***" means Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation.

"***Purpose Investment***" means an investment acquired to carry out the governmental purpose of the Bonds.

"***Qualified Administrative Costs***" are those costs of issuing, carrying or repaying the Bonds, and any underwriter's discount. Qualified Administrative Costs do not include the costs of issuing, carrying or repaying the Bond Loan.

"***Qualified Project Costs***" means Project Costs that meet the following requirements:

(a) The costs are chargeable to a capital account with respect to the Project for federal income tax purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bonds during, and fees for a "qualified guarantee" (within the meaning of section 1.148-4 of the Regulations) attributable to the period of, the construction of the Project will constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs.

(b) If any portion of the Project is being constructed or rehabilitated by the Borrower or a Related Person to the Borrower (whether as a general contractor or a subcontractor), such costs include only (i) the actual out-of-pocket costs incurred by the Borrower or such Related Person in constructing or rehabilitating the Project (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Borrower or such Related Person (but excluding any profit component) and (iii) any overhead expenses incurred by the Borrower or such Related Person that are directly attributable to the work performed on the Project and do not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the construction of the Project or payments received by such Related Person due to early completion of the Project (or any portion thereof).

(c) The costs are not Costs of Issuance.

(d) (i) The costs were paid no earlier than 60 days prior to the Official Intent Date and (ii) the reimbursement allocation is made no later than 18 months after the later of (A) the date the expenditure was paid and (B) the date the Project is Placed in Service or abandoned, but in no event more than three years after the original expenditure is paid; provided that such limitations do not apply to any amount not in excess of $100,000 or to Preliminary Expenditures that do not exceed 20 percent of the Sale Proceeds of the Bonds.

"***Qualified Project Period***" means, with respect to the Project, the period beginning on the first day on which 10 percent of the Units are occupied and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied, (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Project is outstanding for federal income tax purposes or, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

"***Qualifying Tenant***" means a tenant whose Annual Income is 60 percent or less of Median Gross Income for the Area, as determined under sections 142(d)(2)(B) and (E) of the Code. If all the occupants of a Unit are students (as defined under section 152(f)(2) of the Code), no one of

whom is entitled to file a joint return under section 6013 of the Code, such occupants are not Qualifying Tenants, unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

"***Rebate Amount***" has the meaning set forth in section 1.148-3(b) of the Regulations and, generally, means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with section 1.148-3 of the Regulations.

"***Rebate Analyst***" means a Person that is (a) qualified and experienced in the calculation of rebate payments under section 148 of the Code, (b) chosen by the Borrower, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

"***Rebate Fund***" means the "Rebate Fund" established pursuant to the Indenture.

"***Regulations***" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"***Regulatory Agreement***" means the Regulatory and Land Use Restriction Agreement, among the Issuer; the Trustee; the [_____], as fee owner; and the Borrower, dated as of [Dated Date].

"***Related Party***" means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and, in reference to a person that is not a governmental unit or a 501(c)(3) organization, a Related Person.

"***Related Person***" has the meaning set forth in section 144(a)(3) of the Code. A person is a "Related Person" to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that "more than 50 percent" is substituted for "at least 80 percent" each place it appears therein).

"***Replacement Proceeds***" has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

"***Sale Proceeds***" has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters' discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

"***State***" means the State of Texas.

"***Stated Redemption Price at Maturity***" means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

"***Substantial User***" has the meaning given to such term in section 1.103-11(b) of the Regulations, and generally includes any person who regularly uses a part of a facility in its trade or business and (i) such facility, or part thereof, is specifically constructed, reconstructed, or acquired for such person or (ii) such person (A) receives more than five percent of the total revenue derived by all users of such facility as gross revenue or (B) occupies more than five percent of the entire usable area of the facility.

"***Swap***" means the variable-to-fixed interest rate swap transaction entered into by the Borrower with the Swap Counterparty with respect to the Hedged Bonds.

"***Swap Counterparty***" means Cedar Rapids Bank and Trust Company.

"***Unit***" means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation; provided that, a residential accommodation will not fail to be treated as a "Unit" merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

"***Weighted Average Maturity***" means the sum of the products of the Issue Price and the number of years to maturity (taking into account mandatory redemptions) of an obligation, divided by the aggregate Issue Price of such obligation.

"***Yield***" on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal, interest and fees for qualified guarantees to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments to be received on the investment produces an amount equal to all payments for the investment.

"***Yield Reduction Payments***" means amounts paid in accordance with section 1.148-5(c) of the Regulations that are treated as payments that reduce the Yield on an investment.

"***40-60 Test***" means the requirement set forth in section 142(d)(1)(B) of the Code providing that 40 percent or more of the Units in the Project be occupied by individuals whose income is 60 percent or less of the Median Gross Income for the Area.

2. Authorized Representatives.

(a) Issuer. The undersigned representative of the Issuer represents that such representative (i) is charged, along with others, with the responsibility for the Bonds and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Issuer to execute and deliver this Agreement and (ii) is aware of the provisions

of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Issuer personnel and consultants to the Issuer, the undersigned representative of the Issuer has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(b) Borrower. The undersigned representative of the Borrower represents that such representative (i) is a duly chosen, qualified and acting officer or other representative of the Borrower, which will be the owner of the Project and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Borrower to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Borrower personnel and consultants to the Borrower, the undersigned representative of the Borrower has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(c) Trustee. The undersigned representative of the Trustee represents that such representative is a duly chosen, qualified and acting officer or other representative of the Trustee and is authorized on behalf of the Trustee to execute and deliver this Agreement.

3. Reasonable Expectations. The Issuer and the Borrower hereby affirm that the facts and estimates that are set forth in this Agreement are accurate and the expectations that are set forth in this Agreement are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. The Issuer has also relied, to the extent appropriate, on (a) the Issue Price Certificate attached hereto as Exhibit A, (b) the Certificate of Financial Advisor attached hereto as Exhibit B, (c) the Borrower's Qualified Hedge Identification Certificate attached hereto as Exhibit D, and (d) the Certificate of Swap Counterparty attached hereto as Exhibit E. The undersigned representatives of the Issuer and the Borrower are aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of the representations set forth in such certificates.

4. Reliance on Borrower's Representations and Covenants. Except as otherwise indicated in this Agreement, the representations, expectations, certifications, covenants and warranties of the Issuer concerning the use and investment of the Proceeds of the Bonds and certain other matters described in this Agreement are based solely upon representations, expectations, certifications, covenants and warranties of the Borrower, as set forth in this Agreement or in the Exhibits attached hereto. In relying upon such representations, expectations, certifications, covenants and warranties of the Borrower, the Issuer has not made any independent investigations of the matters pertaining thereto. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation, expectations, certifications, covenants and warranties of the Borrower made in this Agreement or in the Exhibits attached hereto.

5. Completeness of Borrower Information. The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the excludability from gross income for federal income tax purposes of the interest on the Bonds, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information for which Bond Counsel has not asked. After due investigation, there is no information not obtained, or any investigation or inspection not heretofore pursued, that would be relevant or material to the certifications set forth below.

6. General Requirements Relating to the Issuance of the Bonds.

(a) Governmental Purpose. The Borrower has applied to the Issuer and been approved for the Bond Loan to be made from the Proceeds of the Bonds. The proceeds of the Bond Loan (and, thus, the Proceeds of the Bonds) will be used to finance a portion of the Project Costs.

(b) Public Hearing and Approval. As required under section 147(f) of the Code, the Issuer hosted a public hearing on November 18, 2025, regarding the Bonds and the Project and for which there was reasonable public notice. The Attorney General of the State approved the issuance of the Bonds.

(c) Volume Cap. The Issuer has received from the Texas Bond Review Board a reservation of State private activity bond volume cap in an amount no less than the aggregate principal amount of the Bonds (or if greater, the Issue Price of the Bonds) for the purpose of issuing the Bonds to finance the Project.

(d) Issue. There are no other obligations that (i) were sold at substantially the same time as the Bonds (i.e., less than 15 days apart), (ii) were sold pursuant to the same plan of financing with the Bonds, and (iii) will be paid out of substantially the same source of funds as the Bonds.

(e) Form 8038. The Borrower has examined the completed Form 8038 with respect to the Bonds, including accompanying schedules and statements, and, to the best of the Borrower's knowledge and belief, the information in Parts IV and V, which was furnished by the Borrower, is true, correct, and complete. The Issuer will cause the completed Form 8038 with respect to the Bonds to be filed timely with the IRS.

(f) Substantial User. No person that was a Substantial User of the Project at any time during the five-year period before the Issue Date of the Bonds or any Related Person to such Substantial User will (i) receive (directly or indirectly) more than five percent of the Proceeds of the Bonds for such user's interest in the Project and (ii) be a Substantial User of the Project at any time during the five-year period after the Issue Date

of the Bonds. For purposes of this subparagraph, a user that is a governmental unit within the meaning of section 1.103-1 of the Regulations is disregarded.

(g) Program Covenant. Neither the Borrower nor any Related Party of the Borrower is, or will be, a party to any agreement, formal or informal, pursuant to which it will purchase any of the Bonds in an amount related to the amount of the Bond Loan made to the Borrower unless the Borrower or such Related Party provides a Favorable Opinion of Bond Counsel to the Issuer.

(h) No Federal Guarantee. Neither the Issuer nor the Borrower will take any action that would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of section 149(b)(2) of the Code.

(i) Borrower's EIN. The Borrower represents that the Borrower's EIN is 39-4406887.

7. Sale Proceeds of the Bonds. The amount of Sale Proceeds received by the Issuer from the sale of the Bonds is $[Par Amount], which represents the Stated Redemption Price at Maturity of the Bonds. The Sale Proceeds of the Bonds will be loaned to the Borrower and used to pay Project Costs. The aggregate amount of the Project Costs is anticipated to exceed such amount. Any Project Costs not financed out of Proceeds of the Bonds will be financed out of the Borrower's available funds.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Bonds.

9. Use of Proceeds of the Bonds.

(a) Qualified Project Costs. At least 95 percent of the Net Proceeds of the Bonds actually expended will be used to pay or reimburse Qualified Project Costs. Not more than five percent of the Net Proceeds of the Bonds will be expended for or allocated to Project Costs that are not Qualified Project Costs.

For purposes of this subparagraph (a) the Project includes only: (i) those portions of buildings included in the Project that are (A) separate and complete facilities for living, sleeping, eating, cooking and sanitation that will be used on other than a transient basis by one or more persons and that will be available on a regular basis for use by members of the general public and will be rented, or available for rental, on a continuous basis during the Qualified Project Period, and (B) facilities in building areas that are functionally related and subordinate thereto, such as centrally located machinery and equipment and common areas in a typical apartment building (but not including any health club facilities, except a facility that will be available only to tenants and their guests with no separate fee to be paid for the use of such facility); and (ii) land and other facilities that are properly allocable to such living facilities, such as parking areas and recreational areas for occupants of the living facilities.

Further, all of the allocable functionally related and subordinate land areas, facilities, and building areas taken into account in determining Qualified Project Costs under this subparagraph (a) are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) Additional Limitations.

(i) Costs of Issuance. Costs of Issuance in an amount of $) are expected to be paid out of the Net Proceeds of the Bonds. Any Costs of Issuance financed out of Net Proceeds of the Bonds will not exceed in the aggregate two percent of the Sale Proceeds of the Bonds (i.e., $[_____]). Costs of Issuance in excess of two percent of Sale Proceeds of the Bonds will be paid by the Borrower from sources other than Net Proceeds of the Bonds.

(ii) Capitalized Interest. An amount of $0 of the Net Proceeds of the Bonds is expected to be used to pay interest on the Bonds accruing prior to the Placed in Service date of the Project. Net Proceeds of Bonds will not be used to pay interest amounts accruing after the Placed in Service date of the Project.

(iii) Acquisition of Existing Property. No portion of the Net Proceeds of the Bonds will be used to pay or reimburse the cost of acquiring any property or an interest therein unless, except for land, the first use of such property is pursuant to such acquisition.

(iv) Limitation on Land Acquisition. Net Proceeds of the Bonds in the amount of $0 are expected to be used (directly or indirectly) to acquire land (or an interest therein), and such amount is less than 25 percent of the Net Proceeds of the Bonds (i.e., $[_____]). No portion of the Net Proceeds of the Bonds will be used (directly or indirectly) for farming purposes. For this purpose, an amount is considered used for the acquisition of land (or an interest therein) to the extent that a portion of the acquisition cost of the Project that is properly allocable for all federal income tax purposes to the land component (including interests in land) of the Project.

(v) Prohibited Facilities. None of the Proceeds of the Bonds will be used to acquire, construct, or equip, and no portion of the Project will be, an airplane, a skybox or any other type of luxury box, a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises; provided that, any fitness room functionally related to and subordinate to the Project for use by tenants of the Project or their guest is not considered a health club facility for purposes of this subparagraph.

(vi) Payments to Related Persons. Any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower will not exceed an arm's-length charge that is the

amount that would be charged to a person other than the Borrower. Further, any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower would be paid under the same circumstances by a person other than the Borrower to such affiliated person or entity. Notwithstanding the foregoing, in no event will amounts of Proceeds of the Bonds that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

(vii) No Working Capital. Except for an amount that does not exceed five percent of the Sale Proceeds of the Bonds (and that is directly related to the Project), the Proceeds of the Bonds will only be expended for (A) costs that would be chargeable to the capital account of the Project if the Issuer's income were subject to federal income taxation; (B) interest on the Bonds in an amount that does not cause the aggregate amount of interest paid on the Bonds to exceed that amount of interest on the Bonds that is attributable to the period that commences on the Issue Date of the Bonds and ends on the later of (1) the date that is three years from the Issue Date of the Bonds or (2) the date that is one year after the date on which the Project is Placed in Service; and/or (C) fees for a qualified guarantee of the Bonds or payment for a qualified hedge on the Bonds.

(viii) No Pooling. The Proceeds of the Bonds are not being used directly or indirectly to make or finance loans to two or more ultimate unrelated borrowers.

(ix) Weighted Average Economic Life. The Weighted Average Maturity of the Bonds, as calculated by the Financial Advisor as set forth in Exhibit B hereto, is [WAM] years. The weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds is at least [WAM/1.2] years. Thus, the Weighted Average Maturity of the Bonds is not more than 120 percent of the weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds. Such weighted average reasonably expected economic life is determined in accordance with the following assumptions: (A) the weighted average is determined by taking into account the respective costs of each asset, excluding land; (B) the reasonably expected economic life of an asset is determined as of the later of (1) the Issue Date of the Bonds or (2) the date on which such asset is originally Placed in Service (or expected to be Placed in Service); and (C) the economic lives for the itemized assets are the useful lives that would have been used for depreciation purposes under section 167 of the Code prior to the enactment of the ACRS system under section 168 of the Code (i.e., the mid-point lives under the Class Life Asset Depreciation Range System of section 167(m) of the Code where applicable and the guideline lives under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures). The Borrower hereby covenants not to make any changes to the Project that would, at the time made, cause the remaining Weighted Average Maturity of the Bonds to be more than 120 percent of the remaining weighted average estimated economic life of the portion of the Project financed with Proceeds of the Bonds.

(c) Reimbursement. The Borrower expects that it will use Proceeds of the Bonds in the amount of $[_____] to reimburse itself for expenditures paid prior to the Issue Date of the Bonds. Other than (i) an amount not greater than $100,000 and/or (ii) Preliminary Expenditures up to an amount not in excess of 20 percent of the Issue Price of the Bonds, no portion of the Proceeds of the Bonds will be disbursed to reimburse the Issuer, the Borrower or any Related Person to the Borrower for any expenditures paid or incurred prior to the date that is 60 days before the Official Intent Date, which is the date on which the Issuer adopted a resolution describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project and stating the Issuer's reasonable expectation that expenditures for Project Costs would be reimbursed with Proceeds of an obligation. Such resolution was not an official intent declared as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the Project. Neither the Issuer nor the Borrower has engaged in a pattern of failure to reimburse actual original expenditures covered by official intents. Such reimbursed portion will be treated as spent for purposes of the "Funds—Project Fund" subparagraph herein and the "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph herein.

(d) Allocations and Accounting. The Borrower will prepare a final allocation of the Proceeds of the Bonds to expenditures not later than 18 months after the later of the date the original expenditure is made or the date the Project is Placed in Service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Bonds or the retirement of the Bonds, if earlier; provided that, if such allocation is made pursuant to a reimbursement expenditure described above, such reimbursement allocation will in no event be made later than the date that is three years after the date each such original expenditure is paid. The Borrower hereby elects to consistently allocate the expenditure of Proceeds of the Bonds to Qualified Project Costs of the Project. No Proceeds of the Bonds will be allocated to any expenditures to which Proceeds of any other tax-exempt obligations have heretofore been allocated.

10. Issue Price. In accordance with section 1.148-1(f)(2)(iv) of the Regulations, the Issuer hereby identifies in its books and records maintained for the Bonds the rule the Issuer will use to determine the Issue Price for each maturity of the Bonds as the rule set forth in the second sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the price paid by a single buyer. Based on the representations set forth in Exhibit A hereto, the aggregate Issue Price of the Bonds is $[Par Amount].

11. Yield on the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Yield on the Bonds will be computed separately for each computation period. For the purposes of this Agreement, the Yield on the Bonds for each computation period is the discount rate that, when used in computing the present value as of the first day of the computation period of all payments of principal and interest and fees for qualified guarantees on the Bonds that are attributable to the computation period, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue

Price (or deemed Issue Price, as determined by section 1.148-4(c)(2)(iv) of the Regulations) of the Bonds as of the first day of the computation period.

(b) The Borrower and the Swap Counterparty have entered into the Swap. The Borrower has entered into the Swap primarily to modify the risk of interest rate changes on the Hedged Bonds. As described more fully in the Qualified Hedge Identification Certificates attached hereto as Exhibit C and D, respectively, (i) payments under the Swap will be made to coincide with interest payments on the Hedged Bonds, (ii) the Swap will be for a period of years not longer than the term of the Hedged Bonds, (iii) all of the terms of the Swap are at fair market value, (iv) the Swap will not contain a significant investment element, (v) no payments have been or will be made or received to acquire the Swap, and (vi) the Swap Counterparty is not a related party to the Issuer or the Borrower. By executing the Qualified Hedge Identification Certificates, the Swap was identified by the Issuer and the Borrower on the books and records maintained for the Bonds not later than fifteen days after the date on which the Borrower and the Swap Counterparty entered into the Swap. Therefore, the Swap will be treated by the Issuer and the Borrower as a qualified hedge. The Swap Counterparty has made certifications relevant to the treatment of the Swap for federal income tax purposes, such certificate being attached as Exhibit E. Neither the Issuer or the Borrower will enter into a different hedging transaction with respect to the Bonds unless there is first received a Favorable Opinion of Bond Counsel.

12. Yield on the Bond Loan. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Bond Loan is allocated to the Bonds. The Yield on the Bond Loan is computed using the same compounding interval and financial conventions used to compute the Yield on the Bonds. For the purposes of this Agreement, the Yield on the Bond Loan is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds of all receipts with respect to the Bond Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Bond Loan as of the Issue Date of the Bonds. The aggregate payments made to the Borrower with respect to the Bond Loan include no payments other than the "purchase price" of the Bond Loan. The purchase price of the Bond Loan is the amount loaned to the Borrower by the Issuer on the Issue Date of the Bonds, i.e. $[Par Amount].

(b) The Bond Loan is a Purpose Investment that the Issuer intends to treat as a "program investment" within the meaning of section 1.148-1 of the Regulations, because it is part of a governmental program (i) that involves the origination or acquisition of Purpose Investments; (ii) in which at least 95 percent of the cost of the Purpose Investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, organizations exempt from tax under section 501(c)(3) of the Code, persons who provide housing and related facilities, or any combination of the foregoing; (iii) in which at least 95 percent of the receipts from the Purpose Investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program,

to finance additional Purpose Investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) in which the program documents prohibit any obligor on a Purpose Investment financed by the program or any "related party," within the meaning of section 1.150-1(b) of the Regulations, to that obligor from purchasing bonds of an issue that finance the program in an amount related to the amount of the Purpose Investment acquired from that obligor. The Issuer has not waived the right to treat the Bond Loan as a program investment.

(c) The receipts from the Borrower with respect to the Bond Loan include interest and principal payments with respect to the Bond Loan and the Qualified Administrative Costs paid by the Borrower, and the Qualified Administrative Costs paid by the Borrower have been taken into account, as provided by section 1.148-5(e) of the Regulations, for purposes of computing the Yield on the Bond Loan. Because the Issuer intends to treat the Bond Loan as a "program investment" within the meaning of section 1.148-1 of the Regulations, the Qualified Administrative Costs do not include the costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Bond Loan, which include, but are not limited to, amounts paid directly to the Issuer as set forth in Exhibit F hereto.

(d) The Yield on the Bond Loan, calculated in the manner set forth above is not expected to exceed the Yield on the Bonds by more than 1.5 percentage points. If, pursuant to the calculations performed in the manner set forth above, it is determined that the Yield on the Bond Loan is more than 1.5 percentage points higher than the Yield on the Bonds, the Issuer will satisfy the Yield restriction requirements imposed on the Bonds by making Yield Reduction Payments to the federal government in accordance with section 1.148-5(c)(3)(ii) of the Regulations.

13. Investment of Proceeds Pending Expenditure; No Arbitrage.

(a) Investment Proceeds. Amounts on deposit in the Bond Fund and the Project Fund may be comprised of Proceeds of the Bonds and amounts that are not Proceeds of the Bonds or any tax-exempt obligation. If Proceeds of the Bonds and amounts that are not Proceeds of the Bonds are commingled, the Borrower will take into account for purposes of its covenant to comply with the arbitrage and rebate requirements that Proceeds of the Bonds and amounts that are not Proceeds of the Bonds have been commingled as an investment. Investment Proceeds resulting from the investment of any Proceeds of the Bonds pending expenditure of such Proceeds for Project Costs will be used to pay Qualified Project Costs or, if not used to pay Qualified Project Costs, such amounts will be treated as "bad costs."

(b) Minor Portion and Yield Reduction Payments. All Gross Proceeds of the Bonds will be invested in accordance with the "Funds" paragraph herein. To the extent such amounts remain on hand following the periods set forth in the "Funds" paragraph herein or exceed the limits set forth in the "Funds" paragraph herein, such amounts will be invested at a restricted Yield as set forth in such paragraph; provided, however, that an amount not to exceed the Minor Portion may be invested at a Yield that is higher than the

Yield on the Bonds and, provided further, that, if permitted by section 1.148-5(c) of the Regulations, the Yield restriction requirements may be satisfied by making Yield Reduction Payments to the federal government.

(c) Bonds Are Not Hedge Bonds. Not more than 50 percent of the Proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Further, at least 85 percent of the spendable Proceeds of the Bonds are reasonably expected to be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Issue Date of the Bonds.

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Issuer and the Borrower that the Gross Proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Issuer and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Indenture and the Loan Agreement, the Borrower will not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Loan Agreement or the note relating to the Bond Loan, will not establish any segregated reserve or similar fund for such purpose and will not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds, unless in each case there will have been delivered a Favorable Opinion of Bond Counsel. The Borrower will not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any investment (or to use Gross Proceeds of the Bonds to replace money so invested), if as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to stated maturity, except as permitted by section 148 of the Code. The Issuer and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Trustee complies with all applicable requirements of section 148 of the Code relating to the Bonds and the interest thereon.

(e) Guaranteed Investment Contract. If Proceeds of the Bonds are co-mingled as an investment in a guaranteed investment contract (the "GIC"), the Borrower will take into account for purposes of its covenant to comply with the rebate requirement that proceeds of the Bonds and amounts that are not proceeds of the Bonds have been co-mingled as an investment in the GIC and will comply with the requirements of section 1.148-5(d)(6)(iii) of the Regulations.

14. Covenants of Trustee Relating to Investment of Proceeds. The Trustee will invest funds held under the Indenture in accordance with the respective terms of the Indenture and this Agreement, which covenant will extend throughout the term of the Bonds, to all funds and accounts created under the Indenture and this Agreement and all moneys on deposit to the credit of any fund or account. Should the Issuer or the Borrower deliver notice (in the manner required under the Indenture or the Loan Agreement, as applicable) to the Trustee (it being understood that

neither the Issuer nor the Borrower has an obligation to so deliver) or should the Trustee receive a written opinion of Bond Counsel to the effect that any proposed investment or other use of Proceeds of the Bonds would cause the Bonds to become "arbitrage bonds" within the meaning of section 148 of the Code, then the Trustee will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Bonds from becoming an "arbitrage bond."

The Issuer and the Borrower agree that, in complying with the provisions set forth under this Agreement, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent the Trustee materially follows the written directions of the Borrower or the Issuer. The Trustee is not liable or responsible for monitoring compliance by the Borrower, the Issuer or the Rebate Analyst with any of the requirements of section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof, it being acknowledged and agreed that the sole obligation of the Trustee in this regard is (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Borrower or Issuer in specific investments identified by the Borrower, or in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of the Indenture and this Agreement and (ii) to materially follow investment instructions as provided in the Indenture and this Agreement.

15. Compliance with Yield Reduction and Rebate Requirements; Rebate Fund.

(a) Covenant to Comply with Rebate Requirements. The Issuer and the Borrower covenant to comply with the requirement that (i) if Gross Proceeds of the Bonds have been invested at a Yield that is "materially higher" than the Yield on the Bonds and Yield Reduction Payments are permitted under section 1.148-5(c)(3) of the Regulations, Yield Reduction Payments be made to the federal government and (ii) "rebatable arbitrage earnings" on the investment of the Gross Proceeds of the Bonds, within the meaning of section 148(f) of the Code, be rebated to the federal government.

(b) Rebate Fund. The Indenture established the Rebate Fund, which will be maintained and held in trust by the Trustee and which will be disbursed and applied only as herein authorized in this "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph. Notwithstanding anything herein to the contrary, all provisions of the Indenture relating to the general administration of the funds created thereunder will apply to the Rebate Fund, and the Trustee is afforded all the rights, protections and immunities otherwise accorded to it thereunder as if the provisions set forth in this "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph were set forth in the Indenture.

(c) Delivery of Documents and Money by Borrower on Computation Dates. The Borrower will deliver to the Trustee and the Issuer, within 55 days after each Computation Date:

(i) (A) a statement, signed by an officer or other authorized representative of the Borrower, stating the Rebate Amount as of such Computation Date and the amount of any Yield Reduction Payments due, and (B) a copy of the report prepared by the Rebate Analyst in connection therewith;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90 percent of the Rebate Amount and Yield Reduction Payments due as of such Installment Computation Date, less any "previous rebate payments" (determined in accordance with section 1.148-3(f)(1) of the Regulations), made to the United States of America or (B) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount and Yield Reduction Payments due as of such Final Computation Date, less any "previous rebate payments" (determined in accordance with section 1.148-3(f)(1) of the Regulations) made to the United States of America; and

(iii) an IRS Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate ("Form 8038-T") properly signed and completed as of such Computation Date.

(d) Administration of Rebate Fund and Payment of Rebate.

(i) The Trustee will deposit or transfer to the credit of the Rebate Fund, pursuant to written direction from the Borrower, each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. Within five days after each receipt or transfer of funds to the Rebate Fund, the Trustee will withdraw such funds from the Rebate Fund and pay such funds to the United States of America. The Trustee may conclusively rely on the instructions of the Borrower with regard to any actions to be taken by it pursuant to this paragraph and will have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided herein, the Trustee will have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instructions related thereto.

(ii) Moneys and securities held by the Trustee in the Rebate Fund will not be deemed funds of the Bonds and are not pledged or otherwise subject to any security interest in favor of the owners of the Bonds to secure the Bonds or any other obligations.

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Trustee, at the written direction of the Borrower, in Eligible Investments, subject to the Code. The Trustee will sell and reduce to cash a sufficient amount of such Eligible Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes. In the absence of written direction from the Borrower, the Trustee will not be responsible or liable for keeping the moneys held as part of the Rebate Fund fully invested.

(iv) The Borrower will provide to the Trustee and the Trustee will keep such records of the results of the computations made pursuant to this paragraph for

a period of three years after the last Bond and any tax-exempt obligations issued to refinance the Bonds is retired. The Trustee will keep and make available to the Issuer and the Borrower such records concerning the investments of Gross Proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Issuer or the Borrower in order to enable the Borrower to make the computations required under section 148(f) of the Code.

(e) Correction of Underpayments. If the Borrower discovers or is notified as of any date that any amount required to be paid to the United States of America pursuant to this Agreement has not been paid as required or that any payment paid to the United States of America pursuant to this Agreement has failed to satisfy any requirement of section 148(f) of the Code or section 1.148-3 of the Regulations (whether or not such failure is due to any default by the Borrower, the Issuer, or the Trustee), the Borrower will (i) deliver to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States of America from the Rebate Fund (A) the Rebate Amount or Yield Reduction Payments due that the Borrower failed to pay, plus any interest specified in section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 100 percent penalty required by section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Issuer a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Borrower will take such steps as are necessary to prevent the Bonds from becoming "arbitrage bonds" within the meaning of section 148 of the Code.

(f) Identification of Rebate Analyst. The initial Rebate Analyst for the Bonds is Hilltop Asset Management. The contact information for the initial Rebate Analyst is:

Name:	Hilltop Securities Asset Management Attn: Brad Emerson
Address:	717 N. Harwood Street, Suite 3400 Dallas, Texas 75201
Telephone:	(214) 953-8762
E-mail:	brad.emerson@hilltopsecurities.com

If the Borrower determines to engage the services of a different Rebate Analyst, the Borrower will provide the name and contact information for such entity to the Issuer within thirty days of engagement.

(g) Fees and Expenses. The Borrower agrees to pay all of the fees and expenses of Bond Counsel, the Rebate Analyst, and any other necessary consultant employed by the Borrower, the Trustee, or the Issuer in connection with computing the Rebate Amount and the Yield Reduction Payments; provided that nothing herein will be construed as the

Trustee being responsible for creating, preparing or reviewing any of the computations contemplated under this Agreement.

(h) No Diversion of Rebatable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds that is not purchased at fair market value (as defined in section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Borrower would not have included if the Bonds were not subject to section 148(f) of the Code.

(i) Amounts Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Borrower will not be required to perform the obligations set forth in this "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Gross Proceeds of the Bonds have not been invested at a Yield that is "materially higher" than the Yield on the Bonds and therefore is not required to pay Yield Reduction Payments and/or (B) the Borrower has not earned any rebatable arbitrage and, therefore, is not subject to the rebate obligation set forth in section 148(f) of the Code. To the extent that the Borrower will not be required to perform such obligations, the Borrower will send written notice to the Trustee and the Issuer within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Agreement requiring a payment to be made based on the Rebate Analyst's calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Borrower furnishes to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. In such event, the Borrower will be entitled to withdraw funds from the Rebate Fund to the extent provided in such Favorable Opinion of Bond Counsel.

(j) Trustee Reliance on Written Directions. The Issuer and the Borrower agree that, in complying with the provisions set forth under this Agreement, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent it materially follows the written directions of the Borrower, the Issuer, or the Rebate Analyst.

16. Funds.

(a) Project Fund. All of the Proceeds of the Bonds in the Project Fund are expected to be invested and disbursed as described in section 5.02 of the Indenture to pay Project Costs. The Borrower (i) reasonably expects to allocate at least 85 percent of the Net Proceeds of the Bonds, including any amounts deposited in the Bond Fund as capitalized interest, to expenditures on capital projects of the Project prior to the date that is three years after the Issue Date of the Bonds, (ii) has incurred, or reasonably expects to incur within six months after the Issue Date of the Bonds, a binding obligation to a third

party that is not subject to any contingencies within the control of the Borrower pursuant to which the Borrower is obligated to expend at least five percent of the Net Proceeds of the Bonds on capital projects of the Project, and (iii) reasonably expects that the acquisition, construction, and equipping of the Project will proceed with due diligence to completion and the Net Proceeds of the Bonds are reasonably expected to be expended on the Project with reasonable dispatch; therefore, all of such amounts may be invested without regard to Yield restriction. Any amounts not so expended prior to the applicable dates set forth in the preceding sentence will thereafter be invested at a Yield that is not "materially higher" than the Yield on the Bonds, except as set forth in the "Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments" subparagraph herein.

(b) Bond Fund. Amounts on deposit in the Bond Fund will be used for the purposes set forth in Section 4.02 of the Indenture. The Bond Fund will be used primarily to achieve a proper matching of payments made pursuant to the Loan Agreement and debt service on the Bonds within each Bond Year. Any amounts in the Bond Fund held for longer than 13 months will be invested in obligations the Yield on which is not "materially higher" than the Yield on the Bonds, except as set forth in the "Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments" subparagraph herein.

(c) Costs of Issuance Fund. Amounts on deposit in the Costs of Issuance Fund will be used for the purpose of paying Costs of Issuance. Amounts remaining in the Costs of Issuance Fund after the payment of all Costs of Issuance, and in any event not later than 180 days following the Issue Date of the Bonds, will be (i) to the extent such amounts represent Proceeds of the Bonds, transferred to the Project Fund and (ii) to the extent such amounts represent amounts that are not Proceeds of the Bonds, transferred to the Borrower. There is no assurance that amounts on deposit in the Costs of Issuance Fund will be available to pay debt service on the Bonds.

(d) Expense Fund. Amounts on deposit in the Expense Fund will be used for the purposes of payment of fees and expenses required under the Loan Agreement. There is no assurance that amounts on deposit in the Expense Fund will be available to pay debt service on the Bonds.

(e) Rebate Fund. The Rebate Fund will be used in the event the Borrower is required to pay rebatable arbitrage earnings to the federal government, as described in the "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph above. Amounts on deposit in the Rebate Fund are not subject to the lien of the Indenture; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Bonds.

17. Replacement Proceeds. The Issuer and the Borrower hereby represent as follows:

(a) No Sinking Funds. Other than the Bond Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts in the Bond Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Bonds, or to a guarantor of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the Issuer encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Bonds because the Issuer reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purpose of the Bonds. Furthermore, even if the Bonds were outstanding longer than necessary for the purpose of the Bonds, no Replacement Proceeds will arise because the Issuer reasonably expects that no amounts will become available during the period that the Bonds remain outstanding longer than necessary based on the reasonable expectations of the Issuer as to the amounts and timing of future revenues. The Bonds would be issued to achieve the governmental purpose of the Bonds independent of any arbitrage benefit as evidenced by the expectation that the Bonds reasonably would have been issued if the interest on the Bonds were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate and that tax credits issued under section 42 of the Code would be available in connection therewith).

18. Not an Abusive Transaction. The Issuer and the Borrower hereby represent as follows:

(a) General. A device has not been and will not be employed in connection with the issuance of the Bonds to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates. Furthermore, no action taken in connection with the Bonds is or will be an abusive arbitrage device by having the effect of (i) enabling the Issuer or the Borrower to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds) and (ii) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. Specifically, (A) the primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose; (B) each action taken in connection with the issuance of the Bonds would reasonably be taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds); and (C) the Proceeds of the Bonds will not exceed by more than a Minor Portion the amount reasonably anticipated to be necessary to accomplish the

governmental purposes of the Bonds and will in fact not be substantially in excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Bonds.

(b) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds.

(c) No Window. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Issuer to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(d) No Disposition. No portion of the Project is reasonably expected to be disposed of while the Bonds are outstanding.

(e) No Overissuance. The Net Proceeds of the Bonds do not exceed the total amount necessary for the governmental purposes of the Bonds. The issuance of the Bonds as sized is necessary to achieve the 50% of basis requirement of Section 42 of the Code in order for the Borrower to receive low-income housing tax credits, without which the Project could not be provided for low-income tenants.

19. The Project. The Borrower hereby represents and covenants as follows:

(a) The Project will be comprised of (i) Units, all of which will be rented to individuals or families for residential occupancy and none of which will be owner-occupied (other than any functionally related and subordinate Units used by management for the purpose of housing any reasonably required resident managers, security personnel or maintenance personnel for the Project) and (ii) facilities, all of which are functionally related and subordinate to the aforementioned Units (i.e., facilities that are of a size and character commensurate with the size and character of such Units). All Units are similarly constructed and offer fixtures of similar quality. All amenities that are part of the Project will be made available to all residential tenants and their guests on an equal basis, regardless of the rent charged for the Unit occupied by the residential tenant.

(b) There has been and will be no substantial deviation from the description and location of the Project and the Borrower, operator or manager set forth in the notice of hearing published with respect to the Bonds for purposes of satisfying the requirements of section 147(f) of the Code.

(c) The Project will be designed and equipped and will be owned, maintained and operated on a continuous basis in accordance with the Loan Agreement and the Regulatory Agreement. For purposes of this subparagraph, each of the enumerated types of facilities includes the interior furnishings of such facility (including the facility's plumbing, electrical and decorating costs) and the structural components required for the facility (including the facility's walls, ceilings and special enclosures). Each such enumerated type of facility includes only those normal components of the structure in which it is located, such as the structure's structural supports, to the extent that those

components are required because of the facility. The recreational facilities, if any, included as part of the Project will be available only to residential tenants and their guests and no separate fee will be required for the use of such facilities.

(d) Except to the extent that any Unit is a single room occupancy unit under section 42 of the Code, each Unit will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. Specifically, each Unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, full-size refrigerator and sink, all of which are separate and distinct from the facilities included in other Units.

(e) The Project will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (i) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (ii) will be owned by the same person for federal income tax purposes, and (iii) will be financed pursuant to a common plan.

(f) Parking spaces included in the Project are functionally related and subordinate to the Units included in the Project in that they are no greater in number than is normally appropriate for a residential rental facility that is of the size of the Project. Only tenants, prospective tenants, guests of tenants, employees of the Borrower, and employees of the manager are expected to use these parking spaces.

(g) If the Project contains a clubhouse, exercise or similar recreational facility, such facility exists as a tenant amenity and may be used by any tenant free of any separate charge and will be constructed for the exclusive use of tenants of the Project and their guests. Such facility, if any, is of a character and size commensurate with the character and size of the Project and will not be open to the general public on a membership basis.

(h) The Project will not include any nonresidential or commercial space, including particularly, without limitation, any other space or facility not described in this paragraph. Costs relating to the acquisition, construction and equipping of any nonresidential or commercial space developed in connection with the Project (including any costs of land acquisition allocable thereto) will be allocated to sources other than the Bonds.

(i) No continual or frequent skilled or unskilled nursing services will be available at the Project, although the tenants will be permitted to engage such services from providers that are not affiliated with the Borrower or the manager. Thus, neither the Borrower nor the manager, nor any Related Person to either the Borrower or the manager, will provide any assistance to any tenant in connection with his or her activities of daily living, other than concierge and valet services. The Project will not be licensed as a convalescent or nursing home, continuing care facility, personal care facility, special care facility or other assisted living facility under State law.

20. Tenant Income Certifications. The Borrower hereby represents and covenants as follows:

(a) The Borrower will obtain and maintain tenant income certifications in a form that satisfies the requirements of section 1.103-8(b)(8) of the Regulations demonstrating that the 40-60 Test is met with respect to the occupied Units continuously throughout the Qualified Project Period.

(b) The Borrower will ensure that each person who is intended to be a Qualifying Tenant will sign and deliver to the Borrower or a manager of the Project a tenant income certification in the form required by the Regulatory Agreement. In addition, the Borrower will ensure that such person will provide whatever other information, documents or certifications are deemed necessary to substantiate the tenant income certification.

(c) The Borrower will timely file, or take such actions as are necessary to cause any other person who is properly treated as the "operator" for purposes of section 142(d)(7) of the Code to file timely, the annual certifications described in section 142(d)(7) of the Code (currently, IRS Form 8703, Annual Certificate of Residential Rental Project).

(d) For a period of at least three years after the date the Bonds are retired, a tenant income certification in the form required by the Regulatory Agreement will at all times be maintained on file at the applicable location for the Project with respect to each Qualifying Tenant who resides or has resided in a Unit.

21. Form of Lease. The Borrower will ensure that the term of a lease of any Unit will be for a term of not less than six months, subject to the provision that any lease may be terminated if the tenant's physical condition no longer permits full-time residence in the Project; provided, however, that the form of lease to be utilized by the Borrower in renting any Units to a person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by such person to immediate eviction in accordance with applicable law for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the tenant income certification.

22. Change in Use. The Borrower acknowledges that any failure to satisfy the applicable requirements of sections 103 and 142 through 150, inclusive, of the Code, including the 40-60 Test, with respect to the Project will be treated as a change in use for purposes of section 150(b)(2) of the Code with the result that no deduction will be allowed for federal income tax purposes for interest paid by the Borrower with respect to the portion of the Bond Loan that is allocable to Proceeds of the Bonds that accrues during the period beginning on the first day of the taxable year in which the Project fails to meet such requirements and ending on the date that the Project meets such requirements.

On the earlier of (a) the date on which the Borrower reasonably determines that the Project will not be completed or (b) the date on which the Project is Placed in Service, the Borrower will identify the amount of unspent Net Proceeds of the Bonds, if any, and will use such amount to redeem or, if not permitted by the terms of the Bonds, defease the Bonds, all in accordance with the requirements of section 1.142-2 of the Regulations, the Indenture and the Loan Agreement, as

applicable, including the requirement that, if a defeasance is necessary, timely written notice be provided to the IRS.

23. Cashflow Sufficiency. The Borrower reasonably expects that the cash flow from the Project on an annual basis (excluding cash generated from the investment of nonoperating funds or other investment funds maintained by the Borrower) will be sufficient to pay annual debt service on the Bond Loan during each year. Accordingly, the Borrower expects that debt service on the Bond Loan will not be paid, directly or indirectly, from non-operating or other investment funds maintained by the Borrower or any Related Person to the Borrower. Except for the funds described in the "Funds" paragraph above, the Borrower does not expect to create or establish, or otherwise set aside or dedicate, any fund or account that is expected to be used to pay principal of, or interest on, the Bonds or to be pledged, directly or indirectly, to the payment of principal of, or interest on, the Bonds. Investment Proceeds of the Bonds and amounts earned from the investment of such Investment Proceeds will not be commingled with other receipts or revenues of the Borrower.

24. Post-Issuance Compliance Procedures. The Issuer has implemented written post-issuance tax compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds are remediated according to the requirements under the Code and Regulations and to monitor the requirements of section 148 of the Code. A copy of the Issuer's then-current post-issuance tax compliance procedures is and will be available on the Issuer's website during the term of this Agreement. If the Issuer's website is not available, a copy of the then-current post-issuance tax compliance procedures will be made available to the Borrower, upon request. The Borrower agrees to take such actions as required therein to be taken by the Borrower to maintain compliance with requirements in the Code. In the event that the terms of the Issuer's post-issuance tax compliance procedures conflict with the terms of this Agreement, the terms of this Agreement will control.

25. Record Retention. The Borrower and the Trustee (to the extent the Trustee receives such records in accordance with the terms of the Bond Documents) will retain or cause to be retained all pertinent and material records relating to any formal elections made for purposes of federal income tax law; the use of the Project; the investment, use and expenditure of the Proceeds of the Bonds; and the calculation of rebate in connection with the Bonds until three years after the Bonds, including any tax-exempt obligations issued to refinance the Bonds, are redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Issuer to retrieve and reproduce such books and records in the event of an examination of the Bonds by the IRS.

26. Examination by IRS. The Borrower acknowledges that, in the event of an examination by the IRS of the excludability of interest on the Bonds from the gross income of the owners thereof for federal tax purposes, the Issuer will likely be treated as the "taxpayer", and the Borrower agrees to respond in a commercially reasonable manner on behalf of, and at the direction

of, the Issuer (and in consultation with the Trustee, who will have the right to participate in all related proceedings (including tax court challenges and appeals)) to such examination and to pay the costs of the counsel selected by the Issuer to provide a defense regarding the excludability of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. THE BORROWER WILL INDEMNIFY AND HOLD HARMLESS THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE ISSUER AND THE TRUSTEE (INCLUDING THE COST OF THE ISSUER'S AND THE TRUSTEE'S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE ISSUER (WITH RESPECT TO INDEMNIFICATION OF THE ISSUER) OR THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE TRUSTEE (WITH RESPECT TO INDEMNIFICATION OF THE TRUSTEE).

27. Term. The obligations of the Issuer, the Borrower and the Trustee, under this Agreement will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability from gross income of interest on the Bonds for federal income tax purposes. The indemnification provisions set forth in Section 26 will survive the defeasance and discharge of the Bonds and/or the resignation or removal of the Trustee.

28. Amendments.

(a) To the extent any amendments to the Code or the Regulations, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Agreement, this Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as will be necessary to document such automatic amendment hereof.

(b) To the extent that the Code or the Regulations, or any amendments thereto, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Agreement, this Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All reasonable costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with an amendment to this Agreement will be paid by the Borrower and its successors in interest.

29. Remedies. The Issuer, the Trustee, and the Borrower each hereby agrees that the remedies available under the Indenture and the Loan Agreement apply upon the occurrence of an Event of Default (as defined under the Indenture or the Loan Agreement, as applicable) resulting

from an action or omission of an action by any party hereunder with respect to any provision of this Agreement.

30. Miscellaneous.

(a) Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such provision will not affect any of the remaining provisions hereof.

(b) Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

(c) Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto will be deemed given on the date on which the same will have been mailed by registered or certified mail, postage prepaid, addressed to such parties at the addresses set forth in the Indenture and the Loan Agreement, as applicable.

(d) Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement bind and inure to the benefit of the respective successors and assigns of the Issuer, the Borrower, and the Trustee.

(e) Headings. The headings of this Agreement are inserted for convenience only and will not be deemed to constitute a part of this Agreement.

(f) Governing Law. This Agreement is governed by the laws of the State, without regard to the choice of law rules of the State. Venue for any action under this Agreement will lie within the district courts of the State, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

(g) Trustee. Every provision of this Agreement relating to the conduct of, or affecting the liability of, or affording protection to, the Trustee shall be expressly subject to the Indenture. Without limiting the foregoing, the Trustee will only act as specifically provided herein, subject to the express terms and conditions set forth in the Indenture.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Trustee (but, as for the Trustee, it is only agreeing to sections 2(c), 14, 15, and 25 through 30) have caused this Agreement to be executed and delivered by duly authorized officers thereof as of the Issue Date of the Bonds.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Issuer

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

TORRINGTON WILMER, LP,
a Texas limited partnership

By: DCHFC 2025 Wilmer GP, LLC
a Texas limited liability company,
its General Partner

By: Dallas County Housing Finance Corporation 2025,
a Texas non-profit housing finance corporation,
its sole member

By: _____
Name:
Title:

BOKF, NA, as Trustee

By:_____
Name:
Title:

EXHIBIT A

ISSUE PRICE CERTIFICATE

I, the undersigned officer of Cedar Rapids Bank and Trust Company (the "Purchaser"), make these certifications in connection with the $[Par Amount] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 (the "Bonds"). Each capitalized term used but not defined herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement prepared in connection with the Bonds (the "Tax Exemption Agreement") to which this Exhibit A is attached.

1. I hereby certify as follows in good faith as of the Issue Date of the Bonds:

   (a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser. I am the officer of the Purchaser charged, along with other officers of the Purchaser, with responsibility for the Bonds.

   (b) The Purchaser is not acting as an Underwriter with respect to the Bonds. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Bonds (or any portion of the Bonds or any interest in the Bonds).

   (c) The Purchaser has purchased the Bonds from the Issuer for an aggregate purchase price of $[Par Amount]. The Bonds were purchased with no amount of Pre-Issuance Accrued Interest.

   (d) The Purchaser is not a Related Party to Torrington Wilmer, LP.

2. For purposes of this Issue Price Certificate, the following definitions apply:

   (a) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

   (b) "Related Party" means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

   (c) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of the Bonds to the Public, and

(ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Code. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Exemption Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

The foregoing Issue Price Certificate has been duly executed as of the Issue Date of the Bonds.

CEDAR RAPIDS BANK AND TRUST COMPANY

By:_____

Name:

Title:

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of CSG Advisors Incorporated (the "Financial Advisor"), make this certificate in connection with the $[Par Amount] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Torrington Wilmer) Series 2026 (the "Bonds"). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement to which this Exhibit B is attached (the "Tax Exemption Agreement"). I hereby certify as follows as of the Issue Date of the Bonds:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor.

2. The Issue Price plus any Pre-Issuance Interest on the Bonds, based on the representations of the Purchaser in the Issue Price Certificate attached as Exhibit A to the Tax Exemption Agreement, is not more than $[Par Amount].

3. Solely for the purposes of demonstrating the fact that the Yield on the Loan is not reasonably expected to be more than 1.5 percentage points higher than the Yield on the Bonds, the Financial Advisor has performed certain calculations relating to the Bonds and the Bond Loan. Such calculations are attached hereto as Schedule I. The Financial Advisor hereby represents that such calculations are based on assumptions and methodologies provided by Bond Counsel and are in all material respects consistent with the assumptions and methodologies set forth in the "Yield on the Bonds" and "Yield on the Bond Loan" paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Issuer, which the Financial Advisor, based on its experience with similar transactions, has no reason to believe are not reasonable in light of the relevant facts and circumstances. To the best of the Financial Advisor's knowledge, as of the Issue Date of the Bonds, no fact or circumstance has come to the Financial Advisor's attention that conflicts with the assumptions, information and estimates described in the preceding sentence.

4. As shown in Schedule I attached hereto, the Financial Advisor computed the Weighted Average Maturity of the Bonds, calculated in accordance with the provisions of the Tax Exemption Agreement, to be [WAM] years.

5. The Financial Advisor represents that to the best of its knowledge as of the Issue Date of the Bonds, the statements set forth in paragraphs (a) through (c) of the "Not An Abusive Transaction" paragraph of the Tax Exemption Agreement are true.

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the excludability of interest on the Bonds from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion

regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Financial Advisor has been duly executed as of the Issue Date of the Bonds.

CSG ADVISORS INCORPORATED

By:_____
Name:_____
Title:_____

SCHEDULE I

TO CERTIFICATE OF FINANCIAL ADVISOR

EXHIBIT C

ISSUER'S QUALIFIED HEDGE IDENTIFICATION CERTIFICATE

I, the undersigned officer of the Texas Department of Housing and Community Affairs (the "Issuer"), do hereby identify the Swap (as defined below) on the Issuer's books and records for purposes of section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and section 1.148-4(2)(viii) of the Treasury Regulations (the "Regulations") and in connection with the $[Par Amount] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Torrington Wilmer), Series 2026 (the "Bonds"), the proceeds of which will be loaned to Torrington Wilmer, LP, a Texas limited partnership (together with its permitted successors and assigns, the "Borrower"). Based solely on the Borrower's Qualified Hedge Identification Certificate, I do hereby certify as follows:

1. Responsible Officer. I am the duly chosen, qualified and acting officer of the Issuer for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Issuer. I am the officer of the Issuer charged, along with other officers of the Issuer, with responsibility for issuing the Bonds.

2. Definitions. The capitalized terms used in this certificate (unless otherwise defined) that defined in the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations (the "Regulations") heretofore promulgated under sections 148, 149 and 150 of the Code have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise or the Trust Indenture, dated as of [Dated Date], by and between the Issuer and BOKF, NA, as Trustee.

3. Hedge. The Borrower and Cedar Rapids Bank and Trust Company (the "Swap Counterparty") have entered into a variable-to-fixed interest rate swap (the "Swap") with respect to a portion of the Bonds (the "Hedged Bonds") in accordance with the letter agreement, dated [Swap Date], between the Borrower and the Swap Counterparty (the "Confirmation") and as further set forth herein, all pursuant to an ISDA Master Agreement and Schedule, dated as of [Swap Date] between the Borrower and the Swap Counterparty.

The Issuer reasonably expects that the Hedged Bonds will be issued for the governmental purpose of providing a qualified residential rental project, at an issue price of $[Par Amount], with a maturity date of [Maturity], and with an issue date on or around [Projected Issue Date]. As set forth in the Confirmation, the Swap requires the Borrower to make payments to the Swap Counterparty on a fixed-interest-rate basis in a monthly amount equal to [Fixed Rate]% per annum (the "Borrower Swap Payments") and requires the Swap Counterparty to make reciprocal payments to the Borrower, based on the same notional principal amount, on a variable-rate basis each month equal to [Variable Rate] (the "Swap Counterparty Swap Payments"). The Borrower has certified that it does not reasonably expect to terminate the Swap substantially contemporaneously with the issue date of the Bonds and, therefore, section 1.148-4(h)(5)(iii) of the Regulations applies to the Swap.

4. Qualified Hedge Identification. The Issuer intends that the Swap be treated as a qualified hedge pursuant to section 1.148-4(h)(2) of the Regulations. Accordingly, the Issuer intends to take into account payments paid and received on the Swap subsequent to the actual date of issuance of the Bonds for purposes of computing the yield on the Bonds under section 1.148-4 of the Regulations. The Issuer hereby identifies the Swap for purposes of section 148 of the Code and section 1.148-4 of the Regulations.

5. Qualified Hedge Certifications. In support of the treatment of the Swap, and relying solely on the certifications made by the Borrower in the Borrower's Qualified Hedge Identification Certificate of even date herewith, the Issuer hereby confirms:

a) In general. The Swap is entered into primarily to modify risk of interest rate changes with respect to the Hedged Bonds.

b) Acquisition payments. The Swap Counterparty did not make a payment to the Borrower in connection with the acquisition of the contract.

c) No significant investment element. No significant portion of any payment by one party to the Swap relates to a conditional or unconditional obligation by the other party to make a payment on a different date. The Borrower negotiated the terms of the Swap on an arm's-length basis with the Swap Counterparty. The Swap does not require any payments other than "periodic payments" before any applicable termination date. For this purpose, periodic payments mean those payments that are payable at fixed periodic intervals of one year or less during the entire term of the respective contract based on a single specified index.

d) Parties. The Swap Counterparty is not a "related party" (as defined in section 1.150-1 of the Regulations) to the Issuer or the Borrower.

e) Coverage. The Swap covers, in whole or in part, all of one or more groups of substantially identical bonds (i.e. all the Hedged Bonds having the same interest rate, maturity and terms).

f) Interest-based contract. The Swap is primarily interest-based. Without regard to the Swap, the Hedged Bonds are variable rate bonds. After taking into account the amount paid or received, or deemed to be paid or received, by the Borrower on the Swap, the resulting Hedged Bond will be a fixed rate bond.

g) Size and scope of hedge. Based on the reasonably expected terms of the Hedged Bonds, the size and scope of the Swap is limited to hedging the risk with respect to interest rate changes on the Hedged Bonds. The Swap is not intended to hedge an amount that is larger than the Borrower's risk with respect to interest rate changes on the Hedged Bonds.

h) Payments closely correspond. The Swap Counterparty Swap Payments will be made within 60 calendar days of the dates on which interest payments are to be made on the Hedged Bonds.

i) Source of Payments. Any payment to the Hedge Provider will be made from the same source of funds that, absent the Swap, would be reasonably expected to be used to pay principal of and interest on the Hedged Bonds.

j) Timing. The Swap has been identified by the Issuer on its books and records not later than fifteen days after the date on which the Borrower and the Swap Counterparty entered into the Swap.

6. Documentation. The existence of the Swap will be noted on the first form relating to the issuance of the Bonds that is filed with the Internal Revenue Service on or after the date hereof.

[EXECUTION PAGE FOLLOWS]

WITNESS MY HAND as of this ____ day of _____, 2026.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Issuer

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

EXHIBIT D

BORROWER'S QUALIFIED HEDGE IDENTIFICATION CERTIFICATE

I, the undersigned officer of Torrington Wilmer, LP, a Texas limited partnership (together with its permitted successors and assigns, the "Borrower") do hereby make these certifications in connection with the $[Par Amount] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Torrington Wilmer), Series 2026 (the "Bonds"), the proceeds of which will be loaned to Borrower. I do hereby certify as follows:

1. Responsible Officer. I am the duly chosen, qualified and acting officer of the Borrower for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Borrower. I am the officer of the Borrower charged, along with other officers of the Borrower, with responsibility for issuing the Bonds.

2. Definitions. The capitalized terms used in this certificate (unless otherwise defined) that defined in the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations (the "Regulations") heretofore promulgated under sections 148, 149 and 150 of the Code have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise or the Trust Indenture, dated as of [Dated Date], by and between the Issuer and BOKF, NA, as Trustee.

3. Hedge. The Borrower and Cedar Rapids Bank and Trust Company (the "Swap Counterparty") have entered into a variable-to-fixed interest rate swap (the "Swap") with respect to a portion of the Bonds (the "Hedged Bonds") in accordance with the letter agreement, dated [Swap Date], between the Borrower and the Swap Counterparty (the "Confirmation") and as further set forth herein, all pursuant to an ISDA Master Agreement and Schedule, dated as of June [Swap Date], between the Borrower and the Swap Counterparty.

The Borrower reasonably expects that the Bonds will be issued for the governmental purpose of providing a qualified residential rental project, at an issue price of $[Par Amount], with a maturity date of [Maturity Date], and with an issue date on or around [Projected Issue Date]. As set forth in the Confirmation, the Swap requires the Borrower to make payments to the Swap Counterparty on a fixed-interest-rate basis in a monthly amount equal to [Fixed Rate]% per annum (the "Borrower Swap Payments") and requires the Swap Counterparty to make reciprocal payments to the Borrower, based on the same notional principal amount, on a variable-rate basis each month equal to [Variable Rate] (the "Swap Counterparty Swap Payments"). The Borrower does not reasonably expect to terminate the Swap substantially contemporaneously with the issue date of the Bonds and, therefore, section 1.148-4(h)(5)(iii) of the Regulations applies to the Swap.

4. Qualified Hedge Identification. The Borrower intends that the Swap be treated as a qualified hedge pursuant to section 1.148-4(h)(2) of the Regulations. Accordingly, the Borrower intends to take into account payments paid and received on the Swap subsequent to the actual date of issuance of the Bonds for purposes of computing the yield on the Bonds under section 1.148-4

of the Regulations. The Borrower hereby identifies the Swap for purposes of section 148 of the Code and section 1.148-4 of the Regulations.

5. Qualified Hedge Certifications. In support of the treatment of the Swap as a qualified hedge, the Borrower hereby certifies as follows:

a) In general. The Swap is entered into primarily to modify risk of interest rate changes with respect to the Hedged Bonds.

b) Acquisition payments. The Swap Counterparty did not make a payment to the Borrower in connection with the acquisition of the contract.

c) No significant investment element. No significant portion of any payment by one party to the Swap relates to a conditional or unconditional obligation by the other party to make a payment on a different date. The Borrower negotiated the terms of the Swap on an arm's-length basis with the Swap Counterparty. The Swap does not require any payments other than "periodic payments" before any applicable termination date. For this purpose, periodic payments mean those payments that are payable at fixed periodic intervals of one year or less during the entire term of the respective contract based on a single specified index.

d) Parties. The Swap Counterparty is not a "related party" (as defined in section 1.150-1 of the Regulations) to the Issuer or the Borrower.

e) Coverage. The Swap covers, in whole or in part, all of one or more groups of substantially identical bonds (i.e., all the Hedged Bonds having the same interest rate, maturity and terms).

f) Interest-based contract. The Swap is primarily interest-based. Without regard to the Swap, the Hedged Bonds are variable rate bonds. After taking into account the amount paid or received, or deemed to be paid or received, by the Borrower on the Swap, the resulting Hedged Bond will be a fixed rate bond.

g) Size and scope of hedge. Based on the reasonably expected terms of the Hedged Bonds, the size and scope of the Swap is limited to hedging the risk with respect to interest rate changes on the Hedged Bonds. The Swap is not intended to hedge an amount that is larger than the Borrower's risk with respect to interest rate changes on the Hedged Bonds.

h) Payments closely correspond. The Swap Counterparty Swap Payments will be made within 60 calendar days of the dates on which interest payments are to be made on the Hedged Bonds.

i) Source of Payments. Any payment to the Hedge Provider will be made from the same source of funds that, absent the Swap, would be reasonably expected to be used to pay principal of and interest on the Hedged Bonds.

j) Timing. The Swap has been identified by the Borrower on its books and records not later than fifteen days after the date on which the Borrower and the Swap Counterparty entered into the Swap.

6. Documentation. The existence of the Swap will be noted on the first form relating to the issuance of the Bonds that is filed with the Internal Revenue Service on or after the date hereof.

[EXECUTION PAGE FOLLOWS]

WITNESS MY HAND as of this _____ day of _____, 2026.

TORRINGTON WILMER, LP,
a Texas limited partnership

By: DCHFC 2025 Wilmer GP, LLC
a Texas limited liability company,
its General Partner

By: Dallas County Housing Finance Corporation 2025,
a Texas non-profit housing finance corporation,
its sole member

By: _____
Name:
Title:

Signature Page to Borrower's Qualified Hedge Identification Certificate

EXHIBIT E

CERTIFICATE OF SWAP COUNTERPARTY

Cedar Rapids Bank and Trust Company (the "Swap Counterparty") has agreed to enter into a variable-to-fixed interest rate swap (the "Swap") with Torrington Wilmer, LP, a Texas limited partnership (together with its permitted successors and assigns, the "Borrower") in connection with the issuance of the $[Par Amount] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Torrington Wilmer), Series 2026 (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Issuer") and hereby certifies as follows:

1. The undersigned is the duly chosen, qualified and acting officer of the Swap Counterparty for the office shown below my signature; as such, the undersigned is familiar with the facts herein certified (which certifications are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institution knowledge (or both) regarding the matters set forth herein) and is duly authorized to execute and deliver this certificate on behalf of the Swap Counterparty.

2. The terms of the Swap were agreed to between a willing buyer and willing seller in a bona fide, arm's length transaction.

3. The Swap Counterparty has not made, and does not expect to make, any payment to any third party for the benefit of the Issuer or the Borrower in connection with the Swap, except as expressly identified in the Swap.

4. The amounts payable to the Swap Counterparty pursuant to the Swap do not include any payments for underwriting or other services unrelated to the Swap Counterparty's obligations under the Swap, except for any such payment expressly identified in the Swap.

The Issuer and the Borrower are hereby authorized to rely on the statements made herein in connection with making the representations set forth in a Tax Exemption Certificate and Agreement and in its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), on the excludability of interest on the Bonds from the gross income for federal income tax purposes. Bracewell LLP, as bond counsel, is hereby authorized to rely on this certificate for purposes of their opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and its preparation of the Internal Revenue Service Form 8038. The Swap Counterparty is certifying only as to facts in existence on the date hereof. The Swap Counterparty makes no representation as to the legal sufficiency of the matters set forth herein for purposes of complying with the Code or for any other purpose. Nothing herein represents the Swap Counterparty's interpretation of any laws; in particular the Regulations under Section 148 of the Code or the application of any laws to these facts.

Executed as of the _____ day of _____, 2026.

CEDAR RAPIDS BANK AND TRUST COMPANY

By:_____
Name: _____
Title: _____

EXHIBIT F

SCHEDULE OF BOND LOAN COSTS

Paid Prior to Closing

Application Fee	$6,000

Paid at Closing

Issuer Issuance Fee	$[_____]
Issuer Administration Fee (first two years, prorated)	$[_____]
Issuer Compliance Fee (first year)	$7,500

Annual Fees

Issuer Administrative Fee (beginning [April] 1, 2028)	0.10% per annum of the aggregate principal amount of the Bonds outstanding at inception of each payment period
Issuer Compliance Fee (beginning [April] 1, 2029)	$7,500

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1388 **Agenda Date:** 4/9/2026 **Agenda #:** 33.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application and a request for an extension of the previously approved deadline to Place in Service for New Faith Senior Village Apartments (HTC #24076).

RECOMMENDED ACTION

WHEREAS, New Faith Senior Village Apartments (the Development) received an award of 9% Housing Tax Credits (HTCs) for the new construction of 128 units, of which 98 are designated as low-income units, for the elderly population in Houston, Harris County;

WHEREAS, New Faith Senior Village, LP (the Applicant) requests approval for a material amendment to the Application for a decrease to the number of units from 128 to 105, which consists of a decrease of seven market units, and for changes to the architectural design, which also include a reduction of 22,071 square feet (21.61%) to the Net Rentable Area (NRA), going from 102,117 square feet to 80,046 square feet, and a 8,103 square foot (25.80%) reduction to Common Area, going from 31,402 square feet to 23,999 square feet;

WHEREAS, the proposed reduction to the number of units decreases the residential density by 17.97%, going from 21.761 units per acre to 17.851 per acre;

WHEREAS, Board approval is required for a significant modification of the site plan, a modification of the number of units or bedroom mix of units, a reduction of 3% or more in the square footage of the units or common areas, a significant modification of the architectural design of the Development, and for a modification of the residential density of at least 5%, as directed in Tex. Gov't Code §2306.6712(d)(1), (2), (4), (5), and (6) and 10 TAC §10.405(a)(4)(A), (B), (D), (E), and (F), and the Applicant has complied with the amendment requirements therein;

WHEREAS, Board approval of this amendment does not constitute a waiver of any of the rules or statutes applicable to the 2024 HTC Application, including but not limited to the accessibility requirements stated in Chapter 1, Subchapter B;

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or change the amount of the tax credits awarded;

WHEREAS, the Board previously approved a request for force majeure treatment in 2025, that extended the deadline to be placed in service by six months to June 30, 2027, which is earlier than the allowable federal deadline of December 31, 2027;

WHEREAS, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by June 30, 2027; and

WHEREAS, the Development Owner is currently requesting that the Board amend its previous approval to allow for an additional six months to the allowable federal deadline of December 31, 2027;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for the Development 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 further extend the placed-in-service deadline is approved with a new deadline to place in service of December 31, 2027.

BACKGROUND

The Development received a 9% HTC award in 2024 and a Force Majeure reallocation of tax credits in 2025 to construct 128 units, of which 98 are designated as low-income units, for the elderly population in Houston, Harris County. In a letter dated March 16, 2026, Donna Rickenbacker, representative for the Applicant, requested approval for changes to the site plan and architectural design, which among other changes will result in a decrease to the total number of units from 128 to 105 by decreasing the number of market rate units by 23.

In preparation for closing following the TDHCA Board meeting held on July 24, 2025, the title company notified the Applicant that a Lis Pendens Notice had been filed in the real property records against the Development site. The notice reflected the initiation of an eminent domain proceeding by the Harris County Flood Control District (HCFCD). On September 2, 2025, HCFCD filed an Original Petition in Condemnation seeking a judgment in eminent domain to acquire an interest in 3.554 acres of the 5.882-acre Development site.

Following discussions with the City of Houston (COH) and HCFCD, the Applicant agreed to expand the width and depth of the Development's detention basin to help address HCFCD's detention needs that could not otherwise be accommodated on land owned by HCFCD located south of and adjacent to the Development site.

As a result of this agreement, HCFCD did not proceed with the eminent domain action and rescinded the recorded Lis Pendens Notice on December 9, 2025. The total acreage of the Development site did not change and remains 5.882 acres.

In order to accommodate the expanded detention basis, the Applicant is now proposing 105

units instead of the 128 units originally proposed. At Application, 30 of the 128 units were market rate, and with this amendment, the number of market rate units will decrease by 23. This amendment proposes no change to the total number of low-income units from Application; there will be 98 low-income units and seven market rate units. The income and rent restrictions for the low-income units will not change from what was originally approved. The decrease in the number of units results in an 17.97% decrease in the residential density, going from 21.761 units per acre to 17.851 units per acre.

As a result of this amendment, the revised unit mix will consist of 72 one-bedroom units and 33 two-bedroom units instead of the originally proposed 86 one-bedroom units and 42 two-bedroom units. This change in the number of units and sizes of the units will also result in a decrease in net rentable area from 102,117 square feet at Application to 80,046 square feet, which is a decrease of 21.61% or 22,071 square feet. Common Area will decrease from 31,402 square feet at Application to 23,299 square feet, which is a decrease of 25.80% or 8,103 square feet. Parking will be reduced from 138 spaces to 112 spaces.

The Development was re-underwritten with the proposed amendment information. The analysis supports no change to the HTC allocation and demonstrates the Development remains feasible.

Staff confirmed that the revised design plans and parking will continue to meet accessibility requirements. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the selection of the Application in the competitive round.

Staff recommends approval of the amendment request as presented herein.

PLACEMENT-IN-SERVICE EXTENSION BACKGROUND

The events described above have jeopardized the Development's placed-in-service timeline. The Development was approved for force majeure treatment in July 2025; however, it was assigned a placed-in-service deadline that is earlier than the maximum allowable under federal guidelines. As a result, the current placed-in-service deadline is June 30, 2027.

The Applicant now projects a revised construction start date of April 15, 2026, with an 18-month construction period and a projected completion date of October 10, 2027. This completion date exceeds the six-month placed-in-service extension previously granted by the TDHCA Board.

Accordingly, the Applicant has requested an additional six-month extension, through December 31, 2027, to accommodate the delay and ensure timely completion. As stated in the request, approval of this extension will allow the Development to proceed with financial closing and complete construction in accordance with the revised timeline.

IMPACT OF BOARD DECISION

If the Board approves the extension request:

- The 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar will be applicable to the Development.
- The new placed-in-service deadline will be December 31, 2027.

If the Board denies the request:

- The current placed-in-service deadline of June 30, 2027, 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 extend the previously approved deadline to Place in Service for New Faith Senior Village

Real Estate Analysis Division
March 17, 2026

Addendum to Underwriting Report

TDHCA Application #: **24076** Program(s): **9% HTC**

New Faith Senior Village Apartments

Address/Location: 4315 W. Fuqua Street

City: Houston County: Harris Zip: 77045

	APPLICATION HISTORY
Report Date	**PURPOSE**
03/17/26	**Amendment**
07/15/24	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)	$2,000,000				**$2,000,000**						

CONDITIONS STATUS

1 Receipt and acceptance by Carryover:

- Formal approval for $3,000,000 FHLB loan from Amegy clearly stating all terms, conditions and source of funding.

Status: FHLB loan has been removed from the list of sources

2 Receipt and acceptance by Cost Certification:

- 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.

Status: Pending

3 Receipt and acceptance by 10%:

- **NEW CONDITION**: Formal approval for $4,000,000 City of Houston HOME loan clearly stating all terms, conditions and source of funding.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	20
50% of AMI	50% of AMI	40
60% of AMI	60% of AMI	38

ANALYSIS

The applicant submitted a material amendment for the subject development that involves a reduction to the number of market rate units, revisions to the design plans, and changes to the financing structure.

Operating Pro Forma

Unit Mix changes from 128 to 105 units has resulted in a $305k reduction to effective gross income.

Comparables from the applicant's previous participation were used to update expenses. The current anticipated first year DCR is 1.30, based on TDHCA's proforma.

Development Cost

Development cost has decreased approximately $4M.

Increases to Soft Costs & Financing Costs are offest by reductions in Building Cost & Developer Fees. $99k in Soft Cost Coningency was reallocated to Contingency per 11.302(e)(5).

Maximum Eligible Interest was exceeded by $236k.

The net changes to Development Cost did not effect the amount of annual credits.

Sources of Funds

Total debt has decreased from $12M to $8.7M.

Amegy Bank has reduced their loan to $4.7M.

Equity rate from NEF decreased from $0.90 to $0.87, resulting in a $600K decrease in proceeds.

The development has been selected to receive a recommendation of award by the City of Houston Housing and Community Development Department for $4M.

Underwriter recommends $2,000,000 in annual federal tax credits as previously awarded to the applicant.

Underwriter: *Beau Fannon*

Manager of Real Estate Analysis: *Diamond Unique Thompson*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

New Faith Senior Village Apartments, Houston, 9% HTC #24076

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$101,100
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	72	68.6%	12	0	0	0
2	33	31.4%	3	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	**105**	**100.0%**	**15**	**-**	**-**	**-**

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	93.33%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	762 sf

50% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	20	-	40	38	-	-	7	**105**
	% Total	0.0%	19.0%	0.0%	38.1%	36.2%	0.0%	0.0%	6.7%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		Match Units	UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	Match Units	# 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%	$568	0		0	8	1	1	670	$568	$62	$506	$0	$0.76	$506	**$4,048**	**$4,048**	$506	$0.76	$0	$1,332	$1.99	$1,332
TC 50%	$948	0		0	24	1	1	670	$948	$62	$886	$0	$1.32	$886	**$21,264**	**$21,264**	$886	$1.32	$0	$1,332	$1.99	$1,332
TC 50%	$948	COH HOME		0	2	1	1	670	$948	$62	$886	$0	$1.32	$886	**$1,772**	**$1,772**	$886	$1.32	$0	$1,332	$1.99	$1,332
TC 60%	$1,137	0		0	12	1	1	670	$1,137	$62	$1,075	$0	$1.60	$1,075	**$12,900**	**$12,900**	$1,075	$1.60	$0	$1,330	$1.99	$1,332
TC 60%	$1,137	COH HOME		0	10	1	1	670	$1,137	$62	$1,075	$0	$1.60	$1,075	**$10,750**	**$10,750**	$1,075	$1.60	$0	$1,332	$1.99	$1,332
MR		0		0	4	1	1	670	$0	$62		NA	$1.99	$1,332	**$5,328**	**$5,328**	$1,332	$1.99	NA	$1,332	$1.99	$1,332
TC 30%	$568	0		0	4	1	1	780	$568	$62	$506	$0	$0.65	$506	**$2,024**	**$2,024**	$506	$0.65	$0	$1,332	$1.71	$1,332
TC 50%	$948	0		0	2	1	1	780	$948	$62	$886	$0	$1.14	$886	**$1,772**	**$1,772**	$886	$1.14	$0	$1,330	$1.71	$1,410
TC 60%	$1,137	0		0	2	1	1	780	$1,137	$62	$1,075	$0	$1.38	$1,075	**$2,150**	**$2,150**	$1,075	$1.38	$0	$1,410	$1.81	$1,410
TC 30%	$568	0		0	1	1	1	781	$568	$62	$506	$0	$0.65	$506	**$506**	**$506**	$506	$0.65	$0	$1,410	$1.81	$1,410
TC 50%	$948	0		0	1	1	1	781	$948	$62	$886	$0	$1.13	$886	**$886**	**$886**	$886	$1.13	$0	$1,410	$1.81	$1,410
TC 60%	$1,137	0		0	1	1	1	781	$1,137	$62	$1,075	$0	$1.38	$1,075	**$1,075**	**$1,075**	$1,075	$1.38	$0	$1,596	$2.04	$1,410
MR		0		0	1	1	1	781	$0	$62		NA	$1.81	$1,410	**$1,410**	**$1,410**	$1,410	$1.81	NA	$1,410	$1.81	$1,410
TC 30%	$682	0		0	6	2	2	906	$682	$81	$601	$0	$0.66	$601	**$3,606**	**$3,606**	$601	$0.66	$0	$1,410	$1.56	$1,410
TC 50%	$1,137	0		0	8	2	2	906	$1,137	$81	$1,056	$0	$1.17	$1,056	**$8,448**	**$8,448**	$1,056	$1.17	$0	$1,410	$1.56	$1,410
TC 50%	$1,137	COH HOME			1	2	2	906	$1,137	$81	$1,056	$0	$1.17	$1,056	**$1,056**	**$1,056**	$1,056	$1.17	$0	$1,596	$1.76	$1,410
TC 60%	$1,365	0		0	9	2	2	906	$1,365	$81	$1,284	$0	$1.42	$1,284	**$11,556**	**$11,556**	$1,284	$1.42	$0	$1,410	$1.56	$1,410
TC 60%	$1,365	COH HOME			1	2	2	906	$1,365	$81	$1,284	$0	$1.42	$1,284	**$1,284**	**$1,284**	$1,284	$1.42	$0	$1,410	$1.56	$1,410
MR		0		0	2	2	2	906	$0	$81		NA	$1.77	$1,600	**$3,200**	**$3,200**	$1,600	$1.77	NA	$1,600	$1.77	$1,600
TC 30%	$682	0		0	1	2	2	1,000	$682	$81	$601	$0	$0.60	$601	**$601**	**$601**	$601	$0.60	$0	$1,600	$1.60	$1,600
TC 50%	$1,137	0		0	1	2	2	1,000	$1,137	$81	$1,056	$0	$1.06	$1,056	**$1,056**	**$1,056**	$1,056	$1.06	$0	$1,600	$1.60	$1,600
TC 60%	$1,365	0		0	1	2	2	1,000	$1,365	$81	$1,284	$0	$1.28	$1,284	**$1,284**	**$1,284**	$1,284	$1.28	$0	$1,600	$1.60	$1,600
TC 60%	$1,365	COH HOME		0	1	2	2	1,000	$1,365	$81	$1,284	$0	$1.28	$1,284	**$1,284**	**$1,284**	$1,284	$1.28	$0	$1,600	$1.60	$1,600
TC 50%	$1,137	0		0	1	2	2	1,010	$1,137	$81	$1,056	$0	$1.05	$1,056	**$1,056**	**$1,056**	$1,056	$1.05	$0	$1,600	$1.58	$1,600
TC 60%	$1,365	0		0	1	2	2	1,010	$1,365	$81	$1,284	$0	$1.27	$1,284	**$1,284**	**$1,284**	$1,284	$1.27	$0	$1,600	$1.58	$1,600
TOTALS/AVERAGES:					**105**			**80,046**				**$0**	**$1.27**	**$968**	**$101,600**	**$101,600**	**$968**	**$1.27**	**$0**	**$1,379**	**$1.81**	**$1,377**

ANNUAL POTENTIAL GROSS RENT:	**$1,219,200**	**$1,219,200**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

New Faith Senior Village Apartments, Houston, 9% HTC #24076

	STABILIZED FIRST YEAR PRO FORMA																
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA					VARIANCE	
	Database		Harris County		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI		%	$
POTENTIAL GROSS RENT						$1.27	$968	$1,219,200	**$1,522,320**	**$1,522,320**	$1,219,200	$968	$1.27			0.0%	$0
late fees, app fees, pet fees,							$25.00	$31,500	46,080								
retained deposits & interest income							$0.00	$0	0								
Total Secondary Income							$25.00			46,080	$31,500	$25.00				0.0%	$0
POTENTIAL GROSS INCOME								$1,250,700	$1,568,400	$1,568,400	$1,250,700					0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(93,803)	(117,630)	(117,630)	(93,803)	7.5% PGI				0.0%	-
TDHCA HOME ARP COCA								-	0	0	-					0.0%	-
EFFECTIVE GROSS INCOME								$1,156,898	$1,450,770	$1,450,770	$1,156,898					0.0%	$0
General & Administrative	$52,279	$498/Unit	$56,165	$535	5.14%	$0.74	$567	$59,500	$45,056	$45,056	$59,500	$567	$0.74	5.14%		0.0%	-
Management	$48,396	3.5% EGI	$49,740	$474	4.00%	$0.58	$441	$46,276	$58,031	$58,031	$46,276	$441	$0.58	4.00%		0.0%	0
Payroll & Payroll Tax	$155,434	$1,480/Unit	$178,088	$1,696	14.55%	$2.10	$1,603	$168,318	$163,213	$163,213	$168,318	$1,603	$2.10	14.55%		0.0%	-
Repairs & Maintenance	$83,007	$791/Unit	$115,675	$1,102	8.14%	$1.18	$897	$94,200	$84,056	$83,200	$68,250	$650	$0.85	5.90%		38.0%	25,950
Electric/Gas	$29,888	$285/Unit	$22,550	$215	3.03%	$0.44	$333	$35,000	$23,680	$23,680	$35,000	$333	$0.44	3.03%		0.0%	-
Water, Sewer, & Trash	$80,786	$769/Unit	$104,251	$993	8.51%	$1.23	$937	$98,432	$80,540	$85,924	$104,251	$993	$1.30	9.01%		-5.6%	(5,819)
Property Insurance	$85,658	$1.07 /sf	$79,520	$757	8.89%	$1.28	$979	$102,816	$89,863	$89,863	$102,816	$979	$1.28	8.89%		0.0%	-
Property Tax (@ 100%) 2.1448	$93,335	$889/Unit	$92,596	$882	8.64%	$1.25	$952	$100,000	$115,968	$116,307	$93,335	$889	$1.17	8.07%		7.1%	6,665
Reserve for Replacements					2.72%	$0.39	$300	$31,500	$38,400	$32,000	$31,500	$300	$0.39	2.72%		0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.34%	$0.05	$37	$3,920	$3,920	$3,920	$3,920	$37	$0.05	0.34%		0.0%	-
TOTAL EXPENSES					**63.99%**	**$9.25**	**$7,051**	**$740,337**	**$702,727**	**$701,193**	**$713,542**	**$6,796**	**$8.91**	**61.68%**		**3.8%**	**$ 26,795**
NET OPERATING INCOME ("NOI")					**36.01%**	**$5.20**	**$3,967**	**$416,561**	**$748,043**	**$749,577**	**$443,356**	**$4,222**	**$5.54**	**38.32%**		**-6.0%**	**$ (26,795)**

CONTROLLABLE EXPENSES							$4,338/Unit					$4,146/Unit					

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

New Faith Senior Village Apartments, Houston, 9% HTC #24076

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE					Cumulative	
		Cumulative DCR															
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Amegy Bank		1.30	1.22	340,655	6.75%	40	18.0	$4,705,000	$9,132,423	$9,132,423	$4,705,000	18.0	40.0	6.75%	$340,655	1.30	17.3%
CASH FLOW DEBT / GRANTS																	
COH HOME		1.30	1.22		0.00%	0	20.0	$4,000,000	$3,000,000	$3,000,000	$4,000,000	20.0	0.0	0.00%		1.30	14.7%
				$340,655	**TOTAL DEBT / GRANT SOURCES**			**$8,705,000**	**$12,132,923**	**$12,132,923**	**$8,705,000**			**TOTAL DEBT SERVICE**	**$340,655**	**1.30**	32.0%
NET CASH FLOW		$102,701	$75,906								**TDHCA**	**NET OPERATING INCOME**		**$443,356**	**$102,701**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
NEF	LIHTC Equity	64.0%	$2,000,000	$0.87	$17,398,260	$17,998,200	$17,998,200	$17,398,260	$0.8699	$2,000,000	64.0%	$19,048	Applicant Request
GP, LLC		0.0%			$100	$0					0.0%		
DWR Development	Deferred Developer Fees	4.0%	(34% Deferred)		$1,100,214	$1,245,932	$1,245,932	$1,100,314	(34% Deferred)		4.0%	**Total Developer Fee:**	**$3,218,489**
TOTAL EQUITY SOURCES		68.0%			$18,498,574	$19,244,132	$19,244,132	$18,498,574			68.0%		
TOTAL CAPITALIZATION					**$27,203,574**	**$31,377,055**	**$31,377,055**	**$27,203,574**				**15-Yr Cash Flow after Deferred Fee:**	**$585,883**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition			$14,286 / Unit		$1,500,000	$1,500,000	$1,500,000	$1,500,000	$14,286 / Unit				0.0%	$0
Site Work		$1,851,093	$17,629 / Unit		$1,851,093	$1,851,093	$1,851,093	$1,851,093	$17,629 / Unit		$1,851,093		0.0%	$0
Site Amenities		$592,828	$5,646 / Unit		$592,828	$235,000	$235,000	$592,828	$5,646 / Unit		$592,828		0.0%	$0
Building Cost		$12,793,042	$159.82 /sf	$121,838/Unit	$12,793,042	$16,595,397	$16,855,314	$13,310,157	$126,763/Unit	$166.28 /sf	$12,793,042		-3.9%	($517,115)
Contingency		$801,150	5.26%	5.65%	$861,589	$1,307,704	$1,307,704	$861,589	5.47%	5.26%	$801,150		0.0%	$0
Contractor Fees		$1,592,585	9.93%	10.14%	$1,633,175	$2,798,487	$2,798,487	$1,633,175	9.83%	9.93%	$1,592,585		0.0%	$0
Soft Costs	$0	$1,993,816		$18,998 / Unit	$1,994,816	$1,144,889	$1,144,889	$1,994,816	$18,998 / Unit		$1,993,816	$0	0.0%	$0
Financing	$0	$1,973,092		$20,577 / Unit	$2,160,542	$1,521,054	$1,521,054	$2,160,542	$20,577 / Unit		$1,736,429	$0	0.0%	$0
Developer Fee	$0	$3,091,963	14.32%	14.86%	$3,218,489	$3,746,971	$3,746,971	$3,218,489	14.67%	14.47%	$3,091,963	$0	0.0%	$0
Reserves				7 Months	$598,000	$676,459	$676,459	$598,000	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$24,689,569**		$259,082 / Unit	**$27,203,574**	**$31,377,055**	**$31,636,972**	**$27,720,689**	$264,007 / Unit		**$24,452,907**	**$0**	**-1.9%**	**($517,115)**
Acquisition Cost	$0				$0									
Contingency		$0			$0									
Contractor's Fee		$0			$0									
Financing Cost		($236,663)												
Developer Fee	$0	$0			$0									
Reserves					$0									
ADJUSTED BASIS / COST	**$0**	**$24,452,907**		$259,082/unit	**$27,203,574**	**$31,377,055**	**$31,636,972**	**$27,720,689**	$264,007/unit		**$24,452,907**	**$0**	**-1.9%**	**($517,115)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$27,203,574**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

New Faith Senior Village Apartments, Houston, 9% HTC #24076

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$24,452,907	$0	$24,452,907
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$24,452,907	$0	$24,452,907
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$31,788,778	$0	$31,788,778
Applicable Fraction	93.33%	93.33%	93.33%	93.33%
TOTAL QUALIFIED BASIS	$0	$29,669,527	$0	$29,669,527
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,670,257	$0	$2,670,257
CREDITS ON QUALIFIED BASIS	$2,670,257		$2,670,257	

	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	$2,670,257	$23,228,916	----	----	----
Needed to Fill Gap	$2,126,486	$18,498,574	----	----	----
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		80,046 SF	$129.42	10,359,739
Adjustments				
Exterior Wall Finish	0.00%		0.00	$0
Elderly	9.00%		11.65	932,376
9-Ft. Ceilings	3.00%		3.88	310,792
Roof Adjustment(s)			0.00	0
Subfloor			(0.21)	(17,076)
Floor Cover			9.91	793,616
Breezeways	$39.95	16,468	8.22	657,897
Balconies	$39.95	6,686	3.34	267,106
Plumbing Fixtures	$1,420	66	1.17	93,720
Rough-ins	$700	210	1.84	147,000
Built-In Appliances	$2,280	105	2.99	239,400
Exterior Stairs	$3,550	10	0.44	35,500
Heating/Cooling			3.12	249,744
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	$120.98	7,216	10.91	873,023
Elevators	$150,400	2	3.76	300,800
Other:			0.00	0
Fire Sprinklers	$3.65	103,730	4.73	378,615
SUBTOTAL			**195.17**	**15,622,250**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**195.17**	**$15,622,250**
Plans, specs, survey, bldg permits	3.30%		(6.44)	($515,534)
Contractor's OH & Profit	11.50%		(22.44)	(1,796,559)
NET BUILDING COSTS		$126,763/unit	$166.28/sf	$13,310,157

Long-Term Pro Forma

New Faith Senior Village Apartments, Houston, 9% HTC #24076

	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%	$1,156,898	$1,180,035	$1,203,636	$1,227,709	$1,252,263	$1,382,600	$1,526,502	$1,685,381	$1,860,797	$2,054,470	$2,268,301	$2,504,388
TOTAL EXPENSES	3.00%	$713,542	$734,485	$756,048	$778,248	$801,104	$925,934	$1,070,359	$1,237,470	$1,430,846	$1,654,634	$1,913,639	$2,213,424
NET OPERATING INCOME ("NOI")		**$443,356**	**$445,550**	**$447,589**	**$449,461**	**$451,159**	**$456,665**	**$456,142**	**$447,912**	**$429,951**	**$399,836**	**$354,663**	**$290,964**
EXPENSE/INCOME RATIO		61.7%	62.2%	62.8%	63.4%	64.0%	67.0%	70.1%	73.4%	76.9%	80.5%	84.4%	88.4%
MUST -PAY DEBT SERVICE													
Amegy Bank		$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655
TOTAL DEBT SERVICE		$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655	$340,655
DEBT COVERAGE RATIO		1.30	1.31	1.31	1.32	1.32	1.34	1.34	1.31	1.26	1.17	1.04	0.85
ANNUAL CASH FLOW		**$102,701**	**$104,895**	**$106,933**	**$108,806**	**$110,504**	**$116,010**	**$115,487**	**$107,256**	**$89,296**	**$59,181**	**$14,007**	**($49,691)**
Deferred Developer Fee Balance		$997,614	$892,719	$785,785	$676,979	$566,475	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$4,677	$585,883	$1,142,086	$1,628,832	$1,990,372	$2,157,428	$2,044,552

NEW FAITH SENIOR VILLAGE

6300 West Loop South, Ste. 670
Bellaire, Texas 77401
(713) 940-9940 – p
(713) 583-8858 – f
Donna@DWRDevelopment.com

March 16, 2026

Via Federal Express and FTP Upload

Stephanie Givens
Asset Manager, Region 6
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: TDHCA #24076/#25826; New Faith Senior Village-Material Amendment Request-**UPDATE**

Dear Ms. Givens,

This letter concerns a material amendment request for HTC #24076/#25826. The initial amendment request, along with the delivery of the Amendment Fee was submitted to TDHCA on February 20, 2026.

Background:

New Faith Senior Village, LP ("Applicant") was awarded 2024 9% Housing Tax Credits in connection with the development of New Faith Senior Village Apartments (the "Project"), a 128-unit new construction development for senior residents. It will be located on a portion of the New Faith Church campus in the Hiram Clarke TIRZ #25 neighborhood of Houston, Texas.

Since the award, the Applicant encountered several unforeseen delays impacting advancement of this Project including financing and design approval delays, increases in construction costs, a decline in equity pricing, and funding shortfalls. As a result, the Applicant sought and received a 6-month extension of its Placement in Service deadline to June 30, 2027, under 10 TAC §11.6(5) relating to Credit Returns Resulting from Force Majeure Events at the TDHCA Board meeting of July 24, 2025. In its request package, the Applicant included an updated construction completion timeline with a Construction Start Date of September 1, 2025, and an 18-month Completion Date to February 28, 2027.

Material Changes:

In preparation for the Closing, the Title Company notified the Applicant of the filing of a Lis Pendens Notice in the real property record against the development site recognizing the initiation of an eminent domain proceeding by the Harris County Flood Control District (HCFCD). On September 2, 2025, the HCFCD filed an Original Petition in Condemnation with the Court, seeking a judgement in eminent domain to acquire an interest in 3.554 acres of the 5.882-acre Project site ("Project Site").

After several weeks of discussion with the City of Houston and HCFCD officials, the Applicant agreed to, in part, expand the width and depth of the Project's detention basin to offset some of HCFCD's detention needs, not otherwise satisfied by land owned by HCFCD south of the Project Site. These unforeseen events and resulting time delays have triggered multiple challenges for the Applicant

including re-design costs, a decline in equity pricing, increases in construction costs, and rising interest rates, all of which created a budget gap.

At the time of application, the Applicant secured a Syndicator LOI from NEF of $0.90. The new equity pricing is $0.87. To remain feasible and cover the drop in credit pricing, redesign costs and higher construction costs, the Applicant reduced the total number of units from 128 to 105, removing 23 market rate units which represents a reduction of 18% in total units. The amendment proposes no change to the total number of low-income units from application. There will be 98 low-income units and 7 market rate units for a total of 105 units. The residential density at application was 21.76 and the residential density with this amendment at 5.882 acres is 17.85. At application, the Project had 128 total units: 86 one-bedroom, and 42 two-bedroom units. This amendment proposes 105 total units: 72 one-bedroom (69%), and 33 two-bedroom units (31%). The NRA has been reduced from 102,117 sf to 80,046 sf., and the common area has been reduced from 31,402 sf. To 23,299 sf.

The number and distribution of Mobility units at application was a total of 8 units with five 1-bedroom/1-bath units, and three 2-bedroom/2-bath units. With this amendment, the number of Mobility units is 6 total units with four 1-bedroom/1-bath units, and two 2-bedroom/2-bath units. The number and distribution of Sight/Hearing units at application was a total of 3 units with two 1-bedroom/1-bath units, and one 2-bedroom/2-bath units. With this amendment, the number and distribution of Sight/Hearing units remain the same. As such, the Applicant will continue to meet all accessibility requirements.

Parking has also been reduced from 138 total spaces at application to 112 total surface parking spaces with this amendment, corresponding with the reduction in total units, with a total of 13 accessible parking spaces (including dwelling units and facilities/amenities).

Please see attached:

- Updated Architectural plans and applicable application forms, including updated and signed:
  a. Accessible Mobility Unit Calculation.
  b. Accessible Hearing & Visual Units Calculation.
  c. Accessible Parking Calculation.
- Updated Financial Tabs and Terms Letters from debt and equity providers.
- Updated Organizational Chart for the Applicant/Owner and Developer with minor affiliated changes to the GP Partner.

Explanation and Good Cause for the Amendment Request:

It was unknown at the time of application or when the Applicant received its 6-month PSI extension at the TDHCA July 24, 2025, Board meeting, of the condemnation action by the HCFCD that triggered all the above-described events. The good cause for this amendment is to enable this Project to move forward and provide affordable units for Seniors in an underserved area of Houston, TX.

Please note an additional force majeure request will be submitted to TDHCA simultaneously with this amendment request.

Upon approval of this material amendment and force majeure request, the Applicant will be able to move forward to close with an anticipated closing date of April 15, 2026.

If additional information is required, please contact me at (713) 560-0068.

Sincerely.

Donna Rickenbacker,
Representative of New Faith Senior Village

NEW FAITH SENIOR VILLAGE

6300 West Loop South, Ste. 670
Bellaire, Texas 77401
(713) 940-9940 – p
(713) 583-8858 – f
Donna@DWRDevelopment.com

February 23, 2026

Mr. Cody Campbell
Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: TDHCA #24076/#25826; New Faith Senior Village-Placed-in-Service Extension Request

Dear Mr. Campbell,

This letter concerns a Placed-in-Service (PIS) Extension Request for HTC #24076/#25826 and is being submitted to TDHCA simultaneously with a Material Amendment Request.

Background:

As stated in the Material Amendment, New Faith Senior Village, LP ("Applicant") was awarded 2024 9% Housing Tax Credits in connection with the development of New Faith Senior Village Apartments (the "Project"), a 128-unit new construction development for senior residents. The Project will be located on a portion of the New Faith Church campus in the Hiram Clarke TIRZ #25 neighborhood of Houston, Texas.

Since the award, the Applicant encountered several unforeseen delays impacting advancement of this Project including financing and design approval delays, increases in construction costs, a decline in equity pricing, and funding shortfalls. As a result, the Applicant sought and received a 6-month extension of its PIS deadline to June 30, 2027, under 10 TAC §11.6(5) relating to Credit Returns Resulting from Force Majeure Events at the TDHCA Board meeting of July 24, 2025. In its request package, the Applicant included an updated construction completion timeline with a Construction Start Date of September 1, 2025, and an 18-month Completion Date to February 28, 2027.

Force Majeure Events:

In preparing for the Closing following the TDHCA July 24, 2025, Board meeting, the Title Company notified the Applicant of the filing of a Lis Pendens Notice in the real property record against the development site (the "Project Site") recognizing the initiation of an eminent domain proceeding by the Harris County Flood Control District (HCFCD). On September 2, 2025, the HCFCD filed an Original Petition in Condemnation with the Court, seeking a judgement in eminent domain to acquire an interest in 3.554 acres of the 5.882-acre Project Site.

After several weeks of discussion with the City of Houston (COH) and HCFCD officials, the Applicant agreed to, in part, expand the width and depth of the Project's detention basin to offset some of HCFCD's detention needs, not otherwise satisfied by land owned by HCFCD south of and adjacent to the Project Site. These unforeseen events triggered multiple challenges for the Applicant impacting the date of Closing, the construction completion timeline and the Applicant's requirement to place all building in

service by June 30, 2027. The Applicant respectfully requests a 6-month extension of the PIS Deadline to December 31, 2027, under 10 TAC §11.6(5), recognizing the following force majeure events:

- After learning of the condemnation action, the Applicant met with the City of Houston and HCFCD officials. The first meeting took place on 10.6.25 in person at New Faith Church with subsequent calls throughout the month of October and November. An agreement was reached in late November, and the Lis Pendens was rescinded from the real property records on December 9, 2025.

- The condemnation caused significant delays, triggering an increase in construction costs and a reduction in the tax credit equity pricing from $0.90 at Application to the current pricing of $0.87 rendering the Project financially infeasible. The Applicant redesigned the Project to, in part, expand the width and depth of the detention basin to accommodate HCFCD's requirements, and close the funding gap by reducing the total number of units from 128 units at application to 105 units with this request. Please note, there will be no change in the total number of low-income units from application that included restricting an additional 10% of the proposed low-income units to households at or below 30% of the AMGI.

The above-described delays, resulting funding gap and redesign efforts, were caused by the condemnation action not by any act or omission of the Applicant, or any affiliate of the Applicant. On the contrary, once identified the Applicant worked aggressively with the COH, HCFCD, and the Applicant's debt and equity providers to mitigate all delays and funding losses, several of which took time and unfortunately impacted the tax credit program deadlines associated with this Project.

Currently, all design plans are fully approved and building permits are in place. The Applicant and its debt and equity providers are committed to the completion of this Project. **Attached** is a detailed timeline recognizing a revised Construction Start Date of April 15, 2026, and an 18-month Completion Date to October 10, 2027, past the 6-month Placement in Service extension deadline of June 30, 2027, granted to the Applicant by the TDHCA Board on July 24, 2025.

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.

The Project is very much supported by the COH as recognized in the award of limited HOME funds, and as set forth in the **attached** letter of support from Mayor Pro-Tem Martha Castex-Tatum, whose district includes the Project.

We respectfully request the approval of this Force Majeure PIS request, and that this matter be considered at the April 9, 2026, TDHCA Board meeting.

If additional information is required, please contact me at (713) 560-0068.

Sincerely,

Donna Rickenbacker

Donna Rickenbacker,
Representative of New Faith Senior Village

Attachments:

- Lis Pendens Notice
- Notice of Condemnation
- Notice Rescinding Lis Pendens
- New Faith Timeline
- Construction Schedule
- Letter of Support

Project Summary

Apartments:

Type	Description	Qty		Area
A1	One Bedroom, 1 Bath	60		670 s.f.
A2	One Bedroom, 1 Bath	8		780 s.f.
A3	One Bedroom, 1 Bath (H.C.)	4		781 s.f.
Total One Bedroom Units		72	Units	
B1	Two Bedroom, 2 Bath	27		906 s.f.
B2	Two Bedroom, 2 Bath	4		1,000 s.f.
B3	Two Bedroom, 2 Bath (H.C.)	2		1,010 s.f.
Total Two Bedroom Units		33	Units	
Apartments Net Rentable Total		105	Units	80,046 s.f.
Amenity Center				7,220 s.f.
Activity Room #2				793 s.f.
Unit Patio / Balcony				6,686 s.f.
Total Breezeway & Stairs				16,468 s.f.
Other Support Areas				3,033 s.f.
Grille House/Pool Equipment				531 s.f.
Trash Vestibules				204 s.f.
Trash Rooms				177 s.f.
Bldg. Storage				577 s.f.
Domestic Waterpump Rm.				282 s.f.
Project Total				116,017 s.f.

TOTA UNITS - 105
TOTAL NRA - 80,046 S.F.
TOTAL COMMON AREA - 23,299 S.F.
TOTAL PARKING - 112 CARS

PROJECT SUMMARY

New Faith Senior Village

Mucasey & Associates, Architects, LLC

Parking:

Parking required:

105 Seniors Units at 0.75 cars =	78.75 cars
Employee parking	4.00 cars
Total Parking Required:	82.75 cars

Total Parking Provided:	**Van**	**H.C.**	**Standard**	**Total**
Leasing Parking (non-secured):	1	0	8	9 cars
Open Parking (secured):	2	9	88	99 cars
EV Parking (secured):	1	0	3	4 cars
Total Parking Provided:	4	9	99	112 cars

Building Matrix:

Bldg. Type 1a (Bldg. #1)	Bldg. Type 1b (Bldg. #2)	Bldg. Type 1c (Bldg. #3)	Grille House (Bldg. #4)
21 A1 units	Amenity Center	15 A1 units	Pool Equipment
4 A2 units	Activity Room	2 A2 units	
2 A3 HC units	24 A1 units	1 A3 HC unit	
12 B1 units	2 A2 units	12 B1 units	
2 B2 units	1 A3 HC unit	2 B2 units	
1 B3 HC unit	3 B1 units	1 B3 HC unit	
42 Total units	**30 Total units**	**33 Total units**	

Building #2 Common Areas

Conditioned Space -Employee Only		Conditioned Space - Tenant Accessible	
Copy / File	140 s.f.	Leasing	266 s.f.
Maintenance	457 s.f.	Lobby	814 s.f.
Toilet #1	57 s.f.	Conference Room	166 s.f.
Toilet #2	61 s.f.	Business Center	418 s.f.
Storage	55 s.f.	Activity Room #1	741 s.f.
Total A/C - Employee	**770 s.f.**	Fitness	526 s.f.
		Club Room	1,055 s.f.
Unconditioned Space - Employee Only		Gallery	839 s.f.
None	0 s.f.	Servery	460 s.f.
Total Non A/C - Employee	**0 s.f.**	Craft Room	308 s.f.
		Men	158 s.f.
		Women	173 s.f.
		Laundry	248 s.f.
		Manager Office	150 s.f.
		Assistant Manager	128 s.f.
		Total A/C - Public	**6,450 s.f.**
		Unconditioned Space - Tenant Accessible	
		None	0 s.f.
		Total Non A/C - Public	**0 s.f.**

Building Type 1a (Bldg. #1)

Total Net Rentable Area:	32,634 s.f.
Total Patio/Balc. Area:	2,686 s.f.
Breezeway/Stair Areas:	7,086 s.f.
Trash Vestibules	88 s.f.
Trash Rooms	86 s.f.
Domestic Water Pump Rm.	282 s.f.
Bldg. Storage	368 s.f.
Other Support Areas:	1,035 s.f.
Total Gross Building Area:	44,265 s.f.

Building Type 1b (Bldg. #2)

Total Net Rentable Area:	21,139 s.f.
Total Patio/Balc. Area:	1,826 s.f.
Amenity Center	7,220 s.f.
Activity Room #2	793 s.f.
Breezeway/Stair Areas:	5,137 s.f.
Bldg. Storage	75 s.f.
Other Support Areas:	942 s.f.
Total Gross Building Area:	37,132 s.f.

Building Type 1c (Bldg. #3)

Total Net Rentable Area:	26,273 s.f.
Total Patio/Balc. Area:	2,174 s.f.
Breezeway/Stair Areas:	4,245 s.f.
Trash Vestibules	116 s.f.
Trash Rooms	91 s.f.
Bldg. Storage	134 s.f.
Other Support Areas:	1,056 s.f.
Total Gross Building Area:	34,089 s.f.

Mobility Units

Unit A3 H.C.	4
Unit B3 H.C.	2
Total	6

Sight/Hearing Units

Unit A1	1
Unit A2	1
Unit B2	1
Total	3

PROJECT TOTAL EXTERIOR VENEER PERCENTAGE:
100% FIBER CEMENT SIDING

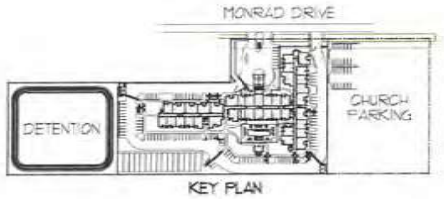
Activity Room #2 (Bldg. #2) Common Area Table

Conditioned Space -Employee Only		Conditioned Space - Tenant Accessible	
A/C, W.H.	27 s.f.	Activity #2	680 s.f.
Total A/C - Employee	**27 s.f.**	Toilet #3	86 s.f.
		Total A/C - Public	**766 s.f.**
Unconditioned Space - Employee Only		**Unconditioned Space - Tenant Accessible**	
NONE	0 s.f.	NONE	0 s.f.
Total Non A/C - Employee	**0 s.f.**	**Total Non A/C - Public**	**0 s.f.**

Grille House (Bldg. #4) Common Area Table

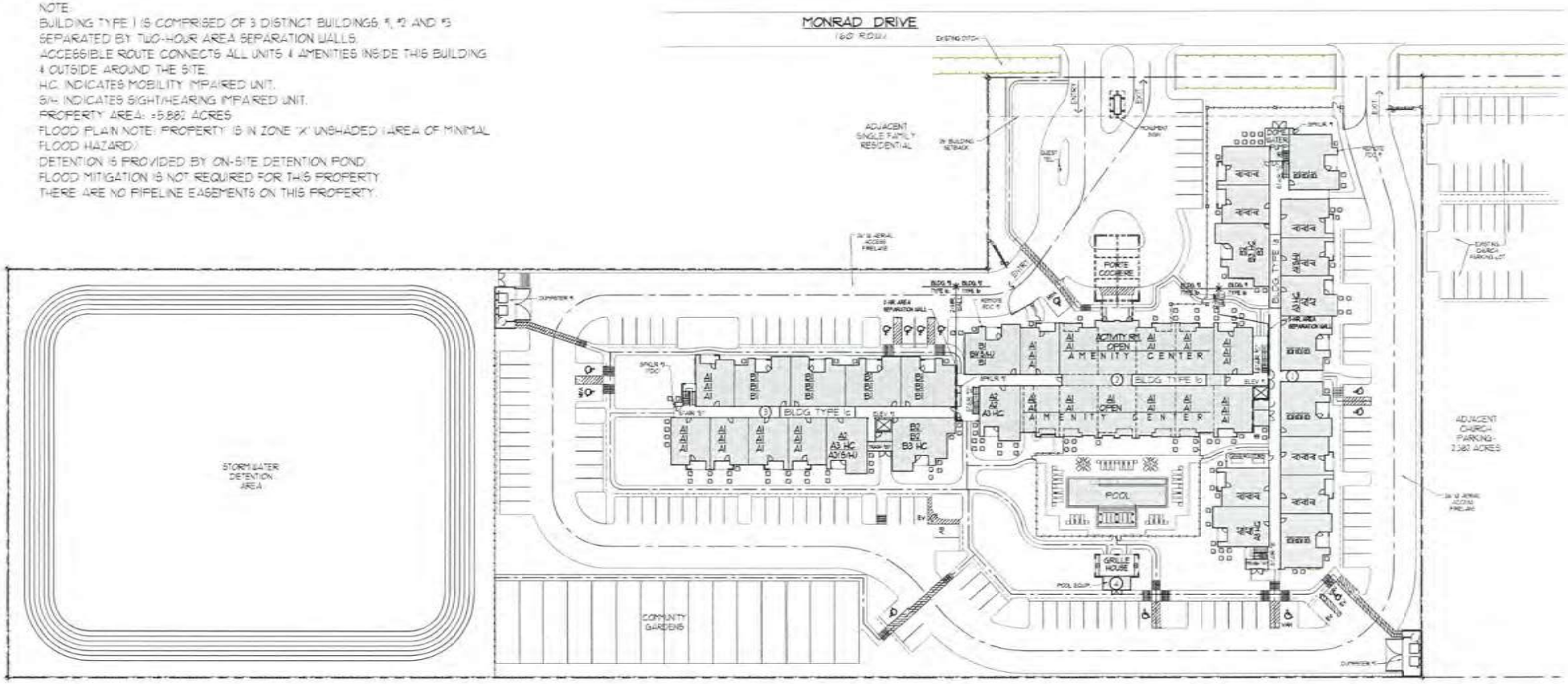
Conditioned Space -Employee Only		Conditioned Space - Tenant Accessible	
NONE	0 s.f.	NONE	0 s.f.
Total A/C - Employee	**0 s.f.**	**Total A/C - Public**	**0 s.f.**
Unconditioned Space - Employee Only		**Unconditioned Space - Tenant Accessible**	
Pool Equipment	140 s.f.	Grille House	391 s.f.
Total Non A/C - Employee	**140 s.f.**	**Total Non A/C - Public**	**391 s.f.**

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.



KEY PLAN

NOTE:
BUILDING TYPE 1 IS COMPRISED OF 3 DISTINCT BUILDINGS, #1, #2 AND #3 SEPARATED BY TWO-HOUR AREA SEPARATION WALLS.
ACCESSIBLE ROUTE CONNECTS ALL UNITS & AMENITIES INSIDE THIS BUILDING & OUTSIDE AROUND THE SITE.
HC: INDICATES MOBILITY IMPAIRED UNIT.
S/H: INDICATES SIGHT/HEARING IMPAIRED UNIT.
PROPERTY AREA: ±5.882 ACRES
FLOOD PLAIN NOTE: PROPERTY IS IN ZONE "X" UNSHADED (AREA OF MINIMAL FLOOD HAZARD)
DETENTION IS PROVIDED BY ON-SITE DETENTION POND.
FLOOD MITIGATION IS NOT REQUIRED FOR THIS PROPERTY.
THERE ARE NO PIPELINE EASEMENTS ON THIS PROPERTY.



SITE PLAN

New Faith Senior Village

Mucasey & Associates, Architects, LLC

N

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.

New Faith Timeline

- 7.24.25 - TDHCA Board Meeting approving PIS deadline to 6.30.27
- 7.25.25 - Lis Pendens Notice filed of Record
- 9.2.25 – Original Petition in Condemnation
- 10.6.25 - In Person Meeting with COH, HCFCD, and Applicant regarding Condemnation
- 11.25 – Agreement Reached
- 12.9.25 – Notice Rescinding Lis Pendens
- 12.25 – Approved Plans reducing total units from 128 units to 105 units.
- 12.25-2.26 – Rebidding
- 2.10.26 – City Council Meeting – Approval of HOME funds
- 4.9.26 – TDHCA Board Meeting
- 4.15.26 - Notice to Proceed
- 10.10.27 - 18-month Completion Date

New Faith Senior Village (Dates below are completion dates for each item)			**Duration**	**Start**	**Finish**
			543 Days	**4/15/2026**	**10/10/2027**
	Color key:	**No Work**	**Work Complete**	**Work In Progress**	**Work Behind**
Building Type:	**1B**	**1C**	**1A**		
On-site Mobilization	4/15/2026	4/15/2026	4/15/2026		
Install Trailer, Temp Toilets, SWPPP	4/20/2026	4/20/2026	4/20/2026		
SWPPP: Entrance, Silt Fence & TBM	4/22/2026	4/22/2026	4/22/2026		
Start Power and Cable Design with CP	4/23/2026	4/23/2026	4/23/2026		
Start Clearing Site/Rough Grading	4/30/2026	4/30/2026	4/30/2026		
Pad Subsurface/Compacted Lifts 5' Off sets	5/22/2026	7/6/2026	8/20/2026		
Final Grade Building Pads (BlueTops)	5/29/2026	7/13/2026	8/27/2026		
Start Storm Water	5/30/2026	7/14/2026	8/28/2026		
Start Sewer	6/14/2026	7/29/2026	9/12/2026		
Start Water/Fire Lines	6/28/2026	8/12/2026	9/26/2026		
Building Corners & Batter Boards	6/13/2026	7/28/2026	9/11/2026		
Plumbing Under Ground Rough In & Inspection	6/20/2026	8/4/2026	9/18/2026		
Set Forms	6/23/2026	8/7/2026	9/21/2026		
Dig Footings	7/1/2026	8/15/2026	9/29/2026		
Termite Treat	7/2/2026	8/16/2026	9/30/2026		
Install Post Tension Cables	7/9/2026	8/23/2026	10/7/2026		
Start Electrical Underground	7/12/2026	8/26/2026	10/10/2026		
Foundation Inspection	7/15/2026	8/29/2026	10/13/2026		
Pour Foundation	7/17/2026	8/31/2026	10/15/2026		
Install Irrigation, Telecom & Electrical Sleeves	7/20/2026	9/3/2026	10/18/2026		
Strip Forms	7/21/2026	9/4/2026	10/19/2026		
Start Blue Top Paving	7/27/2026	9/10/2026	10/25/2026		
Survey and Form Paving 3' Off sets	8/3/2026	9/17/2026	11/1/2026		
Pour Paving & Start Lumber Delivery	8/10/2026	9/24/2026	11/8/2026		
Layout 1st Floor	8/14/2026	9/28/2026	11/12/2026		

Frame 1st Floor	8/21/2026	10/5/2026	11/19/2026		
Set Floor Trusses	8/28/2026	10/12/2026	11/26/2026		
Deck Floor	9/4/2026	10/19/2026	12/3/2026		
Layout 2nd Floor	9/9/2026	10/24/2026	12/8/2026		
Frame Second Floor	9/16/2026	10/31/2026	12/15/2026		
Set Floor Trusses	9/23/2026	11/7/2026	12/22/2026		
Deck Floor	9/30/2026	11/14/2026	12/29/2026		
Layout 3rd Floor	10/3/2026	11/17/2026	1/1/2027		
Frame 3rd Floor	10/10/2026	11/24/2026	1/8/2027		
Set Roof Trusses	10/17/2026	12/1/2026	1/15/2027		
Install Fascia/Cornish/Windstorm	10/27/2026	12/11/2026	1/25/2027		
Deck Roof & Sheathing Inspection	11/3/2026	12/18/2026	2/1/2027		
Start Tyvek	11/5/2026	12/20/2026	2/3/2027		
Start Roof Dry In	11/7/2026	12/22/2026	2/5/2027		
Start Setting Windows & Ext. Doors	11/9/2026	12/24/2026	2/7/2027		
Start Siding/Stone/Plaster	11/16/2026	12/31/2026	2/14/2027		
Start Installing Steel Stairs	11/23/2026	1/7/2027	2/21/2027		
Plumbing Rough In	11/26/2026	1/10/2027	2/24/2027		
HVAC Rough In	12/3/2026	1/17/2027	3/3/2027		
Fire Sprinkler Rough	12/10/2026	1/24/2027	3/10/2027		
Electrical Rough In	12/17/2026	1/31/2027	3/17/2027		
TV & Telephone Rough In	12/24/2026	2/7/2027	3/24/2027		
MEP Inspections	1/4/2027	2/18/2027	4/4/2027		
Framing Inspection	1/8/2027	2/22/2027	4/8/2027		
Insulation/Poly Seal	1/15/2027	3/1/2027	4/15/2027		
Insulation Inspection	1/18/2027	3/4/2027	4/18/2027		
Start Pool or Site Amenities	1/19/2027	3/5/2027	4/19/2027		
Hang Sheet Rock	2/3/2027	3/20/2027	5/4/2027		
Tape,Bed & Texture	2/17/2027	4/3/2027	5/18/2027		
Pour Gyp Floors	2/22/2027	4/8/2027	5/23/2027		

Primer Walls	2/25/2027	4/11/2027	5/26/2027		
Deliver Trim	2/26/2027	4/12/2027	5/27/2027		
Install Trim	3/8/2027	4/22/2027	6/6/2027		
Paint Interior	3/17/2027	5/1/2027	6/15/2027		
Deliever Cabinets	3/22/2027	5/6/2027	6/20/2027		
Install Cabinets	4/2/2027	5/17/2027	7/1/2027		
Install Countertops	4/9/2027	5/24/2027	7/8/2027		
Del. DishWashers & Disposals	4/12/2027	5/27/2027	7/11/2027		
Install Tile	4/17/2027	6/1/2027	7/16/2027		
Start Flatwork	4/20/2027	6/4/2027	7/19/2027		
Electrical Trim & Fixtures	4/27/2027	6/11/2027	7/26/2027		
Mechanical Trim & Condensers	5/4/2027	6/18/2027	8/2/2027		
Plumbing Trim	5/11/2027	6/25/2027	8/9/2027		
Electrical Meters	5/18/2027	7/2/2027	8/16/2027		
Install Flooring	5/28/2027	7/12/2027	8/26/2027		
Start Installing Balcony Rails	6/1/2027	7/16/2027	8/30/2027		
Del. Balance of Appliances	6/8/2027	7/23/2027	9/6/2027		
Start Landscaping	6/9/2027	7/24/2027	9/7/2027		
MEP & Fire Marshall Final Inspection	6/16/2027	7/31/2027	9/14/2027		
Building Final Inspection	6/21/2027	8/5/2027	9/19/2027		
Construction Punch	6/28/2027	8/12/2027	9/26/2027		
Management Punch	7/5/2027	8/19/2027	10/3/2027		
Building Turn/Substanial Completion	**7/12/2027**	**8/26/2027**	**10/10/2027**		

Martha Castex-Tatum

City of Houston Mayor Pro-Tem
City Council District K

February 23, 2026

Texas Department of Housing and Community Affairs (TDHCA)
Attn: Board of Directors
P. O. Box 13941
Austin, TX 78711-3941

Re: TDHCA #24076-New Faith Senior Village; Support for Placed in Service Extension Request

Dear Members of the Board:

As Mayor Pro-Tem and Houston City Council Member representing District K, I am writing in support of New Faith Senior Village, LP's (Applicant) request for an extension to the Placed-in-Service deadline for New Faith Senior Village. New Faith Senior Village was awarded 2024 9% housing tax credits by Texas Department of Housing and Community Affairs (TDHCA), and will be in District K.

This development plays a critical role in our district's broader efforts to expand quality, affordable housing and support equitable community revitalization. While we remain optimistic about the project's long-term impact, I understand that several complex and unforeseen challenges have delayed the closing as a result of the filing of a condemnation action by the Harris County Flood Control District and start of construction, all of which the Applicant enumerated in its extension request.

Given these circumstances, I respectfully urge the Governing Board of TDHCA to approve this extension request. The New Faith project is aligned with the City of Houston's housing priorities. City Council approved a HOME funding allocation at its meeting on February 11, 2026. The successful completion will serve the interests of our seniors who need these homes the most.

Thank you for your consideration of this request. I appreciate your continued commitment to increasing access to affordable housing across Texas.

Respectively,

Martha Castex-Tatum
Mayor Pro Tem, City of Houston
Council Member, District K

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1420 **Agenda Date:** 4/9/2026 **Agenda #:** 34.

Presentation, discussion, and possible action regarding a request for a Multifamily Direct Loan assumption, modification, and re-subordination for Timbers Edge Apartments (TCAP #13090009753)

RECOMMENDED ACTION

WHEREAS, in 2008, the Texas Department of Housing and Community Affairs (the Department) awarded housing tax credits (HTC #08416) to Timbers Edge Apartments (the Development), and in 2010, two rounds of Tax Credit Assistance Program (TCAP) funds were awarded, as cash flow, forgivable loans, in the amounts of $3,409,016 and $618,990, for a total of $4,028,006 under the TCAP Tax Credit Replacement Initiative for the acquisition and rehabilitation of 150 multifamily units in Beaumont, Jefferson County;

WHEREAS, on May 11, 2023, the Board approved the request by Beaumont Timbers Edge, LP (Current Owner) to assume the TCAP loans, to re-subordinate the TCAP loans to new debt, and the modification of the TCAP loans from forgivable to non-forgivable, with the payment schedule changing from semi-annual to a balloon payment at maturity on September 1, 2026 with the intention to subsequently re-syndicate the Development using 4% Housing Tax Credits (HTCs), tax exempt bonds, and other resources;

WHEREAS, Beaumont Timbers Edge I, LP (Applicant), an affiliate of the Current Owner, received a reservation for bonds to be issued by a local issuer, allowing for the submission of a 4% HTC application (HTC #26423/25452) to the Department;

WHEREAS, the Applicant is requesting approval to assume the TCAP loans and requesting that the loans be modified to extend the maturity from September 1, 2026, to no later than February 16, 2052, which is 40 years from when the permanent period started for these loans, to include annual cash flow payments with a balloon payment for the balance due at maturity with a proposed paydown of $50,000 at closing;

WHEREAS, as part of this assumption and modification, the TCAP loans will be resubordinated to the new first lien debt, and the TCAP Land Use Restriction Agreement (LURA) and Written Agreement will be amended to reflect a longer term to match that of the loans and to state that the TCAP LURA will survive a foreclosure or deed in lieu of foreclosure; and

WHEREAS, Board approval is required for the assumption, re-subordination, and modification of the TCAP loan because the proposed transaction does not meet the conditions in 10 TAC §13.13(c)(2)(D) and (d)(2)(B) for Executive Director approval;

NOW, therefore, it is hereby

RESOLVED, that the request for the Applicant to assume and re-subordinate the TCAP loans and Written Agreement, to modify the TCAP loans to extend the maturity date to no later than February 16, 2052, and change the payment terms to annual cash flow payments with a balloon payment for the balance due at maturity is approved, as well as all other modifications to the loan and contract documents as presented at this meeting, and the Executive Director and his designees are hereby authorized, empowered, and directed to take all necessary action to effectuate the foregoing; and

FURTHER RESOLVED, the TCAP LURA and Written Agreement will be amended to reflect a longer term to match that of the TCAP loans, and the Written Agreement and the TCAP LURA will be amended to state that this agreement will survive a foreclosure or deed in lieu of foreclosure.

BACKGROUND

Timbers Edge Apartments received an award of housing tax credits in 2008 and two TCAP awards in 2010 for the acquisition and rehabilitation of 150 multifamily units in Beaumont, Jefferson County. All 150 of the units in the Development are income and rent restricted. The TCAP funds were awarded in the form of two loans in the amounts of $3,409,016 (loan #09753) and $618,990 (loan #09753B), for a total loan amount of $4,028,006. The TCAP loans were structured as cash-flow loans with a 0% interest rate and were forgivable upon maturity on September 1, 2026, if the borrower was not in default under any terms of the loan documents, written agreement, or the Land Use Restriction Agreement. Thirty semi-annual installments of $113,633.87 and $20,633 were due March 1st and September 1st, with the first payments beginning March 1, 2012, and continuing until September 1, 2026, when the loans were to mature. The Notes allowed the scheduled payments to be deferred based on a calculation of 10% of cash flow multiplied by a percentage of the TCAP Note. Prior to maturity, upon the sale of the Development or upon the refinance of any loans held by the senior lender or any other superior lienholder during the term of the loans, 10% of the remaining sale proceeds after repayment of the senior loans or 10% of the refinancing proceeds would be due and payable under the Notes and applied to the outstanding principal balance.

On May 11, 2023, the Board approved a request from Christopher A. Akbari, the representative for Beaumont Timbers Edge, LP, to assume, re-subordinate, and modify the TCAP loans. The modification included converting the loans from forgivable to non-forgivable and adjusting the payment schedule from semi-annual to a balloon payment due at maturity on September 1, 2026. The intention was to rehabilitate the property using 4% Housing Tax Credits, tax-exempt bonds, and other resources. At the time of re-syndication, the TCAP loans would be paid in full.

In a letter dated March 31, 2026, Christopher A. Akbari, the representative for Beaumont Timbers Edge I, LP (Applicant) requested approval for the TCAP loans to be assumed, modified,

and re-subordinated. The requested modification of the TCAP loans is to extend the maturity date to no later than February 16, 2052, which is 40 years from when the permanent period started for these loans, and changing to annual cash flow payments and a balloon payment for the balance due at maturity. The Applicant is also requesting approval to transfer the ownership from the Current Owner to the Applicant, but that approval will be processed as part of the new 4% HTC award, separately from this request.

The Applicant states that they are continuing with their financing plan, have received a bond reservation, and have submitted a 4% HTC application to the Department. Unfortunately, current market conditions are different than the 2023 proposed plan. The adjusted financing plan is largely due to lower tax credit pricing as a result of capital exiting and uncertainty in the market going forward. The scope of work and cost for the rehabilitation are higher than originally anticipated to provide the quality and extension of the useful life of the Development. To support the cost of the rehabilitation, the capital stack now includes a HUD 221(d)(4) loan, tax credit equity, deferred developer fee, NOI during construction, and a seller note.

The Development was re-underwritten based on the proposed modification and revised financial information submitted with the new 4% HTC application. To comply with 10 TAC §13.13, the Applicant has proposed a $50,000 paydown of the TCAP debt at closing, which will result in a total TCAP loan balance of $3,690,698. The financial analysis indicates the Development is feasible with the proposed modification.

Staff recommends approval of the requested assumption and re-subordination of the TCAP loans and written agreement and the modification of the TCAP loans to extend the maturity date to no later than February 16, 2052, and revise the payment terms to annual cash flow payments out of 75% of annual cash flow as defined by HUD with the balance of the loans due at maturity. The LURA and Written Agreement will be amended to reflect a longer term to match that of the TCAP loans, and the TCAP LURA will be amended to state that this agreement will survive a foreclosure or deed in lieu of foreclosure.

26423 Timbers Edge Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 2, 2026

PROPERTY IDENTIFICATION

Application #	**26423**
Development	**Timbers Edge Apartments**
City / County	**Beaumont / Jefferson**
Region/Area	**5 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**Acquisition/Rehab** (Built in 1976)

RECOMMENDATION

TDHCA Program	Request	Recommended		
FHTC (4% Credit)	$1,377,659	**$1,340,858**	**$8,939/Unit**	**$0.81**

	Amount	Rate	Amort	Term	Lien
TCAP	$3,690,698		25	25	2

KEY PRINCIPALS / SPONSOR

- **Itex Development, LLC / Christopher Akbari**

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	40	27%
2	62	41%
3	44	29%
4	4	3%
TOTAL	150	100%

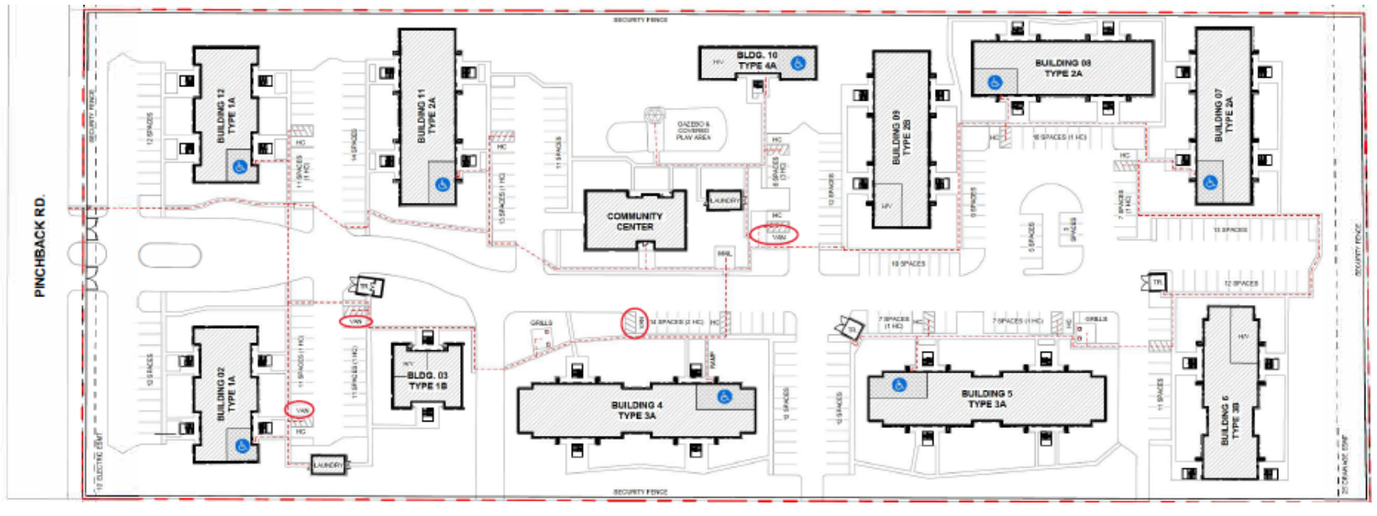
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	-	0%
40%	-	0%
50%	-	0%
60%	150	100%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	150	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.01	**Expense Ratio**	48.8%
Breakeven Occ.	93.1%	**Breakeven Rent**	$1,305
Average Rent	$1,333	**B/E Rent Margin**	$28
Property Taxes	$424/unit	**Exemption/PILOT**	50%
Total Expense	$7,499/unit	**Controllable**	$4,662/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			2.7%
Highest Unit Capture Rate	21%	3 BR/60%	44
Dominant Unit Cap. Rate	14%	2 BR/60%	62
Premiums (↑80% Rents)	N/A		N/A
Rent Assisted Units	150	100% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs - Based on SCR		
Avg. Unit Size	824 SF	**Density**	16.0/acre
Acquisition		$80K/unit	$12,000K
Building Cost	$64.86/SF	$53K/unit	$8,020K
Hard Cost		$63K/unit	$9,425K
Total Cost		$217K/unit	$32,496K
Developer Fee	$3,788K	(44% Deferred)	Paid Year: 14
Contractor Fee	$1,318K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
PNC - FHA 221(d)(4)	40/40	5.64%	$16,000,000	1.12
Adjustment to Debt Per §11.302(c)(2)	40/40	5.64%	($1,000,000)	1.20
TDHCA	25/25	0.00%	$3,690,698	1.20
TOTAL DEBT (Must Pay)			**$18,690,698**	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Beaumont Timbers Edge LP	50/0	4.82%	$510,807	1.01
Beaumont Timbers Edge I LP	0/0	0.00%	$750,000	1.01
CASH FLOW DEBT / GRANTS			**$1,260,807**	

EQUITY / DEFERRED FEES	
Source	Amount
Hunt Capital	$10,860,477
Beaumont Timbers Edge I LP	$1,684,431
TOTAL EQUITY SOURCES	**$12,544,908**
TOTAL DEBT SOURCES	**$19,951,505**
TOTAL CAPITALIZATION	**$32,496,413**

CONDITIONS

1 Receipt and acceptance before Determination Notice:

a: Documentation of approval of proposed HAP Rent increase.

b: Department approval of TDHCA TCAP loan assumption.

c: First lien holder approval of proposed terms of the extension of the TCAP loan.

Status: 3/27/2026 Cleared. Per Legal, HUD has approved TDHCA LURA surviving foreclosure and TDHCA lien maturing before HUD lien.

2 Receipt and acceptance by Cost Certification:

a: Certification of comprehensive testing for asbestos; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

b: Certification of implementation of all recommended abatement measures for mold, and/or implementation of a Mold and Moisture Minimization Plan if required by ESA.

c: Certification of comprehensive testing for lead in water; that any appropriate abatement procedures were implemented; and that elevated results are not the result of plumbing that was not thoroughly flushed prior to sampling.

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

BOND RESERVATION / ISSUER	
Issuer	Jefferson County HFC
Expiration Date	8/24/2026
Bond Amount	$18,000,000
BRB Priority	Priority 2
% Financed with Tax-Exempt Bonds	**51.5%**

RISK PROFILE

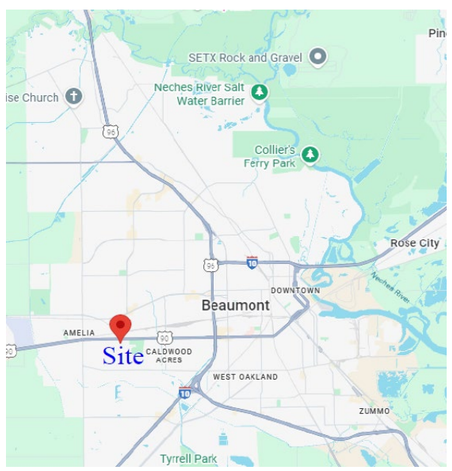
STRENGTHS/MITIGATING FACTORS

- 100% Project Based Vouchers
- Low controllable expenses
- Experienced regional Developer and Operator

WEAKNESSES/RISKS

- Deal contingent on PHA 20-35% rent increase
- Rehabilitation construction cost risk
- Interest rate risk

AREA MAP



AERIAL PHOTOGRAPH(s)



DEVELOPMENT IDENTIFICATION

TDHCA Application #: **26423** Program(s): **TDHCA Bonds/4% HTC/MDL**

Timbers Edge Apartments

Address/Location: 1075 Pinchback Road

City: Beaumont County: Jefferson Zip: 77707

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

Activity: Acquisition/Rehab Building Type: Garden (Up to 4-story) Region: 5

Low-Income: 40% at 60%

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**
TCAP	$3,690,698	0%	25	25 yrs	**$3,690,698**	**0%**	**25**	**25 yrs**	**2**	**36 mos**	**3**
FHTC (4% Credit)	$1,377,659				**$1,340,858**						

* Multifamily Direct Loan and HOME ARP Terms:

* The term of a Multifamily Direct Loan or HOME ARP loan should match the term of any superior loan (within 6 months). In this case, HUD will be making an exception

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

CONDITIONS

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SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	150

DEVELOPMENT SUMMARY

Timbers Edge Apartments, located at 1075 Pinchback Road in Beaumont, Jefferson County, Texas, is an acquisition/rehab development consisting of 150 one, two, three, and four-bedroom units in 11 two-story walkup buildings. Amenities include a gazebo, play area, laundry buildings, a community room with a kitchen, a computer station, and leasing areas. The development was originally built in 1976 and was rehabilitated with 4% HTC and TCAP funds in 2008. There are existing LURA's for both the HTC and TCAP funds as well as a HAP contract on the property. The developer is seeking a 50% property tax abatement as the GP will be 100% owned by a CHDO.

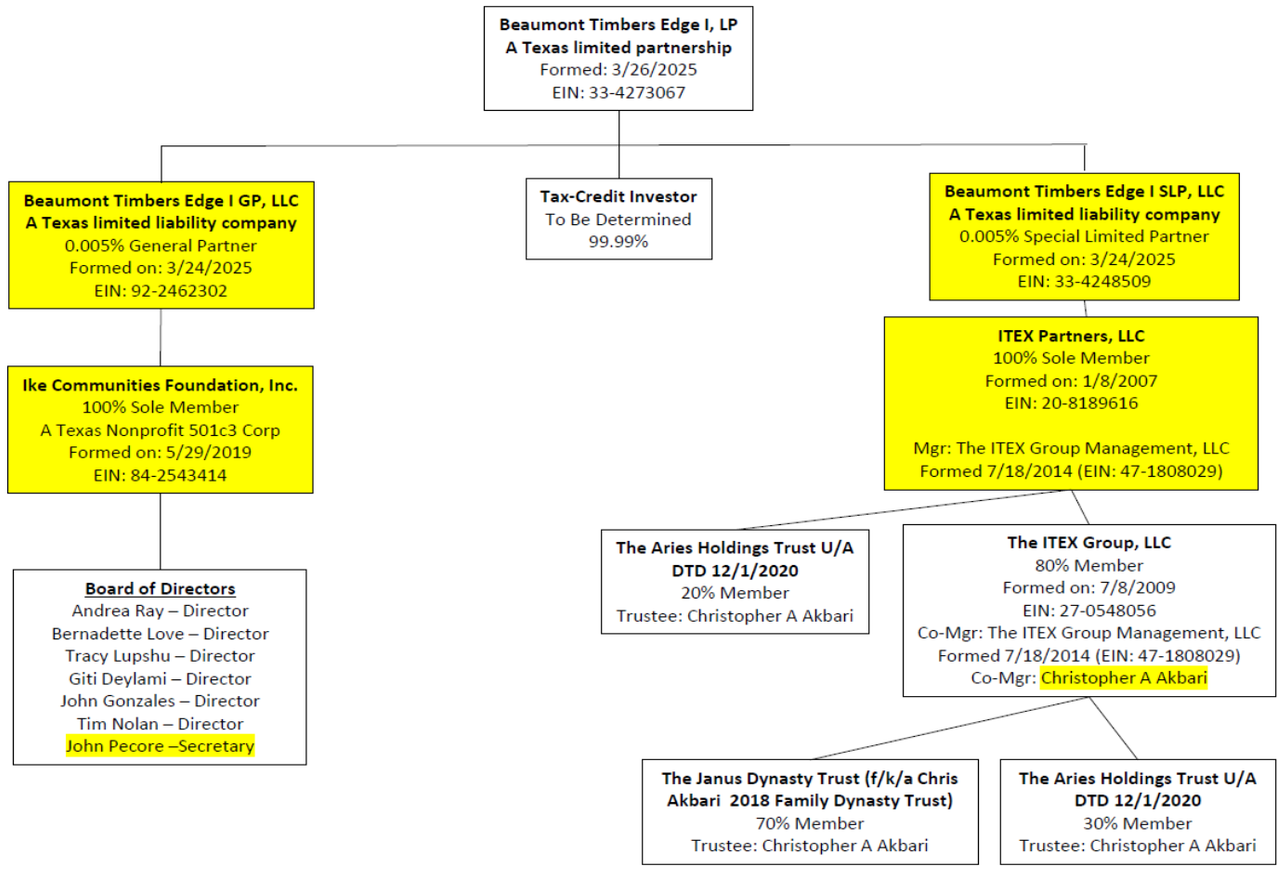
RISK PROFILE

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▫ Low controllable expenses
▫ Experienced regional Developer and Operator

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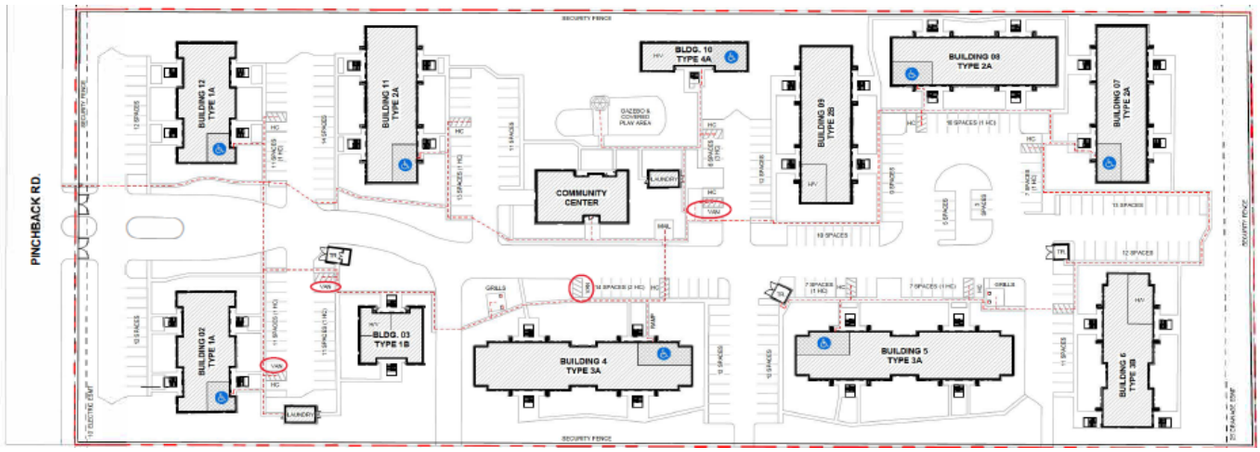
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



AERIAL PHOTO



Comments:

Code requires 1.5 spaces per unit or 225 spaces. Site plan provides for 237 open surface spaces (1.6/unit), which will all be provided at no charge to the residents.

BUILDING ELEVATION



BUILDING CONFIGURATION

Building Type	1A	1B	2A	2B	3A	3B	4A						**Total Buildings**
Floors/Stories	2	2	2	2	2	2	2						
Number of Bldgs	2	1	3	1	2	1	1						**11**
Units per Bldg	16	8	16	14	16	12	4						
Total Units	32	8	48	14	32	12	4						**150**

Avg. Unit Size (SF) 824 sf	**Total NRA (SF) 123,662**	**Common Area (SF)* 2,742**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 9.36 acres Density: 16.0 units/acre

Site Control: 9.345 **Site Plan:** 9.36 **Appraisal:** 9.345 **ESA:** 9.36

Feasibility Report Survey: 9.36 **Feasibility Report Engineer's Plan:** na **Existing LURA:** 9.345

Control Type: Purchase and Sale Agreement

Development Site: 9.36 acres Cost: $12,000,000 $80,000 per unit

Seller: Beaumont Timbers Edge LP

Buyer: Beaumont Timbers Edge I, LP

Related-Party Seller/Identity of Interest: Yes

Date of Most Recent Arms Length Settlement Statement: 6/23/2023

Sales Price in Most Recent Arms Length Settlement Statement: $11,500,000

Comments:

The current Owner / Seller is controlled by a principal of the Applicant and Developer. They purchased the property in June of 2023 prior to the submission of this Application. A copy of the HUD-1 Settlement Statement was provided for that transaction. The property was previously owned for 15 years by Beaumont Leased Housing Associates I, LP , a non-related party that bought the property in November of 2008.

The project qualifies for an exemption of the 10-year hold requirement due to the HAP contract - it is "federally assisted" under Section 42. The applicant also provided a letter from Borrower's Counsel explaining how the project qualifies for acquisition credits under Section 42 despite this being an Identity of Interest transaction.

APPRAISED VALUE

Appraiser: Valbridge Property Advisors Date: 2/26/2025

Land as Vacant:	9.36 acres	$1,120,000	Per Unit:	$7,467
Existing Buildings: (as-is)		$11,680,000	Per Unit:	$77,867
Land + Buildings: (as-is)		$12,800,000	Per Unit:	$85,333
Favorable Financing:		$0	Per Unit:	$0
Total Development: (as-is)		**$12,800,000**	Per Unit:	**$85,333**

Comments:

Pursuant to the QAP, TDHCA is utilizing the lesser contract price and settlement costs of $12,000,000 to determine eligible basis.

SITE INFORMATION

Flood Zone:	Zone X	Scattered Site?	No
Zoning:	RM-H	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	1976	Title Issues?	No

Current Uses of Subject Site:

The improvements are a 150 unit apartment project fully subsidized under a HUD Section 8 contract. The property is a typical 2-story pitched roof, garden type design.

TENANT RELOCATION PLAN

Applicant will make an effort to carry out the rehabilitation work in ways that will limit the amount of disruption to the residents. Temporary moves are necessary in order to vacate enough buildings in each phase to carry out the rehabilitation work on time. All households not requiring temporary relocation will be permanently moved within the project to newly rehabbed units as they are completed. The Project will provide moving services to move each household as necessary to temporary units as well as to newly rehabilitated permanent units. All utility reconnection fees and other reasonable out-of-pocket expenses will be paid for by the Project in connection with the temporary and/or permanent moves.

Total anticipated relocation costs are estimated at $413,500 ($2,757/unit).

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: AEI Date: 2/20/2025

Recognized Environmental Conditions (RECs) and Other Concerns:

- A 2007 ACM sampling revealed the presence of asbestos in sink undercoating and various floor tiles. An O&M Plan was reportedly created for the subject property.
- Visible signs of mold growth and conditions conducive for suspect mold growth were observed in several apartment units.
- Based on the laboratory analysis report for lead in drinking water, six samples out of 20 exceeded the USEPA action level of 15 µg/L. AEI recommends conducting further sampling.

MARKET ANALYSIS

Provider: Valbridge Property Advisors Date: 2/28/2025

Primary Market Area (PMA): 41 sq. miles 4 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
24502	Beaumont Pioneer Crossing	Y	New Const	General	82	82
24089	Prado Place	Y	New Const	General	56	56
23112	Abiding Grace	Y	New Const	Elderly	54	61

Stabilized Affordable Developments in PMA		
	Total Units	738
	Total Developments	6
	Average Occupancy	95.4%

Comments:

Rehab or reconstruction projects where: (i) 100% of units are covered by existing project based rental assistance that will continue for at least the Compliance Period, an existing Department LURA, or the subject rents are at or below 50% AMGI rents, (ii) is 80% occupied, and (iii) gives existing tenants leasing preference or the right to return, do not require a full market study. The subject property was 89.3**%** occupied as of June 30, 2025.

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	**Assisted**		
Total Households in the Primary Market Area	29,802			
Potential Demand from the Primary Market Area	2,602			
10% External Demand	260			
GROSS DEMAND	2,862			
Subject Affordable Units	0	150		
Unstabilized Competitive Units	77			
RELEVANT SUPPLY	77			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**2.7%**			

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					
60% AMGI	2,602	260	150	77	7.9%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/60%	809	81	40	27	7.5%					
2 BR/60%	535	54	62	23	14.4%					
3 BR/60%	220	22	44	8	21.5%					
4 BR/60%	73	7	4	0	5.0%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$1,178,166	Avg. Rent:	$1,333	Expense Ratio:	48.8%
Debt Service:	$1,130,722	B/E Rent:	$1,305	Controllable Expenses:	$4,662
Net Cash Flow:	$47,444	UW Occupancy:	95.0%	Property Taxes/Unit:	$424
Aggregate DCR:	1.01	B/E Occupancy:	93.1%	Program Rent Year:	2025

The TCAP loan restricts 100% of the units to 60% AMI. However, there is currently a HAP multiyear contract through 1/31/2032. Applicant's proposed rents are from a February 2025 Rent Comparability Study by Davis Affordable Housing Advisors. Actual rents will have to be approved by HUD.

Unit Type	Current Net HAP Rent	Proposed Net HAP Rent	Increase	Variance
1BR	$915	$1,140	$225	25%
2BR	$1,054	$1,285	$231	22%
2BR	$1,054	$1,280	$226	21%
3BR	$1,213	$1,550	$337	28%
4BR	$1,341	$1,680	$339	25%

Applicant utilized a 5% vacancy loss as allowed in a project with 100% project based vouchers.

Applicant's Pro Forma operating expenses are 1.34% higher than 12 month actual expenses from July 2024 thru June 2025. Projected Payroll expenses increased $15k or 8% and Insurance expenses decreased $16k or -9.8% from actual expenses. After adjusting R&M to $700/unit per Rule, expenses were within 5% of Underwriter's adjustments and Applicant's Expense Pro Forma was utilized for purposes of underwriting.

Applicant assumes a 50% property tax abatement through the participation of a Non Profit CHDO, Ike Communities Foundation. If the 50% abatement is not granted, the deal is infeasible at a DCR of 1.02x.

Capitalization includes an assumed TCAP loan, which will have a subordination agreement. The DCR is being calculated using 75% of cash flow after debt service on the primary FHA 221(d)(4) loan. Under these parameters, the DCR is considered feasible at a minimum of 1.0x.

As underwritten, 15-year residual cash flow is $437k after deferred developer fee is paid off in year 14.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$119,658/ac	$80,000/unit	**$12,000,000**	Contractor Fee	**$1,318,063**
Off-site + Site Work		$3,662/unit	**$549,228**	Soft Cost + Financing	**$5,107,798**
Building Cost	$64.86/sf	$53,470/unit	**$8,020,462**	Developer Fee	**$3,788,005**
Contingency	9.98%	$5,703/unit	**$855,519**	Reserves	**$857,339**

Total Development Cost	$216,643/unit	**$32,496,414**	**Rehabilitation Cost**	**$57,131/unit**

Qualified for 30% Basis Boost?	Rehabilitation Development located in QCT

Acquisition:

Applicant provided the 1/24/2025 Purchase and Sale Agreement that states a sale price of $12,000,000. A 2/26/2025 appraisal provided from Valbridge Property Advisors states a value of $1,120,000 for the land as if vacant and a total value for the existing development of $12,800,000. Applicant's development cost schedule reflects a site acquisition cost of $1,120,000 and an existing building acquisition cost of $11,680,000, for a total acquisition cost of $12,800,000 consistent with the appraisal. However, pursuant to the QAP for Eligible Basis on Acquisition of Buildings, Underwriter utilized the lower $12,000,000 sale price with $1,120,000 allocated to the land and the remaining $10,880,000 allocated to the buildings. This reduced Eligible building acquisition cost by $800,000.

Scope of Work:

Site Work and Exterior Improvements

1. ADA Ramps, Sidewalks, Paving and Striping

a. Demo, remove and replace approximately 6,000 SF (Approximately 25% of existing 24,000 SF) of drives and paving.

b. Demo, remove and install ADA ramps at designated ADA units.

c. Replace curbing and sidewalks as necessary.

d. Restripe of parking lot for 251 spaces including spaces with ADA markings and handicap parking signs.

2. Playground

a. Raise play area around equipment with additional clean bark mulch to prevent ponding of water.

3. Landscaping - Minimal Work

a. Fill and fine grading of low areas.

b. Provide hydro mulch seeding in disturbed areas.

c. Trim all overhanging and any dead tree branches.

4. Perimeter and Front Entry Fence

a. Repair perimeter chain link fence and front metal fence as necessary.

5. Lighting and Security

a. Re-lamp existing pole light and wall pack fixtures.

6. Monument Sign

a. Repair and refinish existing monument sign.

7. Gazebo and Barbecue Grills

a. Install new gazebo and barbecue grills.

Site Utilities

1. As noted by maintenance personnel, ICON observance at last site visit, and by conversation with Mid County Plumbing, there appears to be blockage in some sanitary sewer lines. Repair and/or replace.

Concrete

1. Repair and level foundation on 5 Buildings.
2. Gypcrete underlayment and plywood subfloor figured at 10% repair/replacement.
3. Lightweight concrete and decking figured at 20% replacement.

Exterior Building Envelope Scope of Work

1. Exterior Brick Repair

a. Repair or replace brick visually damaged on the buildings.
b. Power wash brick. Repoint brick as needed.

2. Stairs, Landings, and Railings

a. Replace 100% of railings at balconies and stairs.
b. Replace 50% of stair treads and 25% of stair stringers.
c. Repair and adjust front entrance access gate as necessary.
d. Paint metal railings and stringers.

3. Rough Carpentry

a. Provide labor and materials to reframe ADA units as necessary.
b. Provide labor and materials to rebuild 25% of balconies (replaced rotted joists and beams).

4. Roof and Gutter Repair

a. Remove and replace existing roofing with 30 year asphalt shingles, underlayment, and drip edge.
b. Replace existing gutters, down spouts and splash blocks as necessary.

5. Siding, Fascia, Soffit and Exterior Trim

a. Remove and replace all lap siding, wood trim, fascia, soffit, and beam wrap with cement fiberboard 7 ¼" lap siding, trim boards, and soffit panels.

b. Prep, caulk, and paint all exterior building paintable materials.

6. Windows and Doors

a. Remove and replace existing unit and outside closet doors and hardware.

b. Repair laundry and mechanical room doors and hardware.

c. Replace broken window glass as necessary with insulated clear glass. Repair and replace broken window hardware and damaged screens as necessary.

Interiors Scope of Work

1. Community Building: Existing is in relatively good condition. Refurbish as necessary. Work to specifically include but not necessarily be limited to:

a. Existing flooring, cabinets, countertops, window glass, hardware and screens to be repaired and replaced of as necessary.

b. Repair, tape, float, retexture and paint all drywall as needed on walls and ceilings.

c. Repair/replace doors/frames/hardware as necessary.

d. Repair/replace trim and base as necessary.

e. Paint walls, ceilings, and doors.

f. Update to code by replacing or adding electrical outlets, switches, LED light fixtures (Energy Star rated), smoke detectors, and fire alarm devices. Update existing telephone, data, cable, surveillance and security equipment and wiring as necessary.

g. Replace existing kitchen appliances with Energy Star rated equipment.

2. Living Units – Living, Bedroom, Closets and Hallway Areas

a. Demolition of walls and ceilings down to texture on sheetrock. Dispose of demolished material (trim and flooring; interior doors, window sills, hardware; closet rods and shelves; blinds on windows; electrical outlets, switches, fans, light fixtures, smoke detectors/fire alarm devices, thermostats).

b. Repair drywall as needed on walls and ceilings: tape, float, and texture.

c. Install new entry solid core doors/jambs/hardware.

d. Install interior paint grade hollow core flush doors, 2 1/8" colonial F/J casing and 3 1/8" colonial F/J baseboard.

e. Install wood closet rods and shelves.

g. Install 100% recycled wood plank vinyl flooring (LVT).

h. Paint interior walls, ceilings, doors, closet shelves, window sills, and trim.

i. Install 1" PVC blinds on windows.

j. Install electrical outlets, plugs, switches, fans, LED light fixtures, smoke detectors, telephone, data, cable TV. All fixtures upgraded to Energy Star rated.

k. Install a deadbolt lock on any access door or panel into mechanical closet.

3. Living Units – Kitchens

a. Demolition of walls and ceilings down texture on sheetrock, haul off material (cabinets, countertops, appliances, sink, faucet, garbage disposal, electrical outlets, switches, fans, and light fixtures.
b. New ADA compliant units to have additional walls framed and finished to comply with accessibility needs and dimensions
c. Repair drywall as needed on walls and ceilings. Provide and install green board in all wet areas: tape, float, and texture.
d. Install stained plywood kitchen cabinets with picture framed raised panel doors.
e. Install preformed plastic laminate countertops and 4" backsplashes.
f. Install pantry/general storage wood shelving.
g. Install drop in style 2 compartment stainless steel sinks.
h. Install 1/2 hp garbage disposals.
i. Install new plumbing fixtures including shut off valves
j. Install all new paint grade base and door trim.
k. Paint interior walls, ceilings, and trim.
l. Install electrical GFCI outlets, switches, LED light fixtures, smoke detectors/fire alarm devices. All fixtures upgraded to Energy Star rated.
m. Install 6 mill vinyl plank flooring (LVT).
n. Install new stoves, vent a hoods, refrigerators/freezers, microwaves.
o. Install an outlet for each vent a hoods.
p. Frame and finish utility laundry closet for ADA units only.

4. Living Units – Bathrooms

a. Demo all units down to sheetrock, haul off material (toilets, vanities, mirrors, accessories, trim and flooring; doors and hardware; electrical outlets, switches, fans, light fixtures, smoke detectors/fire alarm devices).
b. Install green board in vanity area.
c. Repair drywall as needed on walls and ceilings: tape, float, and texture.
d. Existing bathtub/shower units to remain and to be resurfaced.
e. Install stained plywood vanities.
f. Install new doors/jambs/hardware.
g. Install wood paint grade base and door trim.
h. Install linen/general storage shelving (if applicable to plan)
i. Install preformed plastic laminate countertops and 4" backsplashes.
j. Install vanity sinks.
k. Install toilets.
l. Install faucets for tubs and vanities. New shut off valves for vanity faucet.
m. Install medicine cabinet/mirrors.
n. Install accessories (curtain rods, towel bars, toilet paper dispensers).
o. Install electrical GFCI outlets, switches, exhaust vents, LED light fixtures, smoke detectors/fire alarm devices. All fixtures upgraded to Energy Star rated.
p. Install 6mil vinyl plank flooring (LVT).

Plumbing General Scope of Work Allowance

1. Existing water, sewer and gas lines to remain. Repair/replacement of sanitary sewer line.
2. Replace existing 80 gallon gas hot water heaters in maintenance/laundry building.

HVAC General Scope of Work

1. Remove and replace exhaust fans
2. Clean existing plenum and ducts.
3. Remove and replace supply and return air grilles.
4. Replace existing gas fired forced air furnaces and condensing units with energy efficient units.

Electrical General Scope of Work

1.Provide and install electrical GFCI outlets, switches, exhaust vents, LED light fixtures, smoke detectors/fire alarm devices (Community Building only). All fixtures upgraded to Energy Star rated.1. Existing water, sewer and gas lines to remain. Repair/replacement of sanitary sewer line.
2. Replace existing 80 gallon gas hot water heaters in maintenance/laundry building.

General and Miscellaneous Scope of Work

1. Provide and install 2.5 lb. fire extinguishers in each unit and 5 lb. fire extinguishers in cabinets in laundry rooms and on each first floor and second floor exterior landing or balcony.
2. Repair and replace if necessary access gate controls.
3. Remove and replace existing unit and common area signage.
4. Check and update as necessary surveillance and alarm systems.

Developer Fee:

Developer Fee was adjusted $120k as there was $800k less in acquisition costs for fee to be earned after Underwriter's adjustment.

Comments:

Adjustments in eligible basis resulted in a recommended decrease of $37k in annual credits and $298k in total proceeds at Applicant's assumed credit price. The cost used at cost certification will be limited to the acquisition cost underwritten in the initial Underwriting of the Application.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$32,496,413	$28,673,115	$1,340,858

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
Jefferson County HFC	$18,000,000	2/25/2026	Priority 2
Closing Deadline			
8/24/2026			

Percent of Cost Financed by Tax-Exempt Bonds	**51.5%**

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
PNC - FHA 221(d)(4)	HUD 221 (d) (4)	$16,000,000	5.89%	48%
PNC	Bridge Loan	$7,000,000	7.17%	21%
TDHCA	TCAP Loan (Assumed)	$3,690,698	0.00%	11%
Hunt Capital	FHTC	$1,108,507	$0.81	3%
Beaumont Timbers Edge I LP	Deferred Developer Fee	$4,308,397	0.00%	13%
Beaumont Timbers Edge LP	Seller Note	$510,807	4.82%	2%
Beaumont Timbers Edge I LP	NOI during construction	$750,000	0.00%	2%
		$33,368,409	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
PNC - FHA 221(d)(4)	$16,000,000	5.89%	40	40.0	$16,000,000	5.64%	40	40.0	49%
Adjustment to Debt Per §11.302(c)(2)	$0	0.00%	0	0.0	($1,000,000)	5.64%	40	40.0	-3%
TDHCA	$3,690,698	0.00%	25	25.0	$3,690,698	0.00%	25	25.0	11%
Beaumont Timbers Edge LP	$510,807	4.82%	0	50	$510,807	4.82%	0	50	2%
Beaumont Timbers Edge I LP	$750,000	0.00%	0	0	$750,000	0.00%	0	0	2%
Total	**$20,951,505**				**$19,951,505**				

Comments:

If the $3.7M TDHCA TCAP loan assumption is not granted, the deal would be infeasible. Assuming a sufficient increase in the permanent debt would cause the DCR to fall below 1.15. Alternatively, increasing deferred developer fee would create a 15-year repayment problem. Essentially, there is no combination of the two sources that meets feasibility thresholds.

Legal is recommending a modification of the TCAP loan to reflect a 25 year amortization and 25 year term, presuming a May 2026 closing date. In no event can the term of the modified TCAP loan exceed forty (40) years from the date of permanent loan commencement, or February 16, 2052. The repayment terms will continue to require that annual payments are to be paid from cash flow and that at the end of the term there is a balloon payment to pay of the loan balance. The first lien holder, a HUD loan originator, approved this assumption, although the TCAP loan will mature before the HUD loan.

Equity & Deferred Fees	PROPOSED Amount	Rate	% Def	UNDERWRITTEN Amount	Rate	% TC	% Def
Hunt Capital	$11,157,926	$0.81		$10,860,477	$0.81	33%	
Beaumont Timbers Edge I LP	$1,258,978		33%	$1,684,431		5%	44%
Total	**$12,416,904**			**$12,544,908**			
				$32,496,413	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.911	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.757	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Per §11.302(d) (4)(D) (iv) in order to comply with TDHCA's agreement with HUD, Developments financed with a Direct Loan subordinate to FHA financing will have to meet a combined DCR of 1.0 using 75% of surplus cash after the senior debt service is deducted to achieve the minimum 1.0x debt coverage ratio of 75% cash flow as required on a HUD loan. In order to meet both the Senior Debt DCR of 1.15x and the combined DCR is 1.0x, the underwriting analysis assumes a $1M Adjustment to Debt Per §11.302(c)(2) to meet the minimum debt coverage ratios.

Gap Analysis:	
Total Development Cost	$32,496,413
Permanent Sources (debt + non-HTC equity)	$19,951,505
Gap in Permanent Financing	$12,544,908

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$10,860,477	$1,340,858
Needed to Balance Sources & Uses	$12,544,908	$1,548,821
Requested by Applicant	$11,158,552	$1,377,659

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$10,860,477**	**$1,340,858**

Deferred Developer Fee	**$1,684,431**	**(44% deferred)**
Repayable in	**14 years**	

Recommendation:

Underwriter recommends $1,340,858 in annual 4% Housing Tax Credits as determined by eligible basis.

Underwriter further recommends approval for the assumption of the existing TCAP loan.

Underwriter: *Eric Weiner*

Manager of Real Estate Analysis: *Gregg Kazak*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Timbers Edge Apartments, Beaumont, TDHCA Bonds/4% HTC/MDL #26423

LOCATION DATA	
CITY:	Beaumont
COUNTY:	Jefferson
Area Median Income	$84,400
PROGRAM REGION:	5
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	SHTC	Match
Eff	-	0.0%	0	0	0	0
1	40	26.7%	40	0	0	0
2	62	41.3%	62	0	0	0
3	44	29.3%	44	0	0	0
4	4	2.7%	4	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	150	100.0%	150	-	-	-

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	824 sf

60% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	-	-	-	150	-	-	-	150
	% Total	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

FEDERAL HTC		Existing LURA Restrictions		RENT ASSISTED UNIT		Match Units	UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	Type	Gross Rent	Match Units	# 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%	$950	TC 60%	$950	PBV	$1,245	0	40	1	1	636	$1,245	$105	$1,140	$0	$1.79	$1,140	**$45,600**	**$45,600**	$1,140	$1.79	$0	$1,245	$1.96	$890
TC 60%	$1,140	TC 60%	$1,140	PBV	$1,430	0	15	2	1	799	$1,430	$145	$1,285	$0	$1.61	$1,285	**$19,275**	**$19,275**	$1,285	$1.61	$0	$1,430	$1.79	$1,120
TC 60%	$1,140	TC 60%	$1,140	PBV	$1,408	0	47	2	1	799	$1,408	$128	$1,280	$0	$1.60	$1,280	**$60,160**	**$60,160**	$1,280	$1.60	$0	$1,408	$1.76	$1,120
TC 60%	$1,317	TC 60%	$1,317	PBV	$1,697	0	44	3	1.5	1,005	$1,697	$147	$1,550	$0	$1.54	$1,550	**$68,200**	**$68,200**	$1,550	$1.54	$0	$1,697	$1.69	$1,375
TC 60%	$1,470	TC 60%	$1,470	PBV	$1,850	0	4	4	2	1,116	$1,850	$170	$1,680	$0	$1.51	$1,680	**$6,720**	**$6,720**	$1,680	$1.51	$0	$1,850	$1.66	$1,500
TOTALS/AVERAGES:							**150**			**123,662**				**$0**	**$1.62**	**$1,333**	**$199,955**	**$199,955**	**$1,333**	**$1.62**	**$0**	**$1,463**	**$1.77**	**$1,144**

ANNUAL POTENTIAL GROSS RENT:	**$2,399,460**	**$2,399,460**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Timbers Edge Apartments, Beaumont, TDHCA Bonds/4% HTC/MDL #26423

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Historical 7/24-6/25		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.62	$1,333	$2,399,460	$2,399,460	$1,333	$1.62		0.0%	$0
Late fees, pet deposits							$20.83	$37,500						
Total Secondary Income							$20.83		$37,500	$20.83			0.0%	$0
POTENTIAL GROSS INCOME								$2,436,960	$2,436,960				0.0%	$0
Vacancy & Collection Loss							5.0% PGI	(121,848)	(121,848)	5.0% PGI			0.0%	-
Rental Concessions								(12,084)	(12,084)				0.0%	-
EFFECTIVE GROSS INCOME								$2,303,028	$2,303,028				0.0%	$0
General & Administrative	$91,116	$607/Unit	$54,799	$365	2.42%	$0.45	$371	$55,650	$55,650	$371	$0.45	2.42%	0.0%	-
Management	$66,516	4.3% EGI	$73,100	$487	5.11%	$0.95	$785	$117,762	$ 117,762	$785	$0.95	5.11%	0.0%	-
Payroll & Payroll Tax	$197,398	$1,316/Unit	$182,777	$1,219	8.60%	$1.60	$1,320	$198,000	$198,000	$1,320	$1.60	8.60%	0.0%	-
Repairs & Maintenance	$129,868	$866/Unit	$184,015	$1,227	5.44%	$1.01	$836	$125,350	$105,000	$700	$0.85	4.56%	19.4%	20,350
Electric/Gas	$35,057	$234/Unit	$46,455	$310	2.12%	$0.39	$325	$48,750	$48,750	$325	$0.39	2.12%	0.0%	-
Water, Sewer, & Trash **Tenant Pays: WS**	$110,232	$735/Unit	$264,148	$1,761	11.79%	$2.20	$1,810	$271,500	$271,500	$1,810	$2.20	11.79%	0.0%	-
Property Insurance	$172,818	$1.40 /sf	$166,240	$1,108	6.51%	$1.21	$1,000	$150,000	$172,818	$1,152	$1.40	7.50%	-13.2%	(22,818)
Property Tax (@ 50%) 2.6134	$90,775	$605/Unit	$59,460	$396	2.76%	$0.51	$424	$63,600	$63,600	$424	$0.51	2.76%	0.0%	-
Reserve for Replacements					1.95%	$0.36	$300	$45,000	$45,000	$300	$0.36	1.95%	0.0%	-
Security					0.75%	$0.14	$115	$17,250	$17,250	$115	$0.14	0.75%	0.0%	-
Supportive Services					0.22%	$0.04	$33	$5,000	$5,000	$33	$0.04	0.22%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.26%	$0.05	$40	$6,000	$6,000	$40	$0.05	0.26%	0.0%	-
Bond Trustee Fees					0.22%	$0.04	$33	$5,000	$5,000	$33	$0.04	0.22%	0.0%	-
Issuer Ongoing Compliance Fees					0.69%	$0.13	$107	$16,000	$16,000	$107	$0.13	0.69%	0.0%	-
TOTAL EXPENSES					**48.84%**	**$9.10**	**$7,499**	**$1,124,862**	**$1,127,330**	**$7,516**	**$9.12**	**48.95%**	**-0.2%**	**$ (2,468)**
NET OPERATING INCOME ("NOI")					**51.16%**	**$9.53**	**$7,854**	**$1,178,166**	**$1,175,698**	**$7,838**	**$9.51**	**51.05%**	**0.2%**	**$ 2,468**

CONTROLLABLE EXPENSES	$4,662/Unit		$4,526/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Timbers Edge Apartments, Beaumont, TDHCA Bonds/4% HTC/MDL #26423

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**
PNC - FHA 221(d)(4)	0.25%	1.13	1.13	1,041,725	5.89%	40	40	$16,000,000	$16,000,000	40	40	5.64%	$1,048,633	1.12	49.2%
Adjustment to Debt Per §11.302(c)(2)	0.25%								($1,000,000)	40	40	5.64%	($65,540)	1.20	-3.1%
TDHCA		1.13	1.13		0.00%	25	25.0	$3,690,698	$3,690,698	25	25	0.00%	$147,628	1.01	11.4%
CASH FLOW DEBT / GRANTS															
Beaumont Timbers Edge LP		1.13	1.13		4.82%	0	50	$510,807	$510,807	50	0	4.82%		1.01	1.6%
Beaumont Timbers Edge I LP		1.13	1.13		0.00%	0	0	$750,000	$750,000	0	0	0.00%		1.01	2.3%
				$1,041,725	**TOTAL DEBT / GRANT SOURCES**			**$20,951,505**	**$19,951,505**	**TOTAL DEBT SERVICE**			**$1,130,722**	**1.01**	61.4%
NET CASH FLOW		$133,973	$136,441						**APPLICANT**	**NET OPERATING INCOME**		**$1,178,166**	**$47,444**	**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**
Hunt Capital	LIHTC Equity	34.3%	$1,377,659	$0.81	$11,157,926	$10,860,477	$0.81	$1,340,858	33.4%	$8,939	Eligible Basis
Beaumont Timbers Edge I LP	Deferred Developer Fees	3.9%	(33% Deferred)		$1,258,978	$1,684,431	(44% Deferred)		5.2%	**Total Developer Fee:**	**$3,788,005**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		38.2%			$12,416,904	$12,544,908			38.6%		

TOTAL CAPITALIZATION	**$33,368,409**	**$32,496,413**	**15-Yr Cash Flow after Deferred Fee:**	**$436,745**

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				$7,467 / Unit		$1,120,000	$1,120,000	$7,467 / Unit				0.0%	$0
Building Acquisition		$11,680,000		$77,867 / Unit		$11,680,000	$10,880,000	$72,533 / Unit			$10,880,000	7.4%	$800,000
Off-Sites			$0	$ / Unit		$0	$0	$ / Unit		$0		0.0%	$0
Site Work			$233,473	$3,506 / Unit		$525,904	$525,904	$3,506 / Unit		$233,473		0.0%	$0
Site Amenities			$23,324	$155 / Unit		$23,324	$23,324	$155 / Unit		$23,324		0.0%	$0
Building Cost			$8,020,462	$64.86 /sf	$53,470/Unit	$8,020,462	$8,020,462	$53,470/Unit	$64.86 /sf	$8,020,462		0.0%	$0
Contingency			$827,726	10.00%	9.98%	$855,519	$855,519	9.98%	10.00%	$827,726		0.0%	$0
Contractor Fees			$1,274,698	14.00%	13.98%	$1,318,063	$1,318,063	13.98%	14.00%	$1,274,698		0.0%	$0
Soft Costs		$0	$1,547,583	$13,141 / Unit		$1,971,083	$1,971,083	$13,141 / Unit		$1,547,583	$0	0.0%	$0
Financing		$0	$2,125,878	$20,911 / Unit		$3,136,715	$3,136,715	$20,911 / Unit		$2,125,878	$0	0.0%	$0
Developer Fee	16.10%	$1,752,000	$2,108,000	15.00%	15.29%	$3,860,000	$3,788,005	15.00%	15.00%	$2,107,971	$1,632,000	1.9%	$71,995
Reserves				5 Months		$857,339	$857,339	5 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		**$13,432,000**	**$16,161,143**	$222,456 / Unit		**$33,368,409**	**$32,496,413**	$216,643 / Unit		**$16,161,115**	**$12,512,000**	**2.7%**	**$871,995**
Acquisition Cost		($800,000)				($800,000)							
Developer Fee	15.00%	($120,000)	($29)	15.00%	15.00%	($71,995)							
ADJUSTED BASIS / COST		**$12,512,000**	**$16,161,115**	$216,643/unit		**$32,496,414**	**$32,496,413**	$216,643/unit		**$16,161,115**	**$12,512,000**	**0.0%**	**$1**
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA						**$32,496,413**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Timbers Edge Apartments, Beaumont, TDHCA Bonds/4% HTC/MDL #26423

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$12,512,000	$16,161,115	$12,512,000	$16,161,115
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$12,512,000	$16,161,115	$12,512,000	$16,161,115
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$12,512,000	$21,009,449	$12,512,000	$21,009,450
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$12,512,000	$21,009,449	$12,512,000	$21,009,450
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$500,480	$840,378	$500,480	$840,378
CREDITS ON QUALIFIED BASIS	$1,340,858		$1,340,858	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8100	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,340,858	$10,860,477	**$1,340,858**	($36,801)	($298,075)
Needed to Fill Gap	$1,548,821	$12,544,908	----	----	----
Applicant Request	$1,377,659	$11,158,552	----	----	----

25% Test for Bond Financing for 4% Tax Credits				
Tax-Exempt Bond Amount	$	16,000,000		
			Applicant	**TDHCA**
Land Cost	$	1,120,000	$1,120,000	$1,120,000
Depreciable Bldg Cost **	$	29,956,733	$29,956,733	$29,084,738
Aggregate Basis for 25% Test	**$**	**31,076,733**	$31,076,733	$30,204,738
Percent Financed by Tax-Exempt Bonds	**51.49%**		**51.49%**	**52.97%**

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

Long-Term Pro Forma

Timbers Edge Apartments, Beaumont, TDHCA Bonds/4% HTC/MDL #26423

	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%	$2,303,028	$2,348,968	$2,395,823	$2,443,611	$2,492,351	$2,751,006	$3,036,463	$3,372,681	$3,723,712	$4,111,279	$4,539,185	$5,011,627
TOTAL EXPENSES	3.00%	$1,124,862	$1,157,424	$1,190,939	$1,225,436	$1,260,943	$1,454,706	$1,678,594	$1,938,413	$2,237,634	$2,583,521	$2,983,406	$3,445,775
NET OPERATING INCOME ("NOI")		**$1,178,166**	**$1,191,544**	**$1,204,883**	**$1,218,175**	**$1,231,408**	**$1,296,300**	**$1,357,869**	**$1,434,268**	**$1,486,079**	**$1,527,758**	**$1,555,778**	**$1,565,851**
EXPENSE/INCOME RATIO		48.8%	49.3%	49.7%	50.1%	50.6%	52.9%	55.3%	57.5%	60.1%	62.8%	65.7%	68.8%
MUST -PAY DEBT SERVICE													
PNC - FHA 221(d)(4)		$1,048,633	$1,048,361	$1,048,072	$1,047,767	$1,047,445	$1,045,528	$1,042,990	$1,039,626	$1,035,170	$1,029,266	$1,021,443	$1,011,079
Adjustment to Debt Per §11.302(c)(2)		($65,540)	($65,540)	($65,540)	($65,540)	($65,540)	($65,540)	($65,540)	($65,540)	($65,540)	($65,540)	($65,540)	($65,540)
TDHCA		$147,628	$147,628	$147,628	$147,628	$147,628	$147,628	$147,628	$147,628	$147,628	$147,628	$147,628	$147,628
TOTAL DEBT SERVICE		$1,130,722	$1,130,449	$1,130,161	$1,129,856	$1,129,533	$1,127,617	$1,125,078	$1,121,715	$1,117,258	$1,111,354	$1,103,532	$1,093,168
DEBT COVERAGE RATIO		1.01	1.02	1.03	1.04	1.05	1.09	1.14	1.19	1.23	1.26	1.29	1.31
ANNUAL CASH FLOW		**$47,444**	**$61,095**	**$74,723**	**$88,319**	**$101,875**	**$168,684**	**$232,791**	**$312,553**	**$368,820**	**$416,404**	**$452,246**	**$472,684**
Deferred Developer Fee Balance		$1,636,987	$1,575,892	$1,501,169	$1,412,850	$1,310,974	$600,398	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$436,745	$1,876,687	$3,611,186	$5,602,082	$7,797,010	$10,126,534

ITEX

11 Greenway Plaza, Suite 3150
Houston, TX 77046
P: 713.963.8660 **F:** 713.963.8164

March 31, 2026

TDHCA
Attn: Karen Curtice
Via email: karen.curtice@tdhca.state.tx.us

RE: Timbers Edge - Transfer of Ownership and TCAP Loan Assignment & Modification

Dear Ms. Curtice,

For background, Timbers Edge Apartments was acquired in 2023 with the intention to re-syndicate the development using 4% Low Income Housing Tax Credits (LIHTC), tax exempt Bonds and other resources. At that time, the purchaser requested and the department graciously granted (1) to transfer the ownership from the current owner Beaumont Leased Housing Associates I LP to the new owner Beaumont Timbers Edge LP and (2) to approve assumption of the TCAP loan by Beaumont Timbers Edge LP from the current owner Beaumont Leased Housing Associates I LP. This plan further entailed paying the balance of the TCAP loan at maturity on September 1, 2026.

The new proposed ownership team, Beaumont Timbers Edge I LP, has continued with the financing plan and received a bond reservation on August 21, 2025, allowing submission of a 4% LIHTC application to the department, which is currently under review. The development is being financed using a HUD 221(d)(4) loan and unfortunately, due to the government shutdown, we were not able to process our application and receive the HUD commitment timely enough to meet our original bond expiration of February 17, 2026. As a result, our issuer, Jefferson County Housing Finance Corporation, returned the bond reservation and received new bond cap on January 26, 2026 in order to close the transaction timely. Given these developments and current market conditions, which are quite different than the original 2023 proposed plan, we are kindly requesting: (1) to transfer the ownership from the current owner Beaumont Timbers Edge LP to the proposed new owner Beaumont Timbers Edge I LP, (2) approve assumption of the TCAP loan by Beaumont Timbers Edge I LP from the current owner Beaumont Timbers Edge LP, and (3) approve modification of the TCAP loan to extend the term to the maximum length of 26 years, with a paydown of $50,000 at closing, cash flow payments, and a balloon payment for the remaining balance of the loan at maturity.

The current financing plan is largely due to lower tax credit pricing resulting from a confluence of economic factors, including uncertainty in the market, changes in interest rates and yield requirements, and supply and demand dynamics, to name a few. The scope of work and cost for the rehabilitation are higher than originally anticipated in order to provide the quality and extension of the useful life of the development that the tenants deserve. To support the cost of the rehab, the capital stack now includes the HUD 221(d)(4) loan, tax credit equity, deferred developer fee, NOI during construction, and a seller note. We have included a summary of the financial breakdown assuming the TCAP funds remain as a source.

We appreciate your favorable consideration of our request for approval to transfer the ownership, assumption, and modification of the TCAP loan, without which this proposal would not move forward.

Please feel free to contact us with any questions at apps@itexgrp.com.

Sincerely,

Chris Akbari (Mar 31, 2026 11:49:27 CDT)

Christopher A. Akbari, Manager

Beaumont Timbers Edge I, LP, a Texas limited partnership
By: Beaumont Timbers Edge I SLP, LLC, a Texas limited liability company, its Special Limited Partner
By: ITEX Partners, LLC, a Texas limited liability company, its Manager
By: The ITEX Group Management, LLC, a Texas limited liability company, its Manager

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1401 **Agenda Date:** 4/9/2026 **Agenda #:** 35.

Presentation, Discussion, and Possible Action on the draft 2026 State of Texas Consolidated Plan: One-Year Action Plan

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) requires the submission of a One-Year Action Plan in accordance with 24 CFR §91.320;

WHEREAS, the Texas Department of Housing and Community Affairs ("the Department" or "TDHCA") has developed the draft 2026 State of Texas Consolidated Plan: One-Year Action Plan (the Plan), which reports on the intended use of funds received by the State of Texas from HUD for Program Year (PY) 2026, beginning on September 1, 2026, and ending on August 31, 2027;

WHEREAS, a public comment period will be open from Friday, April 17, 2026, through Sunday, May 17, 2026, and a public hearing will be held on Wednesday, May 6, 2026, to garner input on the Plan; and

WHEREAS, per 24 CFR §91.15(a)(1), the Plan is required to be submitted to HUD on July 17, 2026, which is at least 45 days before the start of PY 2026;

NOW, therefore, it is hereby

RESOLVED, that the draft 2026 State of Texas Consolidated Plan: One-Year Action Plan, in the form presented to this meeting, is hereby approved for release for public comment; and

FURTHER RESOLVED, that the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to cause notice of the draft 2026 State of Texas Consolidated Plan: One-Year Action Plan to be published in the *Texas Register* and, in connection therewith, to make such non-substantive grammatical, monetary and technical changes as they deem necessary or advisable.

BACKGROUND

TDHCA along with the Texas Department of Agriculture (TDA) and Texas Department of State Health Services (DSHS) prepared the draft 2026 State of Texas Consolidated Plan: One-Year Action Plan (Plan) in accordance with 24 CFR §91.320. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents. The Plan covers the State's administration of the Community Development Block Grant Program (CDBG) by TDA, the Housing Opportunities for Persons with AIDS Program (HOPWA) by DSHS, the Emergency Solutions Grant (ESG) Program, the HOME Investment Partnerships (HOME) Program, and the National Housing Trust Fund (NHTF) Program by TDHCA.

The Texas General Land Office (GLO) is the responsible entity for developing the State Community Development Block Grant Disaster Recovery Program (CDBG-DR) Action Plan and submitting any required amendments to the Consolidated Plan in accordance with HUD guidelines. CDBG-DR planning documents are available at <https://recovery.texas.gov/action-plans/index.html>.

Examples of activities described in the 2026 One Year Action Plan include, but are not limited to, the Reconstruction of single-family housing through TDHCA's Homeowner Reconstruction Assistance (HRA) program, Tenant Based Rental Assistance (TBRA), HOME and NHTF (National Housing Trust Fund) Rental activities, Homeless programs, and Colonia Self-Help Centers.

The Plan reflects the intended uses of funds received by the State of Texas from HUD for Program Year 2026. The Program Year begins on September 1, 2026, and ends on August 31, 2027. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the 2025-2029 State of Texas Consolidated Plan.

The Plan does not include discussion of TDHCA's ESG-CV or CDBG-CV funds. ESG-CV and CDBG-CV are separate programs, which were created by the CARES Act related to the Coronavirus pandemic. Information on these temporary programs may be found in amendments to both the 2015-2019 State of Texas 5-year Consolidated Plan and 2019 One-Year Action Plan found here:

<https://www.tdhca.texas.gov/housing-resource-center-annual-or-biennial-plans-and-reports>.

Upon approval by the Board, the draft Plan will be available for public comment on the TDHCA Public Comment Center at <https://www.tdhca.texas.gov/tdhca-public-comment-center>. The public comment period will be open from Friday, April 17, 2026, through Sunday, May 17, 2026, and a public hearing will be held on Wednesday, May 6, 2026, at 2:00 p.m. The Texas Department of Agriculture regularly hosts public hearings and informational sessions on the CDBG funds they administer, more information on these hearings can be found at <https://texasagriculture.gov/Grants-Services/Rural-Economic-Development/-TxCDBG-Rural-Community-Development-Block-Grant/Training-and-Events>. More information on the location of the hearing will be posted on the TDHCA public comment page, web calendar and sent via listserv prior to the start of the comment period.

Following the public comment period, staff will present a final Plan to the Board, prior to submission to HUD. Per 24 CFR §91.15(a)(1), the Plan is required to be submitted to HUD by July 17, 2026, which is at least 45 days before the start of PY 2026.

There were no substantial changes to the Plan or programs from the 2025 One-Year Action Plan to the 2026 One-Year Action Plan. A minor change of note is that TDHCA may initiate a set-aside of funds for direct administration of TBRA by the Department for persons transitioning out of jail or incarceration.

The Department has not yet received the PY 2026 allocation amounts for ESG, HOME, NHTF, CDBG and HOPWA. In the past, it has taken HUD up to 60 days from the enactment of the appropriations bill to inform States and Participating Jurisdictions of Program Year funding levels. Therefore, an estimate is being used in

the draft Plan. The Department used the previous year's funding levels as estimates. It is expected that the Plan will be updated with final allocation amounts prior to board approval of the final Plan.

Staff intends to present the Plan to the Board for final approval at the Board meeting of June 4, 2026, allowing sufficient time for the Plan to be submitted to HUD prior to the deadline of July 17, 2026.

2026 State of Texas Consolidated Plan

One-Year Action Plan



Prepared by:

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OMB Control No: 2506-0117 (exp. 09/30/2021)

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

This One-Year Action Plan (OYAP) identifies the contemplated possible use of funds received by the State of Texas from the U.S. Department of Housing and Urban Development (HUD) for Program Year (PY) 2026. This PY 2026 OYAP applies to those actions of the Texas Department of Housing and Community Affairs (TDHCA), the Texas Department of Agriculture (TDA), and the Texas Department of State Health Services (DSHS), relating to the activities of those three state agencies involving the administration of ongoing HUD Community Planning and Development (CPD) programs. Those agencies, being all of the agencies that administer HUD CPD programs for the state of Texas (other than Community Development Block Grant Disaster Recovery funds designated specifically by HUD for disaster recovery efforts), are collectively referred to herein as the "State." This OYAP is for the HOME Investment Partnerships (HOME) Program, the Emergency Solutions Grant (ESG) Program, the Community Development Block Grant (CDBG) Program, the Housing Opportunities for Persons with AIDS (HOPWA) Program, and the National Housing Trust Fund (NHTF). This OYAP does not include CDBG-CV, which was part of the 2019 OYAP. The 2026 PY for HUD program activity begins on September 1, 2025, and ends on August 31, 2026. The performance report on PY 2024 funds was submitted to HUD in November 2025 and approved by HUD in December 2025.

The CPD programs include the Emergency Solutions Grant Program, the HOME Investment Partnerships Program, and the National Housing Trust Fund Program administered by the Texas Department of Housing of Community Affairs; the Community Development Block Grant Program administered by the Texas Department of Agriculture; and the Housing Opportunities for Persons with AIDS Program administered by the Department of State Health Services.

2. Summarize the objectives and outcomes identified in the Plan

The 2026 OYAP:

1. Reports on the intended use of funds received by the State from HUD for PY 2026;
2. Explains the State's method for distributing CDBG, ESG, HOME, HOPWA, and NHTF program funds; and,
3. Provides opportunity for public input on the development of this OYAP.

The State's progress in achieving the goals put forth in the OYAP will be measured according to HUD guidelines (24 CFR §91.520) and outlined in the Consolidated Annual Performance and Evaluation Report (CAPER), submitted to HUD by November 30 each year.

In accordance with the guidelines from HUD, the State utilizes the CPD Outcome Performance Measurement System through the use of HUD's Integrated Disbursement and Information System (IDIS) to develop the OYAP and CAPER each year. Program activities are categorized into the objectives and outcomes listed throughout the OYAP. The estimated performance figures are based on planned performance during the PY (September 1st through August 31st) of contracts committed and projected households to be served based on estimated availability of funds. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (SFY), which is September 1st through August 31st, are based on anticipated units and households at time of award.

The objectives, outcomes, and activity budgets in this OYAP are based on official and unofficial notices of allocations.

3. Evaluation of past performance

The information below is for HOME, ESG, NHTF, CDBG, and HOPWA for PY 2026 (September 1, 2025 to August 31, 2026), and excludes any activity during that period from CDBG-CV, or HOPWA-CV.

HOME Evaluation of Past Performance
TDHCA's HOME program expended $32,255,460.55 in program funds through five different HOME Program activities in PY 2024, representing completed assistance to 844 households.
ESG Evaluation of Past Performance

During PY 2024, TDHCA's ESG Program expended $9,483,057.63. With the expended funding, ESG served 496 households with rapid re-housing, 18,495 persons with overnight shelter assistance, and 816 persons with homelessness prevention.

NHTF Evaluation of Past Performance
During PY 2024, NHTF expended $121,436. With the expended funding 128 rental units were constructed.

CDBG Evaluation of Past Performance

During PY 2024, the Texas CDBG Program committed approximately $70 million, which includes the PY 2024 allocation, any remaining funds from the 2023 allocation, deobligated funds, and program income.

HOPWA Evaluation of Past Performance

In the HOPWA 2024 program year, Project Sponsors served 645 households with Tenant-Based Rental Assistance (TBRA) out of the 575 OYAP goal (112 percent); 462 households with Short-Term Rent, Mortgage, Utility (STRMU) out of the 295 OYAP goal (157 percent); 102 households with Facility-Based Housing Assistance (FBHA) out of the 136 OYAP goal (75 percent); 182 households with Permanent Housing Placement (PHP) out of the 132 OYAP goal (115 percent); 1,101 households with Housing Case Management (HCM) out of the 1,031 OYAP goal (107 percent); and 19 households with Housing Information Services (HIS) out of the 7 OYAP goal (271 percent). In total, Project Sponsors served 1,259 unduplicated households and provided housing assistance services to 1,184 unduplicated households.

4. Summary of Citizen Participation Process and consultation process

The State is committed to reaching out to and engaging with the public in order to develop programmatic activities that are responsive to the various affordable housing needs of Texans. The State also solicits and receives input from governmental bodies, nonprofits, and community and faith-based groups. More information on the citizen participation, consultation, and public comment are included in the Consultation and Participation sections of the Plan.

The 2025-2029 Consolidated Plan (as adopted) substantial amendments, the OYAP, and the Consolidated Plan Annual Performance and Evaluation Reports (CAPER) are available to the public online at https://www.tdhca.texas.gov/ and materials are accessible to persons with disabilities, upon request.

The State recognizes that public participation and consultation are ongoing processes. During the development of the 2025-2029 Consolidated Plan, comprehensive outreach was conducted to gather input. This outreach continues through the development of each Annual Action Plan within the 5-year consolidated planning process.

5. Summary of public comments

Any Public Comment received on the 2026 One-Year Action Plan will be summarized here in the Final document.

6. Summary of comments or views not accepted and the reasons for not accepting them

Any Public Comment received on the 2026 One-Year Action Plan will be summarized here in the Final document.

7. Summary

The consolidated planning process occurs once every five years, so creating a comprehensive 2025-2029 Consolidated Plan was vital for CDBG, HOME, ESG, HOPWA, and NHTF. Because of the

Consolidated Plan's authority to govern these programs, research from multiple sources, including other government plans, peer-reviewed journals, news sources, and fact sheets were used. Valuable public input was gathered through roundtable meetings, council/workgroup meetings, public hearings, and online formats. An expansive public input process was included in the development of the Consolidated Plan. The 2025-2029 Consolidated Plan is now carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that the State plans to use each year to address the priority needs and specific goals identified by the Consolidated Plan.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	TEXAS	Texas Department of Agriculture
HOPWA Administrator	TEXAS	Texas Department of State Health Services
HOME Administrator	TEXAS	Texas Department of Housing and Community Affairs
ESG Administrator	TEXAS	Texas Department of Housing and Community Affairs
NHTF Administrator	TEXAS	Texas Department of Housing and Community Affairs

Table 1 – Responsible Agencies

Narrative

The Texas Department of Housing and Community Affairs (TDHCA) administers the Emergency Solutions Grants (ESG) Program, the HOME Investment Partnerships (HOME) Program and the National Housing Trust Fund (NHTF) Program; the Texas Department of Agriculture (TDA) administers the Community Development Block Grant (CDBG) Program; and the Texas Department of State Health Services (DSHS) administers the Housing Opportunities for Persons with AIDS (HOPWA) Program. All these programs, known collectively as Community Planning and Development (CPD) Programs, are covered in the 2025-2029 State of Texas Consolidated Plan (Plan). TDHCA is the entity responsible for overseeing the development of the Plan.

Key Organizational Events

In 1991, the 72nd Texas Legislature created TDHCA. TDHCA's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

At that time the CDBG Program was transferred from TDHCA to the newly created Office of Rural Community Affairs, later called the Texas Department of Rural Affairs; the program was then subsequently moved to TDA. As of October 1, 2011, the program is administered by TDA. Through an interagency agreement with TDA, TDHCA administers 2.5% of the CDBG funds, which are statutorily designated for the Colonia Self Help Centers (SHCs) along the Texas-Mexico border.

On March 12, 2016, TDHCA was designated by Governor Abbott as the state agency responsible for the administration of funds provided through the NHTF.

TDHCA, TDA, and DSHS administer their assigned CPD programs and services through a network of organizations across Texas and do not typically fund assistance to individuals directly. Depending on the program, funded organizations include units of local government, councils of governments, nonprofit organizations, for-profit organizations, Administrative Agencies (AAs), Public Housing Authorities (PHAs), and Community Housing Development Organizations (CHDOs).

Consolidated Plan Public Contact Information

ESG, HOME, and NHTF Contact Information:
Texas Department of Housing and Community Affairs,
PO Box 13941, Austin, TX 78711-3941. (800) 525-0657.
https://www.tdhca.texas.gov/

CDBG Contact Information:
Texas Department of Agriculture, Office of Rural Affairs,
PO Box 12847, Austin, TX 78711-2847. (800) 835-5832.
http://texasagriculture.gov/Home/ContactUs.aspx

HOPWA Contact Information:
DSHS HIV/STD Section, HIV Care Services Group, HOPWA Program,
PO Box 149347, Mail Code 1873, Austin, TX 78714-9347. (737) 255-4300.
https://www.dshs.texas.gov/hivstd/hopwa/

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

In an effort to gather information from as many diverse audiences as possible, TDHCA uses different forms of technology to communicate efficiently, including online surveys, digital roundtables, social media, and email distribution. Online surveys foster an increased response rate of participants as well as facilitating data analysis. In addition, digital roundtables are used in the development of program rules and distribution methods. The availability of all these methods is communicated primarily via the TDHCA website, opt-in email distribution lists, social media, and through announcements at meetings and conferences.

An online presence allows TDHCA to reach out to encourage participation and consultation. TDHCA has a social media presence, specifically through Twitter, Facebook, and YouTube. Furthermore, TDHCA sends out notices via voluntary email lists, where subscribed individuals and entities can receive email updates on TDHCA information, announcements, and trainings. Use of technology allows fast communication to a large audience and allows TDCHA to reach people across the state of Texas efficiently.

In the consolidated planning process, the State encourages the participation of public and private organizations, including broadband internet service providers, organizations engaged in narrowing the digital divide, agencies whose primary responsibilities include the management of flood prone areas, public land or water resources, and emergency management agencies in the process of developing the consolidated plan.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).

The State worked to enhance coordination between public and assisted housing providers, and private and governmental health, mental health and service agencies for the Plan in various ways. For example, TDHCA staff routinely attends inter- and intra-agency meetings to educate and coordinate on the intersection between housing and services, as described in Strategic Plan Section 35, Anticipated Resources, and Action Plan Section 65, Homeless and Other Special Needs. The opportunity to submit input was also on the agenda for several of these meetings and input was sometimes received after the meetings were concluded.

DSHS contracts with AAs in six Ryan White Part B HIV Planning Areas to administer the DSHS HOPWA Program. AAs ensure that a comprehensive continuum of care exists throughout their funded areas. To that end, AAs routinely consult with a variety of organizations and stakeholders, including persons living with HIV (PLWH) and local HIV Planning Councils. Additionally, AAs complete periodic needs

assessments to inventory available resources and identify service needs, barriers, and gaps within their planning areas. With this information, AAs develop and implement a regional HIV core medical and supportive services plan. When developing this plan, AAs establish multiple mechanisms for obtaining stakeholder input (e.g., dissemination of written copies of the plans, postings to the Internet, town hall meetings, advisory groups, etc.). Where possible, Project Sponsors coordinate with local Housing Choice Voucher Programs (HCVPs) and other affordable housing programs to support HOPWA program delivery.TDHCA operates 27 distinct Listservs so that the agency can disseminate information easily on different topics to interested groups. All these groups are sent updates for the topic they selected as well as cross cutting topics like TDHCA news, event information and announcements. All 27 of these groups were used to send out requests for consultation on the 2025-2029 Consolidated Plan.

TDHCA continues to use its fair housing email list to share fair housing-related news, event information, and announcements with interested persons and organizations.

TDA consulted with local governments both in person and through web-based meetings as part of its evaluation of the TxCDBG program. In 2024, TDA engaged in a series of public meetings to discuss the program and solicit feedback from stakeholders. The primary purpose of the meetings was to identify areas where program changes were needed to ensure that the program was able to best assist rural communities, or to ensure the sustainability of the program long term.

Provide a concise summary of the state's activities to enhance coordination with local jurisdictions serving Colonias and organizations working within Colonias communities.

The ways in which TDHCA coordinates its work with other colonia-serving entities are through the implementation of the Colonia Self-Help Center Program. The Colonia Self Help Center (CSHC) Program is funded by the U.S. Department of Housing and Urban Development through the Texas Community Development Block Grant (CDBG) Program. The CDBG funds are transferred to TDHCA through a memorandum of understanding with the Texas Department of Agriculture, and together TDHCA and TDA co-manage the administration of the funds, with TDHCA providing the day-to-day oversight of the Colonia SHC Program and subrecipients.

The Colonia SHC funds specific Texas border county governments with four-year contracts. Requests for funding are reviewed and recommended by a Colonia Resident Advisory Group (C-RAC), a group of colonia residents who live in the specific colonias served by the centers.

On a very frequent basis—weekly or more often—TDHCA provides guidance and oversight to the county governments with which TDHCA has executed a CSHC contract. As needed, TDHCA provides guidance and technical assistance to the housing subgrantees with whom each respective county has contracted to achieve specific deliverables per their individualized CSHC subcontract. Every one to two years, TDHCA organizes and implements a workshop for all eligible counties and their subgrantees to review

rules, best practices, and exchange other program updates. As needed but on an average of one to two times per year, TDHCA convenes a meeting with the C-RAC. This grass-roots-style committee approves contracts, evaluates county recommendations, and provides TDHCA and the counties guidance on programming and activities in the colonias. Lastly, approximately every two years, TDHCA updates its CSHC Program rules, and initiates this process by first soliciting comment from the public at large for critiques of the current rules and suggestions for changes.

As a part of the process discussed above, TDA meets with elected officials from counties serving colonia areas. The local leaders discuss funding priorities for the Community Development Fund and other fund categories, including projects that could serve colonia areas.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services. The TICH consists of representatives from eleven state agencies that serve persons experiencing or at risk of homelessness. Membership also includes representatives appointed by the office of the governor, the lieutenant governor, and the speaker of the house. The council is not appropriated funding and has no full-time staff but receives facilitation and advisory support from TDHCA. TICH's major mandates include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among service providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission (HHSC), a strategic plan to address the needs of the homeless; and
- maintaining a central resource and information center for the homeless.

The Texas Interagency Council for the Homeless has been meeting during 2026 with the CoCs to coordinate homeless services. These efforts are reinforced by 24 Code of Federal Regulation (CFR) Part 91 that require ESG recipients to expand consultation with community partners and CoCs in the formation of consolidated planning documents. The consultation must address the allocation of resources; development of performance standards and evaluation; and development of funding, policy, and procurements for operating state-required Homeless Management Information Systems (HMIS). The TICH held three meetings during the development of the draft Plan and TDHCA solicited input from the TICH on housing and community development needs at all three meetings.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

TDHCA coordinates with Continuums of Care (CoCs) and their member agencies regarding allocation of ESG funds, development of performance standards and outcomes evaluation, and development of funding, policies through the TDHCA rulemaking process.

TDHCA presents its draft ESG rules, which include the formula by which funds are allocated to each CoC region, to CoCs and other interested parties prior to presentation of the proposed rule to the TDHCA Board. The allocation formula includes weights for point-in-time counts conducted by the CoC. TDHCA staff conducts public hearings to garner feedback and accepts comment via email, mail and in person. Input received at public hearings is incorporated into the administrative rules, which are ultimately adopted by the Board.

TDHCA requires subrecipients, through its administrative rules, to utilize HMIS or an HMIS comparable database (for domestic violence or legal service providers only) and to submit HMIS exports as required by HUD.

TDHCA further consults with CoCs through involvement in the TICH, which is described in the prior question.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	**Agency/Group/Organization**	CARITAS OF AUSTIN
	Agency/Group/Organization Type	Services - Housing Services-homeless Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
2	**Agency/Group/Organization**	Front Steps, Inc.
	Agency/Group/Organization Type	Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
3	**Agency/Group/Organization**	THE GULF COAST CENTER
	Agency/Group/Organization Type	Services-Children Services-Persons with Disabilities Services-Victims of Domestic Violence Services-Health
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Non-Homeless Special Needs

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
4	**Agency/Group/Organization**	Aliviane
	Agency/Group/Organization Type	Services-Health
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
5	**Agency/Group/Organization**	Texas Council on Family Violence
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services - Victims
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
6	**Agency/Group/Organization**	The Harris Center for Mental Health and IDD

	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-homeless Services-Health
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
7	**Agency/Group/Organization**	San Angelo Police Department
	Agency/Group/Organization Type	Other government - Local
	What section of the Plan was addressed by Consultation?	Homelessness Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
8	**Agency/Group/Organization**	Comal County Family Violence Shelter Inc dba Crisis Center of Comal County
	Agency/Group/Organization Type	Services-Victims of Domestic Violence Services-homeless Services - Victims

	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
9	**Agency/Group/Organization**	City of Plano
	Agency/Group/Organization Type	Other government - Local
	What section of the Plan was addressed by Consultation?	Homelessness Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
10	**Agency/Group/Organization**	VETSTAR
	Agency/Group/Organization Type	Services - Housing Services-Children Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homelessness Needs - Veterans
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.

11	**Agency/Group/Organization**	CITY OF EL PASO - COMMUNITY & HUMAN DEVELOPMENT
	Agency/Group/Organization Type	Other government - Local
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
12	**Agency/Group/Organization**	Lifeline for Families Inc
	Agency/Group/Organization Type	Services-Children Services-homeless Services-Education
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Families with children
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
13	**Agency/Group/Organization**	Haven for Hope
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services - Victims

	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
14	**Agency/Group/Organization**	City of San Antonio
	Agency/Group/Organization Type	Other government - Local
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the September 11, 2024 TICH meeting and discussion with HUD representative on Homeless program regulation concerns and state of homeless delivery system in Texas.
15	**Agency/Group/Organization**	Texas Health and Human Services Commission

	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Health Agency Child Welfare Agency Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Market Analysis Anti-poverty Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Housing and Health Service Coordination Council (HHSCC) quarterly meetings on February 21, 2024, May 15, 2024, July 24, 2024, and October 16, 2024 as well as Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
16	**Agency/Group/Organization**	Texas State Affordable Housing Corporation (TSAHC)
	Agency/Group/Organization Type	Housing Services - Housing

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Housing and Health Service Coordination Council (HHSCC) quarterly meetings on February 21, 2024, May 15, 2024, July 24, 2024, and October 16, 2024 as well as Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
17	**Agency/Group/Organization**	CORNERSTONE ASSISTANCE NETWORK
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Market Analysis Anti-poverty Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
18	**Agency/Group/Organization**	TEXAS DEPARTMENT OF STATE HEALTH SERVICES
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-homeless Services-Health Health Agency Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Housing and Health Service Coordination Council (HHSCC) quarterly meetings on February 21, 2024, May 15, 2024, July 24, 2024, and October 16, 2024 as well as Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
19	**Agency/Group/Organization**	Texas Department of Family and Protective Services

	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-homeless Health Agency Child Welfare Agency Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
20	**Agency/Group/Organization**	Texas Education Agency
	Agency/Group/Organization Type	Services-Children Services-Education Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Families with children Homelessness Needs - Unaccompanied youth Market Analysis Anti-poverty Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
21	**Agency/Group/Organization**	Texas Department of Criminal Justice
	Agency/Group/Organization Type	Services - Housing Services-Persons with Disabilities Services-homeless Services-Education Services-Employment Services - Victims Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness.
22	**Agency/Group/Organization**	HOPWA Project Sponsors
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS engages in ongoing consultation with HOPWA stakeholders by collecting qualitative data from HOPWA Project Sponsors and using it for planning and evaluation. Project Sponsors provide narrative performance output and outcome data; offer program strategies for improved performance and strategies that contributed to successes; describe efforts to coordinate resources and efforts; assess housing barriers and make recommendations; request technical assistance; and supply other discussion items (i.e., feedback, ideas, other recommendations).
23	**Agency/Group/Organization**	HIV Administrative Agencies
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS engages in ongoing consultation with HOPWA stakeholders by collecting qualitative data from HIV Administrative Agencies (AAs) and using it for planning and evaluation. AAs work with HIV planning councils in major metropolitan areas and other organizations and stakeholders outside those areas to develop comprehensive HIV service plans and needs assessments. AAs consult with clients and other stakeholders through interviews, surveys, focus groups, and public hearings. AAs disseminate written copies of service plans, sharing them online, at town hall meetings, and with advisory groups. AA contact information and planning area maps are located athttps://www.dshs.texas.gov/hivstd/services/aa.shtm
24	**Agency/Group/Organization**	Central Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
25	**Agency/Group/Organization**	Brazos Valley Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
26	**Agency/Group/Organization**	Middle Rio Grande Development Council
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
27	**Agency/Group/Organization**	Coastal Bend Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization

	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
28	**Agency/Group/Organization**	Lower Rio Grande Valley Development Council
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
29	**Agency/Group/Organization**	South Texas Development Council
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
30	**Agency/Group/Organization**	Houston-Galveston Area Council

	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
31	**Agency/Group/Organization**	ARK TEX COUNCIL OF GOVERNMENTS
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
32	**Agency/Group/Organization**	Alamo Area Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.

33	**Agency/Group/Organization**	East Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
34	**Agency/Group/Organization**	Deep East Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
35	**Agency/Group/Organization**	Heart of Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
36	**Agency/Group/Organization**	South East Texas Regional Planning Commission
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
37	**Agency/Group/Organization**	Concho Valley Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
38	**Agency/Group/Organization**	Capital Area Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization

	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
39	**Agency/Group/Organization**	West Central Texas Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
40	**Agency/Group/Organization**	Texoma Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
41	**Agency/Group/Organization**	North Central Texas Council of Governments

	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
42	**Agency/Group/Organization**	PANHANDLE REGIONAL PLANNING COMMISSION
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
43	**Agency/Group/Organization**	South Plains Association of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.

44	**Agency/Group/Organization**	Permian Basin Regional Planning Commission
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
45	**Agency/Group/Organization**	HIV Planning Councils
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS Administrative Agencies (AAs) consulted with HIV Planning Councils to guide grant funding decisions. Councils conducted needs assessments to identify service gaps and barriers, including housing challenges. AAs and councils held regional meetings in HIV Service Delivery Areas (HSDAs) to gather feedback on HIV housing services. They engaged underserved populations, rural communities, and consumers to address critical housing needs amid rising rents, such as expanded service options and integrated service models. AAs presented HOPWA program updates during council meetings and worked on strategies to improve housing services, elevating stakeholder voices and centering planning around affected communities.
46	**Agency/Group/Organization**	Persons Living with HIV
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS

	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS Administrative Agencies (AAs) consulted with persons living with HIV (PLWH) to inform grant funding decisions. AAs collected consumer input through needs assessments and consumer satisfaction surveys, focusing on housing needs, barriers, and service gaps. Community Advisory Boards held meetings to gather feedback and address housing accessibility, service quality, and program improvements. AAs hosted public forums, focus groups, and outreach events to discuss housing services, share updates, and gather input on program effectiveness. Workshops provided PLWH with a supportive space to discuss housing challenges and service needs. In some cases, AAs conducted direct interviews with PLWH to assess housing service satisfaction and gather personal insights, ensuring their lived experiences informed planning decisions.
47	**Agency/Group/Organization**	Ryan White Service Providers
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS Administrative Agencies (AAs) consulted with Ryan White service providers to enhance housing services. Regular care coordination meetings with case managers, navigators, and frontline staff included housing discussions to address ongoing issues. AAs and providers collaborated on needs assessments and surveys to identify housing needs, service gaps, and barriers. AAs trained service providers on the HOPWA program and provided updates. Providers participated in strategic planning, discussing housings role within the HIV continuum of care. They also shared recommendations during public forums, community advisory board meetings, and consultations with AAs, integrating their insights into housing program planning and implementation.
48	**Agency/Group/Organization**	Texas Homeless Network
	Agency/Group/Organization Type	Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency participated in the Texas Interagency Council on Homelessness (TICH) quarterly meetings on January 24, 2024, May 21, 2024 and September 11,2024. Anticipated outcome of the consultation is greater coordination of the state's resources and services to address homelessness. Agency also provided written input on suggested changes to State administered ESG program.
49	**Agency/Group/Organization**	Langford Community Management Services
	Agency/Group/Organization Type	Housing Planning organization

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended three HOME program roundtables in relation to Energy efficiency rules and HOME program construction cost limits. Information provided and comments made at these roundtables was used to guide program staff in adjustment of HOME program rules.
50	**Agency/Group/Organization**	GrantWorks, Inc.
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended three HOME program roundtables in relation to Energy efficiency rules and HOME program construction cost limits. Information provided and comments made at these roundtables was used to guide program staff in adjustment of HOME program rules.
51	**Agency/Group/Organization**	COASTAL BEND CENTER FOR INDEPENDENT LIVING
	Agency/Group/Organization Type	Housing Services-Elderly Persons Services-Persons with Disabilities
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended a HOME program roundtable in relation to HOME program construction cost limits. Information provided and comments made at roundtables were used to guide program staff in adjustment of HOME program rules.
52	**Agency/Group/Organization**	Trinity Habitat for Humanity

	Agency/Group/Organization Type	Housing Services - Housing Services-Persons with Disabilities
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended a HOME program roundtable in relation to HOME program construction cost limits. Information provided and comments made at roundtables were used to guide program staff in adjustment of HOME program rules.
53	**Agency/Group/Organization**	Lazarus House Initiative, Inc.
	Agency/Group/Organization Type	Services - Housing Services-Persons with Disabilities Services-homeless Services-Health Services-Education Services-Employment
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended a HOME program roundtable in relation to HOME program construction cost limits. Information provided and comments made at roundtables were used to guide program staff in adjustment of HOME program rules.
54	**Agency/Group/Organization**	Galilee CDC
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Economic Development

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Attended a HOME program roundtable in relation to HOME program construction cost limits. Information provided and comments made at roundtables were used to guide program staff in adjustment of HOME program rules.
55	**Agency/Group/Organization**	Rio Grande Council of Governments
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
56	**Agency/Group/Organization**	NORTEX Regional Planning Commission
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.
57	**Agency/Group/Organization**	Golden crescent Regional Planning Commission
	Agency/Group/Organization Type	Regional organization Planning organization

	What section of the Plan was addressed by Consultation?	CDBG Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Agency hosted Stakeholder Feedback Session to coordinate opportunities for local governments and other stakeholders to discuss program changes and program priorities with TDA.

Identify any Agency Types not consulted and provide rationale for not consulting

As indicated in the Introduction, during the ongoing consultation and public participation process, Texas seeks input from the widest possible range of agency types.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Texas Homeless Network	Texas Homeless Network (THN) is a non-profit membership-based organization helping Texas communities prevent and end homelessness. THN provides training and technical assistance around the state of Texas helping service providers and communities better serve the homeless population with the end goal of preventing and ending homelessness. THN also serves as the CoC for the Balance of State.
Pathways Home	TICH	Pathways Home presents findings, which indicate that greater coordination of employment and health service resources with local housing programs would expand the State's capacity to prevent and end episodes of homelessness. In response to the study findings, Pathways Home proposes a framework to help more of the State's most vulnerable citizens to enter and remain in safe housing.

Table 3 – Other local / regional / federal planning efforts

Narrative

Since the consolidated planning process is an ongoing effort, the State continues to consult with agencies, groups, and organizations through the program year cycles for CDBG, ESG, HOME, NHTF and HOPWA, and the development of HUD required fair housing documents.

If a material amendment of a HUD required fair housing document is needed as described in 24 CFR §5.164, reasonable notice by publication on TDHCA's website will be given, comments will be received for no less than 30 days after notice is given, and any public hearing(s) held (although optional) will be held at a board meeting, or within the public comment period.

Language needs

The State conducted an analysis of eligible program participants with Limited English Proficiency (LEP). The analysis was performed for households at or below 200% poverty, roughly equivalent to 80% area median income statewide in Texas. The overwhelming need was for Spanish language translation, which comprised the language of 74% of LEP persons. The state will translate vital documents into Spanish, and other languages as determined by the individual program. The state will analyze market areas for program beneficiaries to determine if documents should be translated into additional languages. The state will apply four-factor analysis to consider the resources available and costs considering the frequency with which LEP persons come into contact with the applicable programs and the nature and importance of the program, activity, or service. The State will make reasonable efforts to provide language assistance to ensure meaningful access to participation by non-English speaking persons.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting

Comprehensive outreach was conducted to gather input on the Plan. The consultations conducted before the creation of the draft Plan, as well as discussion of the participation of local, regional, and statewide institutions, CoCs, and other organizations affected by the Plan are listed in Process Section 10. The Plan, as adopted, any future substantial amendments, and the Consolidated Plan Annual Performance and Evaluation Report (CAPER) will be available to the public online at https://www.tdhca.texas.gov/ and will have materials accessible to persons with disabilities, upon request.

Public hearings
The Draft Plan will be released for a 31-day public comment period from April 27, 2026, to May 27, 2026. One Public Hearing was held, May 12, 2026, in doing so, the State met HUDs requirement of holding, at minimum, one Public Hearing during the comment period. The Department will inform stakeholders of the hearing through a notification on its website, by sending a listserv announcement, and posting in the *Texas Register*. Constituents were encouraged to provide input regarding all programs in writing or at a public hearing.

Public hearing schedules were published in the *Texas Register*, on TDHCA's website at https://www.tdhca.texas.gov/, advertised by opt-in email distribution and during various workgroups and committee meetings. During the public comment period, printed copies of the draft plans were available from TDHCA, and electronic copies were available for download from TDHCA's website. Constituents were encouraged to provide input regarding all programs in writing or at the public hearings. See the Citizen Participation Outreach table below for details of annual outreach. In the case of extenuating circumstances, when there are concerns of public health and safety, TDHCA may host virtual public hearings to allow stakeholders and the public to provide oral comment on Plans and Reports.

Criteria for Amendment to the Consolidated Plan
Substantial amendments will be considered, if needed, when a new activity is developed for any of the funding sources or there is a change in method of distribution. If a substantial amendment is needed, reasonable notice by publication on TDHCA's website at https://www.tdhca.texas.gov/ will be given, and if a substantial amendment, comments will be received for no less than 30 days after notice is given. A public hearing will be optional.

Performance Report
The CAPER will analyze the results of the Plan annually after the end of the state's HUD Program Year. Due to the short 90-day turnaround time between the end of The State of Texas' HUD Program Year (8/31) and the due date of the CAPER (11/30), the public will be given reasonable notice by publication on TDHCA's website at https://www.tdhca.texas.gov/. Comment will be accepted for a minimum of 15 days. A public hearing will be optional.

One-Year Action Plan

The draft 2026 One Year Action Plan (OYAP) will be released for public comment prior to HUD's release of actual annual allocation amounts, and the draft 2026 OYAP will reflect estimated allocation amounts.

Complaints related to the Consolidated planning process follow the TDHCA complaint process, as defined by 10 Texas Administrative Code §1.2.

For details on the development of or amendments to HUD required Fair Housing document, see the PR-10 Narrative section located in the 2025-2026 State of Texas Consolidated Plan.

2. Summary citizen participation process and efforts made to broaden citizen participation in Colonias

The Colonia Self-Help Center (CSHC) Program subgrants funds to Cameron/Willacy, El Paso, Hidalgo, Maverick, Nueces, Starr, Val Verde, and Webb counties, and each written agreement includes a four-year term for expenditures and performance. Awards and funding associated with this program are reviewed and recommended by a Colonia Resident Advisory Group (C-RAC), which is a group of colonia residents who live in the specific service area served by the centers. The C-RAC members prioritize housing rehabilitation, reconstruction and new construction development in the targeted colonias served.

TDHCA provides guidance, technical assistance and oversight to the units of local government with which TDHCA has executed CSHC Program contracts. Technical assistance areas include program administration, guidelines, and best practices needed to fulfill contractual requirements in serving colonia residents with CDBG funding. Periodically, TDHCA convenes a meeting with the C-RAC. This grass-roots-style committee considers contract proposals, recommends approval of and amendments to contracts, evaluates county recommendations, and provides TDHCA and the counties guidance on programming and activities in the colonias. Texas colonias have a great need for assistance. The CSHC program focuses primarily in improving the housing stock through rehabilitation, reconstruction, and new construction in the targeted colonias. A percentage of funding is earmarked for public service activities that have a direct and colonia wide impact. Lastly, approximately every two years, TDHCA updates its CSHC Program rules, and initiates this process by first soliciting comment from the public at large.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting – TDHCA Board Meeting	Non-targeted/ broad community	TDHCA's board agenda and information is filed with the Texas Office of the Secretary of State (SOS) in advance of each meeting, in accordance with the Texas Open Meetings Act. The Draft 2026 OYAP will be presented at the TDHCA Board meeting.	Public comments are accepted at each meeting of the TDHCA Board in accordance with §2306.032(f) and §2306.066(d) of the Tex. Gov't Code.	n/a	Board materials will be posted at https://www.tdhca.texas.gov/tdhca-board-meeting-information-center
2	Public Comment Period	Non-targeted/ broad community	The Draft 2026 OYAP was released for a 31-day public comment period from April 27, 2026 to May 27, 2026.	Public comment was held April 27, 2026 to May 27, 2026.	n/a	https://www.tdhca.texas.gov/tdhca-public-comment-center

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
3	Public Hearing	Non-targeted/ broad community	A public hearing was held on May 12, 2026 Barbara Jordan		n/a	https://www.tdhca.texas.gov/tdhca-public-comment-center
4	Internet Outreach	Non-targeted/ broad community	TDHCA has a centralized webpage for public comment on all plans, reports, and program rules.		n/a	https://www.tdhca.texas.gov/tdhca-public-comment-center

Table 4 – Citizen Participation Outreach

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

CPD funding is governed by this Consolidated Plan, but the State also works to collaborate, coordinate, and layer non-CPD funding sources in order to reach more Texans and more efficiently use available funds. Programs listed in the anticipated resources narrative sections below may be used to leverage CPD funds.

These include:

- 4% Housing Tax Credit (HTC)/Private Activity Bond (PAB) Program;
- 9% HTC Program;
- Multifamily Direct Loan Program Tax Credit Assistance Program Repayment Funds (TCAP RF);
- Homeless and Housing Services Program (HHSP);
- State Ending Homelessness Fund (EH Fund);
- State Housing Trust Fund Program;
- Texas Mortgage Credit Certificate (TX MCC) Program;
- First time homebuyer loan programs, including the My First Texas Home Program;
- Neighborhood Stabilization Program - Program Income (NSP PI);
- Section 8 Housing Choice Voucher (HCV) Program; and
- Section 811 Project Rental Assistance (Section 811 PRA) Program

For the programs above, the expected future funding amounts, to the extent known, are in the planning documents governing those programs. These documents are online at https://www.tdhca.texas.gov/ The anticipated resources below focus on CPD Programs.

TDHCA participates in numerous committees, workgroups, and councils, which help TDHCA stay apprised of other potential resources and considerations in addressing affordable housing needs. Relationships with other federal and state agencies and local governments are extremely valuable, helping Texas agencies to coordinate housing and services and serve all Texans efficiently and effectively. TDHCA's involvement in these committees can promote opportunities to pursue federal funding opportunities. TDHCA actively seeks engagement and input from community advocates, funding recipients, potential applicants for funding, and others to obtain input regarding the development of effective policies, programs and rules. Changes to funding plans are made periodically based on feedback received through these avenues.

TDHCA is the lead agency for the following workgroups:

C-RAC: C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board. It advises

TDHCA regarding the needs of colonia residents and the types of programs and activities, which should be undertaken by the Colonia Self-Help Centers.

Disability Advisory Workgroup (DAW): The DAW augments TDHCA's formal public comment process, affording staff the opportunity to interact more informally and in greater detail with various stakeholders and to get feedback on designing more successful programs, with a specific focus on gaining insight on issues impacting persons with disabilities.

Housing and Health Services Coordination Council (HHSCC): HHSCC is established by Texas Government Code §2306.1091. Its duties include promoting coordination of efforts to offer Service-Enriched Housing and focusing on other cross-agency efforts.

Texas Interagency Council for the Homeless (TICH): The TICH was statutorily created in 1989 to coordinate the State's homeless resources and services. The TICH consists of representatives from eight state agencies. TDHCA, as the primary source for state homelessness funding, provides administrative and planning support to the TICH.

Weatherization Assistance Program Planning Advisory Committee (WAP PAC): The WAP PAC is comprised of a broad representation of organizations and agencies and provides balance and background related to the weatherization and energy conservation programs at TDHCA.

The descriptions of the collaborations for DSHS and TDA are in the Discussion question of this section below.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	Public Federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	64,000,000	$250,000	1,750,000	66,000,000	66,000,000	TDA's CDBG Program funds community and economic development, including program income collected by the state, and program income retained by local subgrantees, excluding the colonia set-aside. Program Income will be allocated to TDA's State Revolving Loan Fund, which supports economic development. TDHCA administers a portion of the CDBG funding through its Colonia SHCs.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG Colonias Set-aside	public - federal	Acquisition Admin and Planning Homeowner rehab Public Improvements Public Services	$7,117,830.90	0	$1,933,067	9,050,897	9,050,897	The Colonia Set-Aside is used for goals described in the Strategic Plan Section 45. The Colonia Economically Distressed Areas Program (CEDAP) Legislative Set - Aside leverages funding other federal and state funding programs.

HOME	public - federal	Acquisition Homebuyer assistance Homeowner reconstruction Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	35,629,832.41	15,208,416.32	0	48,211,515.10	48,211,515.10	TDHCA's HOME Program goals are described in the Strategic Plan Section 45 for multifamily and single-family activities. Single-family HOME activities may be coordinated with State Housing Trust Fund resources, including Bootstrap Loans and the Amy Young Barrier Removal Program. HOME Multifamily Development Funds can be layered with 4% and 9% HTCs and TDHCA Multifamily Direct Loan funds, including NHTF, TCAP Repayment Funds, and NSP Program Income. TDHCA also develops rules that govern all

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
								multifamily programs, including the Multifamily Direct Loan (MFDL) Program Rule and Housing Tax Credit Program Qualified Allocation Plan (QAP).

HOPWA	public - federal	Tenant-Based Rental Assistance; Short-Term Rent, Mortgage, and Utility; Facility-Based Housing Assistance; Permanent Housing Placement; Housing Case Management; Housing Information Services; Resource Identification; Project Sponsor Administration; and Grantee Administration.	**$8,062,244**	0	$981,206	9,077,259	9,077,259	DSHS will reserve $500,000 from the latest allocation for use in the next annual plan and include this amount under Prior Year Resources. DSHS will only use $8,577,259 during this annual plan. Tenant-Based Rental Assistance; Short-Term Rent, Mortgage, and Utility; Facility-Based Housing Assistance; Permanent Housing Placement; Housing Case Management; Housing Information Services; Resource Identification; Project Sponsor Administration ; and Grantee Administration.
ESG	public - federal	Financial Assistance Overnight shelter Rapid re-housing (rental assistance)	$10,308,471	0	0	$10,308,471	$10,308,471	TDHCA's ESG funds are awarded via contract to

		Rental Assistance Services Transitional housing						Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities. HHSP is Texas state general revenue funding for the nine largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. A set-aside of ESG funds was awarded under the RUSH (ESG RUSH), these funds have been awarded via

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
								contract to subrecipients to provide ESG eligible activities under ESG RUSH in the disaster declared areas, as defined in the award letter for the ESG RUSH allocation.

Housing Trust Fund	public - federal	Multifamily rental new construction Multifamily rental rehab	$9,611,392.27		0	$9,611,392.27	$9,611,392.27	TDHCA's NHTF Program goals are described in the Strategic Plan Section 45 for multifamily and single-family activities. NHTF Multifamily Development Funds may be layered with 4% HTCs and 9% HTCs, and TDHCA Multifamily Direct Loan funds, including HOME, HOME-CHDO, NSP Program Income and TCAP Loan Repayment. TDHCA also develops rules that govern all multifamily programs, including the Multifamily Direct Loan (MFDL) Program Rule specifically for the MFDL Program and the Housing Tax

								Credit Program Qualified Allocation Plan (QAP). NHTF received an allocation amount of $8,605,522.64. The "Annual Allocation" field doesn't accept cents, therefore numbers in the table below have been entered as whole numbers.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

HOME
HOME multifamily development is often used to leverage with the HTC Program, which authorizes 9% low-income housing tax credits of $2.90 per capita for each state, and 4% HTC in amounts linked to the usage of the state's cap for issuance of tax-exempt PABs to finance affordable housing development. In Texas, this equates to approximately $88,000,000 in 9% tax credits available to be awarded annually. These credits may be claimed each year for ten years and represents potential tax credit value on the magnitude of $880,000,000. The credits are usually syndicated to limited partner investors to yield cash for use in eligible development activities. In recent years the syndication rates have dropped significantly to a range between 75-80%. TDHCA's Qualified Allocation Plan (QAP) identifies the criteria used for selection of eligible developments to provide housing for low-income tenants. HOME provides increased leverage, allowing property owners to utilize fewer tax credits and less private debt and local funding, thus providing more efficient use of resources. In addition, HOME is used as a source to fill funding gaps that have occurred in previously-awarded HTC developments due to increased materials costs or interest rates. Other leveraging sources may include United States Department of Agriculture (USDA) operating subsidies and loans, and conventional and FHA-insured loans. Match requirements for the HOME Multifamily Direct Loan Program will in part be met through Rules and NOFAs that establish awardees' requirement to provide up to 7.5% of the award amount, or a higher, or lower amount as reflected in the NOFA. In addition to match provided as part of the developer's obligation, TCAP RF may be utilized as HOME match, and TDHCA calculates to below market interest rates on eligible loans provided to the HOME development which is included in the match funds reported in the CAPER. TDHCA will also use eligible multifamily bonds that are used to finance developments that also receive 4% HTC financing as HOME match. TDHCA requires Subrecipients and state recipients to provide match of up to 15% of the project hard costs for some single-family activities.

ESG
To meet the ESG match requirement, TDHCA requires the commitment of proposed match as part of the ESG application process. TDHCA awards additional points to applicants that commit to provide match in excess of the requirements. Subrecipients that also administer HHSP funds or funds from the EH Fund may utilize those funds as match for ESG, if they are otherwise eligible to be counted as match.

HOPWA
Texas HOPWA does not have a match requirement but leverages funds whenever possible. Project Sponsors leverage available funds from Ryan White and State Services grants, private funding sources, foundations, and local assistance to help clients. DSHS shares grantee administrative costs with AAs. However, AAs leverage much of their administrative expenditures from other funding sources.

Due to IDIS character limits, CDBG and NHTF Leveraging is described in the question below.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to

address the needs identified in the plan

CDBG Leverages

Community Development Fund applications award points to encourage local match; a sliding scale allows smaller communities to contribute less match funding than larger communities. The Rural Economic Development Fund requires matching funds for each application. Match funds may be provided by the applicant, by a water or sewer utility benefiting from the project, or other project partner.

NHTF Program Leveraging
NHTF multifamily development may be used to leverage with the HTC Program, which was created by the Tax Reform Act of 1986 and authorizes 9% low-income housing tax credits in the amount of $2.90 per capita for each state, and 4% low-income housing tax credits in amounts linked to the usage of the state's cap for issuance of tax-exempt bond to finance affordable housing development. In Texas, this equates to approximately $80,000,000 in 9% tax credits available to be awarded by TDHCA annually.

These credits may be claimed each year for ten years and this represents potential tax credit value on the magnitude of $880,000,000. The tax credits are syndicated to limited partner investors to yield cash for use in eligible development activities. Currently typical syndication rates range between 88% and 92%. TDHCA must develop a Qualified Allocation Plan (QAP) each year for the selection of eligible developments to provide housing for the low-income tenants. NHTF provides increased leverage, allowing the property owners to utilize fewer tax credits and less private debt and local funding, therefore providing more efficient use of resources. In addition, NHTF is used as a source to fill funding gaps that have occurred in previously-awarded HTC developments due to increased materials costs or interest rates.

State Owned Land
The Texas General Land Office manages state owned lands and mineral rights totaling approximately 13 million acres. Much of this is leased for the benefit of the Permanent School Fund, an endowment fund established in 1876 for the benefit of Texas public school education. Generally, state owned land is not utilized for affordable housing or community development goals; however, local jurisdictions occasionally donate land or property in support of activities designed to address the needs identified in the plan as part of their contribution to locally administered programs.

Discussion

HOPWA

Continuing with the discussion of collaboration begun in the introduction of this section,

DSHS HIV initiatives strive to reduce the number of undiagnosed persons and increase the number of virally suppressed PLWH. DSHS works with community partners, stakeholders, and health care providers statewide to strengthen services that prevent HIV transmission, improve diagnosis rates, and fill gaps in clinical treatment and related support services. The Texas HIV Syndicate serves as the Texas integrated HIV prevention and care planning group and facilitates this collaboration. The Syndicate includes representation from PLWH, HIV prevention and care organizational leaders, and other community stakeholders, many of which provide HOPWA services. The Texas HIV Syndicate produced Achieving

Together, a community plan to end the HIV epidemic in Texas. This plan reflects the ideas, recommendations, and guidance of the Texas HIV Syndicate and Achieving Together Partners, as well as statewide community engagement efforts with PLWH, people impacted by HIV, clinicians, and researchers. The plan has six focus areas, one of which addresses mental health, substance use, housing, and criminal justice. Within DSHS, the HIV/STD/HCV Epidemiology and Surveillance Unit collects and reports data on HIV in Texas, which includes data submission to the Centers for Disease Control and Prevention (CDC). Subsequently, HUD uses this data to determine HOPWA formula allocations, while other federal agencies use it to plan, develop, implement, and evaluate HIV service programs, including HOPWA.

Finally, TDA and/or TDHCA participate in the following workgroups:

Texas Water Infrastructure Coordination Committee (TWICC): TWICC is a voluntary organization of federal and state funding agencies and technical assistance providers that address water and wastewater needs throughout the State. TDA participates in TWICC to coordinate efforts to leverage funds.

Drought Preparedness Council; The Council was authorized and established by the 76th Texas Legislature in 1999, and is responsible for assessment and public reporting of drought monitoring and water supply conditions, along with other duties.

Texas Joint Housing Solutions Workgroup. The Texas Joint Housing Solutions Workgroup is a collection of state and federal agencies and organizations who work to identify resources that can address temporary unmet housing needs and solutions that allow disaster survivors to transition to permanent housing.

These workgroups, committees, and councils help to strengthen communication between state agencies as well as provide opportunities to layer or combine funding sources.

With the block grants and the layering resources listed above, there are also CDBG Disaster Recovery (DR) funds for disasters that have affected that State of Texas. More details and action plans for the various disasters CDBG-DR have been awarded for can be found at https://www.glo.texas.gov/disaster-recovery/action-plan

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2026	2027	Homeless	State of Texas	Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	ESG: $10,308,471	Tenant-based rental assistance / Rapid Rehousing: 730 Households Assisted Homeless Person Overnight Shelter: 15,385 Persons Assisted Homelessness Prevention: 3,097 Persons Assisted
2	Acquisition & Construction of Single-Family Housing	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of New Units	HOME: $3,000,000	Homeowner Housing Added: 12 Household Housing Unit
3	Reconstruction of Single-Family Housing	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Reconstruction of Housing	HOME: $23,696,725.37	Homeowner Housing Reconstructed: 118 Household Housing Unit
4	Tenant Based Rental Assistance with HOME Funding	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Rental Assistance	HOME: $16,825,758.54	Tenant-based rental assistance : 935 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Households in New/Rehabilitated Multifamily Units	2027	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of New Units Rehabilitation of Housing	HOME: $ $5,494,474.86	Rental units constructed: 27 Household Housing Unit Rental units rehabilitated: 3 Household Housing Units
6	NHTF Households in New/Rehabbed Multifamily Units	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of New Units Rehabilitation of Housing	Housing Trust Fund: $ 9,485,871.74	Rental units constructed: 40 Household Housing Units Rental units rehabilitated: 15 Household Housing Units
7	HOPWA Tenant-Based Rental Assistance	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Rental Assistance Homeless Prevention	HOPWA: $5,075,288	Tenant-based rental assistance / Rapid Rehousing: 713 Households Assisted. DSHS will reserve $279,561from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
8	HOPWA Short-Term Rent, Mortgage & Utilities Asst.	2026	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Homeless Prevention	HOPWA: $1,024,689	Homelessness Prevention: 456 Persons Assisted. DSHS will reserve $56,443from the latest allocation for use in the next annual plan and include this amount under Funding.
9	HOPWA Facility-Based Housing Subsidy Assistance	2026	2027	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Rental Assistance Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	HOPWA: $145,760	Homelessness Prevention: 56 Persons Assisted.. DSHS will reserve $8,029from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
10	HOPWA Permanent Housing Placement Assistance	2026	2027	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Rental Assistance Rapid Re-housing Homeless Prevention	HOPWA: $265,415	Public service activities other than Low/Moderate Income Housing Benefit: 166 Persons Assisted. DSHS will reserve $14,620from the latest allocation for use in the next annual plan and include this amount under Funding.
11	HOPWA Funded Supportive Services	2026	2027	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $1,774,583	Public service activities other than Low/Moderate Income Housing Benefit: 1,200 Persons Assisted. DSHS will reserve $97,749from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
12	HOPWA Housing Information Services	2065	2027	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $2,666	Public service activities other than Low/Moderate Income Housing Benefit: 23 Persons Assisted. DSHS will reserve $145 from the latest allocation for use in the next annual plan and include this amount under Funding.
13	HOPWA Resource Identification	2026	2027	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Emergency Shelter and Transitional Housing Homeless Prevention	HOPWA: $81,029	Other: 0 Other. Activities that establish, coordinate, and develop housing assistance resources for eligible households (including preliminary research and expenditures necessary to determine the feasibility of specific housing-related initiatives). DSHS will reserve $4,463from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
14	CDBG Public Improvements and Facilities	2026	202s	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public Facilities Public Services	CDBG: $58,524,001	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 200,000 Persons Assisted
15	CDBG Economic Development	2026	2027	Non-Housing Community Development Economic Development	State of Texas	Public Improvements and Infrastructure Economic Development Public Facilities Public Services	CDBG: $ $11,000,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 100,000 Persons Assisted
16	CDBG Urgent Need	2026	2027	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public Facilities	CDBG: $0	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 9,010 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
17	CDBG Colonia Set-Aside	2026	2027	Affordable Housing Non-Housing Community Development	State of Texas	Production of New Units Acquisition of existing units Rehabilitation of Housing Public Improvements and Infrastructure Public Facilities Public Services	CDBG Colonias Set-aside: 8,000,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 2,175 Persons Assisted
18	CDBG Colonia Self-Help Centers	2026	2027	Self-Help Centers	State of Texas	Production of New Units Acquisition of existing units Rehabilitation of Housing Public Services	CDBG: $ $2,235,349	Other: 4533 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
19	CDBG Administration	2026	2027	Administration /Technical Assistance	State of Texas	Rehabilitation of Housing Public Improvements and Infrastructure Economic Development Public Facilities Public Services	CDBG: $ $2,2,218,409	Other: 0 Other
20	HOME Administration	2026	2027	HOME Administration	State of Texas	Rental Assistance Production of New Units Acquisition of existing units Rehabilitation of Housing	HOME: $4,821,289.96	Other: 0 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
22	NHTF Administration	2026	2027	NHTF Administration	State of Texas	Production of New Units Rehabilitation of Housing	Housing Trust Fund: $1,053,979.75	Other: 0 Other
23	HOPWA Project Sponsor Administration	2026	2026	Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	HOPWA: $443,579	Other: 0 Other. DSHS will reserve $24,434from the latest allocation for use in the next annual plan and include this amount under Funding.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
24	HOPWA Grantee Administration	2026	2026	Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	HOPWA: $264,250	Other: 0 Other. DSHS will reserve $14,556from the latest allocation for use in the next annual plan and include this amount under Funding.

Table 6 – Goals Summary

Goal Descriptions

1	**Goal Name**	Homeless Goals
	Goal Description	Funds will be utilized to provide Administration, HMIS services, emergency shelter, rapid re-housing, homeless prevention and street outreach to eligible persons who are experiencing homelessness or at-risk of homelessness. Actual funding amounts will be determined based on the requested funds by component. The estimates for the funding amount per activity type and number of persons served are extrapolated from data collected over the prior three years. TDHCA limits the amount of funding available for street outreach and emergency shelter to not more than 60% of the total ESG funding available. Likewise, funds for administration and HMIS are limited proportionate to the funds made available in each service component to ensure that the regulatory caps for these expenditures are not exceeded. Special allocations under the ESG Program, such as the ESG RUSH funding, will be utilized to provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas, and will be subject to the limitations set forth for the funding source, including restrictions on use of funds or flexibilities offered by the funds.
2	**Goal Name**	Acquisition & Construction of Single Family Housing
	Goal Description	TDHCA will utilize a portion of its HOME funds for the implementation of Homebuyer Assistance with New Construction (HANC) and/or Single Family Development (SFD). HANC allows homebuyers to work with Subrecipients to select lots for purchase and provide financing for construction of a new unit of housing on the selected lot. SFD allows for development of single family housing for homeownership, and may be performed under the CHDO set-aside if the developer is eligible for CHDO certification. SFD may otherwise be performed by non-profit or for-profit developers in accordance with the priorities established in its funding announcement for SFD. TDHCA may utilize its program income, or use deobligated funding or other available HOME funding for these activities. The goal for the HOME Program is to add 12 new units of homeowner housing.

3	**Goal Name**	Reconstruction of Single Family Housing
	Goal Description	The goal for HOME Program reconstruction activities is to provide assistance to a minimum of 95 households through units of general local governments, and nonprofit organizations. These entities qualify applicants to receive assistance for the repairs and reconstruction necessary to make their homes decent, safe, sanitary, and accessible.
4	**Goal Name**	Tenant Based Rental Assistance with HOME Funding
	Goal Description	The goal for HOME Program TBRA activity is to provide on-going rental assistance or stand-alone rental security deposit assistance (which may include utility deposit assistance) to an estimated 1,401 households.
5	**Goal Name**	Households in New/Rehabilitated Multifamily Units
	Goal Description	The 2026 goal for HOME Multifamily Program is creating/rehabilitating over 60 multifamily rental units. TDHCA's HOME Multifamily Development Programs awards HOME funds as low-interest loans to CHDOs, for-profit, and nonprofit developers. These loans leverage other public and private financing including housing tax credits, United States Department of Agriculture (USDA) operating subsidies and loans, and conventional and Federal Housing Administration-insured loans. The result is safe, decent, and affordable multifamily rental housing.
6	**Goal Name**	NHTF Households in New/Rehabbed Multifamily Units
	Goal Description	The 2026 goal for Housing Trust Fund is creating and/or rehabilitating 30 multifamily rental units based on the performance period of the previous Program Year, September 1, 2025 – August 31, 2026.
7	**Goal Name**	HOPWA Tenant-Based Rental Assistance
	Goal Description	The number of households that received TBRA services during the program year. TBRA provides an ongoing and portable rental subsidy that helps households obtain or maintain permanent housing, including assistance for shared housing arrangements, in the private rental housing market until they can enroll in the Housing Choice Voucher Program (HCVP) or other affordable housing programs. DSHS set an annual goal of assisting 713 households. The estimated funding and number of individuals served may fluctuate depending on HUD’s final allocation amounts and based on the target percentages identified in Action Plan Section 25.

8	**Goal Name**	HOPWA Short-Term Rent, Mortgage & Utilities Asst.
	Goal Description	The number of households that received STRMU services during the program year. STRMU provides short-term, rent, mortgage, and utility payments for households experiencing a financial crisis related to their HIV health condition or a change in their economic circumstances. STRMU helps prevent homelessness by enabling households to remain in their own homes DSHS set an annual goal of assisting 456 persons. The estimated funding and number of individuals served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
9	**Goal Name**	HOPWA Facility-Based Housing Subsidy Assistance
	Goal Description	The number of households that received FBHA services during the program year. HOPWA Facility-Based Housing Assistance (FBHA) activities include Short-Term Supportive Housing (STSH) and Transitional Supportive Housing (TSH). STSH provides temporary shelter for households experiencing homelessness. Services allow households to develop individualized housing plans that address both short- and long-term needs and culminate in permanent housing. TSH provides up to 24 cumulative months of non-portable facility-based rental assistance to households that are homeless or at risk of homelessness, including assistance for shared housing arrangements. Services allow households to prepare for permanent housing and develop individualized housing plans that culminate in permanent housing. DSHS set an annual goal of assisting 56 households. The estimated funding and number of individuals served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
10	**Goal Name**	HOPWA Permanent Housing Placement Assistance
	Goal Description	The number of households that received PHP services during the program year. PHP helps households access, secure, and establish a permanent residence, maintained either on their own or with the help of ongoing rental assistance. Eligible costs include, , application fees, related credit checks, utility hookup fees and deposits, and reasonable security deposits necessary to move persons into permanent housing. DSHS set an annual goal of assisting 166 persons. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

11	**Goal Name**	HOPWA Funded Supportive Services
	Goal Description	The number of households that received Housing Case Management services during the program year. The DSHS HOPWA Program currently limits the use of Supportive Service funds to Housing Case Management. Project Sponsors may provide Supportive Services with HOPWA housing assistance services or as a standalone service. The core functions of Housing Case Management include engagement, assessment, goal-setting, service coordination, and discharge planning. The intensity or level of housing case management that a Project Sponsor provides will depend upon the household's assessed level of need. DSHS set an annual goal of assisting 1,200 persons. The estimated funding and number of households served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
12	**Goal Name**	HOPWA Housing Information Services
	Goal Description	The number of households that received Housing Information Services during the program year. Housing Information Services include, but are not limited to, counseling, information, and referral services to assist households with locating, acquiring, financing, and maintaining housing. This may also include fair housing guidance for households that have encountered discrimination based on race, color, religion, sex age, national origin, familial status, or disability. DSHS set an annual goal of assisting 23 persons. The estimated funding and number of households served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
13	**Goal Name**	HOPWA Resource Identification
	Goal Description	The work products, deliverables, and other activities of projects that used Resource Identification funds. Resource Identification encompasses activities that establish, coordinate, and develop housing assistance resources for eligible households (including preliminary research and expenditures necessary to determine the feasibility of specific housing-related initiatives). The estimated funding may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

14	**Goal Name**	CDBG Public Improvements and Facilities
	Goal Description	Public Improvements and Facilities includes community grants for basic infrastructure, public facilities, planning activities, public services, and other community needs. The Texas CDBG encourages the use of funds not only to improve existing locations but to provide facilities in other areas to accommodate residential opportunities that will benefit low- and moderate-income persons. Funding allocated includes annual allocation in addition to previously deobligated funds. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
15	**Goal Name**	CDBG Economic Development
	Goal Description	This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, for downtown revitalization activities, and for other economic development activities for rural communities. Funding allocated includes annual allocation in addition to previously deobligated funds and program income. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
16	**Goal Name**	CDBG Urgent Need
	Goal Description	Urgent Need assistance is available through the SUN fund as needed for eligible activities in relief of natural disasters and other emergency situations. Funding allocated includes previously deobligated funds. The estimated funding and number of persons served may fluctuate depending on actual natural disaster events, HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
17	**Goal Name**	CDBG Colonia Set-Aside
	Goal Description	This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition of a "colonia" under this fund. Funding allocated includes annual allocation. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

18	**Goal Name**	CDBG Colonia Self-Help Centers
	Goal Description	Colonia residents receiving direct assistance through Colonia Self-Help Centers. Assistance includes residential rehabilitation, reconstruction, new construction, utility connections, solid waste removal, and access to a technology center, tool lending library, and educational classes.
19	**Goal Name**	CDBG Administration
	Goal Description	CDBG Administrative costs including Technical Assistance and indirect costs.
20	**Goal Name**	HOME Administration
	Goal Description	HOME Administrative expenses based on HOME allocation and program income received in PY 2025 that is being programmed in the 2026 Action Plan.
21	**Goal Name**	NHTF Administration
	Goal Description	NHTF Administrative funds for PY 2026.
22	**Goal Name**	HOPWA Project Sponsor Administration
	Goal Description	Funds for Project Sponsor Administration.
23	**Goal Name**	HOPWA Grantee Administration
	Goal Description	Funds for Grantee Administration

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)

Based on the goal descriptions for HOME in the table above, it is estimated that the State will provide affordable housing to 734 extremely low-income, low-income, and moderate-income families.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The CPD Programs serve special needs populations and meet the 13 Priority Needs found in Strategic Plan 25 of the 2025-2029 Consolidated Plan. These Needs in Strategic Plan 25 are correlated with Goals in Action Plan 20 to show which activities will serve which priority needs. The goals from Action Plan 20 are listed below with allocation percentages. Percentages in the chart below are estimated and may change depending on funding received from HUD, legislative priorities, and funding requests from administrators or subrecipients. Due to software restrictions, allocations are rounded to the nearest whole number and do not reflect precise percentages.

Also, for the other programs listed in the anticipated resources (Action Plan 15) that could be used to leverage funds (including 4% HTC, 9% HTC, HHSP, State Housing Trust Fund, TX MCC, My First Texas Home Program, NSP PI, Section 8 HCV programs, and Section 811 PRA), goals are tailored to each program in the planning documents governing those programs. These documents can be found at https://www.tdhca.texas.gov/. In addition to meeting the priority needs, the CPD Programs work to serve special needs populations as described in this section. HOME and ESG's special needs populations are discussed in the introduction, and HOPWA and CDBG's are included in the discussion below.

HOME Serves Special Needs
TDHCA has determined that TDHCA may have and TDHCA administrators may request to establish a preference to serve the following special needs populations: persons with disabilities, persons with substance use disorders, persons living with HIV/AIDS (PLWH), persons with Violence Against Woman Act (VAWA) protections, colonia residents, farmworkers, homeless populations, veterans, (including wounded warriors as defined by the Caring for Wounded Warriors Act of 2008), public housing residents, persons transitioning out of incarceration, persons impacted by a state or federally declared disaster, and persons transitioning out of foster care and nursing facilities.

For administrators with programs that are designed to limit assistance to certain populations, TDHCA will only approve program designs that limit assistance to households that include a member within the following populations if necessary to provide as effective housing, aid, benefit, or services as those provided to others in accordance with 24 CFR §8.4(b)(1)(iv): PLWH, mental illness, substance use disorders, or households that would qualify under the TDHCA's Project Access program as defined in 10 TAC §5.801. Otherwise, administrators may only request a preference for populations described in the special needs section. TDHCA may limit assistance of directly administered HOME funds for TBRA for security and utility deposits to persons that have been issued vouchers through its PHA, so long as the assistance is not duplicative. TDHCA may also limit TBRA assistance administered directly through TDHCA to any population for which an administrator may establish a preference, so long as the limitation has been evaluated for compliance with fair housing requirements. TDHCA may initiate a set-aside of funds for direct administration of TBRA by the Department for persons transitioning out of jail

or incareration.

For HOME or NHTF rental housing, TDHCA will allow development of housing that meets requirements under the Housing for Older Persons Act. TDHCA may also consider permitting rental housing owners to give a preference or limitation as indicated in this section and may allow a preference or limitation that is not described in this section to encourage leveraging of federal or state funding, provided that another federal or state funding source for the rental housing requires a limitation or preference. TDHCA may put further guidelines on development of specific types of rental housing by rule or NOFA. In order to have consistent requirements for Developments with 100% Single Room Occupancy Units, the Department will utilize the HOME definition in 24 CFR §92.2 for HOME and NHTF, in addition to the Department's definition of Single Room Occupancy at 10 TAC §11.1(d)(121) and the definition of Unit at 10 TAC §11.1(d)(137).

Funding Allocation Priorities

	Homeless Goals (%)	Acquisition &Construction of Single Family Housing (%)	Reconstruction of Single Family Housing (%)	Tenant Based Rental Assistance with HOME Funding (%)	Households in New/Rehabilitated Multifamily Units (%)	NHTF Households in New/Rehabbed Multifamily Units	HOPWA Tenant-Based Rental Assistance (%)	HOPWA Short-Term Rent, Mortgage & Utilities Asst. (%)	HOPWA Facility-Based Housing Subsidy Assistance (%)	HOPWA Permanent Housing Placement Assistance (%)	HOPWA Funded Supportive Services (%)	HOPWA Housing Information Services (%)	HOPWA Resource Identification (%)	CDBG Public Improvements and Facilities (%)	CDBG Economic Development (%)	CDBG Urgent Need (%)	CDBG Colonia Set-Aside (%)	CDBG Colonia Self-Help Centers (%)	CDBG Administration (%)	HOME Administration (%)	NHTF Administration (%)	HOPWA Project Sponsor Administration (%)	HOPWA Grantee Administration (%)	Colonias Set-Aside (%)	Total (%)
CDBG	0	0	0	0	0	0	0	0	0	0	0	0	0	79	15	0		3	3	0	0	0	0	0	**100**
CDBG Colonias Set-aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	**100**
HOME	0	0	45	30	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	0	0	0	**100**
HOPWA	0	0	0	0	0	0	56	11	2	3	19	0	1	0	0	0	0	0	0	0	0	5	3	0	**100**
ESG	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**100**
Housing Trust Fund	0	0	0	0	0	90	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	0	0	**100**

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

Disaster Recovery

With the block grants and the layering resources listed above, there are also CDBG Disaster Recovery (DR) funds for disasters that have affected that State of Texas. More details and action plans for the various disasters CDBG-DR have been awarded for can be found at https://www.glo.texas.gov/disaster-recovery/action-plans

How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?

ESG Serves Special Needs
ESG does not have funding allocation priorities for special needs populations, but the Department's subrecipient selection criteria include prioritization for homeless subpopulations as defined in the most recent Point in Time data collection guidance. ESG RUSH funding, a special allocation under the ESG Program, is limited to serving populations residing within disaster declared areas. ESG RUSH assistance to individuals and organizations will be evaluated for duplication of benefits as required by 42 U.S.C. 11364a and the ESG RUSH implementation guidelines and regulations prior to provision of assistance. These resources may include private insurance, other federal resources, such as FEMA Transitional Shelter Assistance (TSA), Shelter and Services Program (SSP), Emergency Non-Congregate Shelter (NCS) or CDBG-DR funds. The Department may prioritize RUSH funding to areas with proportionately fewer resources to respond to the disaster.

TDHCA requires ESG subrecipients to comply with the Violence Against Women Reauthorization Act of 2022 (VAWA). Forms and information are required to be distributed to applicants and program participants for short- and medium-term rental assistance in accordance with 24 CFR §5.2005(e). Also pursuant to 24 CFR §5.2005(e), ESG Subrecipients are required to develop and follow an Emergency Transfer Plan.

HOPWA Serves Special Needs

HOPWA serves as the only federal program dedicated to addressing the housing needs of low-income PLWH and their households. It helps them establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. Stable housing helps PLWH adhere to HIV treatment and achieve viral suppression. The proposed distribution of funds by HOPWA activity category reflects local needs with historical expenditure outputs. The program reallocates funding within and between HIV Service Delivery Areas (HSDAs) throughout the program year to meet changing needs

CDBG Serves Special Needs

CDBG provides over 90% of available funds for projects that primarily benefit low-to moderate-income persons through basic infrastructure, housing, job creation and other activities as identified at the local level. Among those projects, CDBG sets aside 12.5% of funds to benefit colonia residents through planning activities, infrastructure and housing construction, self-help center services, construction activities, and public services. Funding for community development projects in colonias and other LMI communities is a critical element in the well-being of these communities.

The Office of Colonia Initiative (OCI) at TDHCA is charged with the responsibility of administering the Colonia Self-Help Center (CSHC) Program, with the goal of improving the living conditions and lives of border and colonia residents. As part of its plan to improve the living conditions in colonias, OCI assigns specific employees to focus on supporting and providing technical assistance to border counties which maintain Colonia Self-Help Centers funded under the CSHC Program.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

Given that Texas is the second largest state in the nation by total area, the method of distribution of its funds takes into account a very large area. To serve this large area it is necessary for the State to use subrecipients to administer the programs funded under CPD. The selection processes for these entities are generally described below.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	**State Program Name:**	Colonia Economically Distressed Areas Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-Aside fund provides funding to eligible cities and counties to assist colonia residents that cannot afford the cost of service lines, sezrvice connections, and plumbing improvements associated with being connected to a TWDB Economically Distressed Area Program or similar water or sewer system improvement project.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CEDAP funds: • The proposed use of the CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through Economically Distressed Area Program or similar program; • The ability of the applicant to utilize the grant funds in a timely manner; • The availability of funds to the applicant for project financing from other sources; • The applicant's past performance on previously awarded CDBG contracts; • Cost per beneficiary or household; and • Proximity of project site to entitlement cities or metropolitan statistical areas (MSAs).

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request once mainline construction has been confirmed.
	Describe how resources will be allocated among funding categories.	The Texas Legislature has set aside 3.5% of the State CDBG allocation for the CEDAP program. The allocation is distributed on an as-needed basis. In order to fully obligate the annual Colonia Funds to benefit colonia residents, funds not requested for the CEDAP activities may be transferred to other Colonia Fund programs.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $250,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons
2	**State Program Name:**	Colonia Fund and Construction Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	The goal of the Colonia Fund: Construction (CFC) program is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons residing within a community or area that meets the definition of a colonia. An eligible county applicant may submit an application for eligible construction activities, prioritizing access to public utilities and other basic human needs for colonia residents.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	While the Colonia Planning and Needs Assessment is underway, the selection criteria for the Colonia Fund: and Construction Program will focus upon the following factors: number of colonia communities identified in the county, and previous funding.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation 6.5% (approximately) is allocated to the Colonia Fund Construction Program. After the initial awarding of funds, any portion of the CFC allocation that is unable to be awarded may be used to fund additional eligible applications under any other Colonia Fund Set-aside program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $250,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
3	**State Program Name:**	Colonia Fund Planning & Needs Assessment Program
	Funding Sources:	CDBG CDBG Colonias Set-aside

	Describe the state program addressed by the Method of Distribution.	The Colonia Fund Planning Program is designed to provide needs assessments for colonia communities on a county-by county basis.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Colonia Fund Planning Program funds assess the conditions and current needs of colonia communities in to each county within 150 miles of the Texas-Mexico border on a rotating basis. All counties eligible to participate in the colonia set-aside have been offered an opportunity to receive planning and needs assessment services coordinated through a CFP grant to a designated Planning Zone.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	As planning activities are currently funded for all eligible counties, no funds are allocated to the Colonia Fund Planning Program for this Program Year.
	Describe threshold factors and grant size limits.	Not applicable for Program Year 2026
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
4	**State Program Name:**	Colonia SHC Legislative Set-Aside (administered by TDHCA)

	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	Administered by TDHCA and funded through CDBG, the Colonia Self-Help Center (CSHC) Program serves colonias along the Texas-Mexico border. Colonia Self-Help Centers (Centers) provide concentrated on-site technical assistance to low- and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education. Key services include: housing rehabilitation; reconstruction; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure construction and access; contract-for-deed conversions; and capital access for mortgages.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Approximately 35,979 residents live in the targeted colonias served by the CSHC Program. The Centers process applications from income eligible households using a selection criteria established by each Center. Eligible households must reside in a targeted colonia, which has been preselected by each county and approved by C-RAC. Households must earn less than 80% of AMI.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The CSHC Program is statutorily required to be provided in Cameron/Willacy, El Paso, Hidalgo, Nueces, Starr, and Webb counties. Statute allows for additional Centers to be established in any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under statute. TDHCA established additional Centers in Maverick, and Val Verde counties. Each Center must serve five targeted colonias within the county it serves. The Centers conduct outreach activities throughout the contract period to inform colonia residents of program benefits and eligibility criteria and to provide application assistance.

	Describe how resources will be allocated among funding categories.	The Texas Legislature has set aside 2.5% of the State CDBG allocation for the CSHC program. Resources are allocated after analysis and input from each community. Counties that are statutorily designated to participate in the CSHC Program conduct a needs assessment before proposing which target colonias should receive concentrated attention and the scope of program activities and funding. Each county designs a proposal unique to the needs of a specific community. After the C-RAC, composed of colonia residents, reviews and discusses the proposals from the counties, the proposals are then reviewed and approved by the TDHCA Governing Board for implementation. Funds deobligated from prior CSHC Program grant years and any program income recovered from CSHC funds shall be used by TDHCA for the CSHC Program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $500,000 If there are insufficient funds available to fully fund an application, the Administrator may accept the amount available and wait for remaining funds to be committed the next program year. Each program activity, such as new construction, rehabilitation, and tool library operation, for example, are limited to specific dollar amounts. TDHCA, at its discretion and in coordination with the county, may amend a contract to increase the budget amount based on performance and other factors.
	What are the outcome measures expected as a result of the method of distribution?	Outcomes include the number of colonia residents assisted and housing units assisted or created. In general, these are Activities Benefiting LMI Persons.
5	**State Program Name:**	Colonias to Cities Initiative Program
	Funding Sources:	CDBG CDBG Colonias Set-aside

	Describe the state program addressed by the Method of Distribution.	The Colonia to Cities Initiative (CCIP) provides funding for basic infrastructure considered necessary for a colonia area to be annexed by an adjoining city. Priority is given to colonias that have received prior CDBG funding. The city's application must include documentation that annexation procedures have begun and a firm commitment from the city to annex the colonia upon completion of the project. Failure to annex the colonia may result in a requirement to repay the CDBG funding to TDA.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CCIP funds: • the proposed use of the TxCDBG funds including the eligibility of the proposed activities; • the ability of the community to utilize the grant funds in a timely manner; • the availability of funds to the community for project financing from other sources; • The support of colonia residents for the proposed annexation; • the applicant's past performance on previously awarded TxCDBG contracts, if applicable; • cost per beneficiary or household; and • commitment by the city to annex the colonia area within one year of project completion. If applications exceed the available funding, the Department may use the scoring factors established for the Colonia Fund-Construction component.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request.

	Describe how resources will be allocated among funding categories.	If there are an insufficient number of projects ready for CEDAP or CFC funding, the available Colonia funds may be transferred to the Colonias to Cities Initiative.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $250,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting Low and Moderate Income (LMI) Persons
6	**State Program Name:**	Community Development Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Community Development (CD) Fund is available on a biennial basis through a competition based on of the State's 24 planning regions. The goal of the CD Fund is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons of low to moderate income. Applicants are encouraged to provide for infrastructure and housing activities that will improve opportunities for LMI persons. When considering and designing projects, applicants must continue to consider project activities that will affirmatively further fair housing, which includes project activities that provide basic infrastructure (such as water, sewer, and roads) that will benefit residential housing and other housing activities. Planning activities, fire protection and emergency response activities, and all other eligible CDBG activities are available under this program.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	CD applicants are scored using a shared system with 25% of the final score determined by regional project priorities; 65% of the final score determined scoring factors identified by the Unified Scoring Committee, and 10% of the final score determined by state scoring factors. The USC is made up of one representative from each of the 24 geographic regions. The USC is responsible for determining objective scoring criteria for all regions for the CD Fund in accordance with the requirements in this Action Plan, including the numerical value of the points assigned to each scoring factor, during a public meeting. The USC may not adopt scoring factors that directly negate or offset the State's scoring factors. The state scoring will be based on past performance– including timely submission of closeout reports, timeliness of environmental clearance, maximum utilization of funds, and timeliness of completing projects
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	72.35% (approximately) of the State CDBG allocation is allocated to this fund. In addition, deobligated funds may be allocated to the CD Fund according to the procedures described in the Additional Detail on Method of Distribution section following this table.
	Describe threshold factors and grant size limits.	Maximum $750,000/Minimum $350,000

	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
7	**State Program Name:**	Downtown Revitalization Programs
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Downtown Revitalization awards grant funds for public infrastructure to foster and stimulate economic development in rural downtown areas. This program is considered one of the Rural Economic Development (RED) programs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The selection criteria for the Downtown will focus upon the following factors: a. Applicant Need criteria, including median income, previous funding, and benefit to LMI persons. b. Project criteria, including match ratio, , consistency with Main Street program or other community strategic plan (if applicable), and other HUD or TDA programmatic priorities; and c. Past performance on previously awarded TxCDBG contracts, if applicable. The department may set aside funds within this Downtown Revitalization Program specifically for Main Street communities.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	Approximately 12% of the State CDBG allocation is allocated to the Downtown Revitalization Program,; in addition, deobligated funds, program income funds, and other RED program funds may be allocated for the DRP programs if such funds have not been utilized by other RED programs (if available).
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $350,000
	What are the outcome measures expected as a result of the method of distribution?	Eliminate or prevent slum and blight conditions.
8	**State Program Name:**	Fire, Ambulance, & Services Truck (FAST) Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Fire, Ambulance, & Services Truck (FAST) Fund provides funds for eligible vehicles to provide emergency response and special services to rural communities.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Funding for the FAST Fund is dependent on availability of deobligated funds that can be awarded and expended prior to the grant origin year expiration date. TDA may announce limited funding opportunities developed in coordination with the State Office of Rural Health as funds allow. Selection criteria will be based on the limited purpose identified in the application guide for each funding opportunity.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Funding for the FAST Fund is dependent on availability of deobligated funds that can be awarded and expended prior to the grant origin year expiration date. No funds will be made available for the FAST Fund on the first day of the program year; if additional funds are deobligated during the program year, funds may be made available according to the procedures described in the Additional Detail on Method of Distribution section following this table.
	Describe threshold factors and grant size limits.	Maximum $1,000,,000/Minimum $100,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
9	**State Program Name:**	General HOME Funds for Single-Family Activities
	Funding Sources:	HOME

	Describe the state program addressed by the Method of Distribution.	TDHCA awards single-family activity funds as grants and loans through a network of local administrators for Homeowner Reconstruction (HRA), Tenant Based Rental Assistance (TBRA), and Homebuyer Assistance with New Construction (HANC), and Single Family Development. Assistance length and term depends on the type of activity. Non set-aside funds are initially made available on a regional basis in accordance with state statute (unless waived by the Governor in response to a state of federally declared disaster or is program income). Remaining funds are made available statewide through a first-come, first-served Reservation System, a contract-based system or some combination of these two methods. The method will be described in NOFAs and is informed by needs analysis, oversubscription for the activities, and public input.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Applicants must comply with requirements stated in NOFAs, the Single-Family Programs Umbrella Rule, and State HOME Program Rules in effect at the time they receive their award. Review of Applications: All programs will be operated through direct administration by TDHCA, reallocation of deobligated funding and program income, or through the release of a NOFA with an emphasis on geographic dispersion of funds, particularly in rural areas of the state, using a Regional Allocation Formula (RAF) which uses objective measures to determine rural housing needs such as poverty and substandard housing. For NOFAs, applicants must submit a complete application to be considered for funding or eligibility to access the Reservation System. Applications received by TDHCA will be reviewed for applicable threshold, eligibility and/or scoring criteria in accordance with the Department's rules and application review procedures published in the NOFA and/or application materials. Information related to NOFAs, application requirements and fees, and application review procedures and materials is available at https://www.tdhca.texas.gov/home-application-materialsSelection Process: Qualifying applications for funding are recommended to TDHCA's Board based on the Department's rules and any additional requirements established in the NOFA. Applications for participation in the Reservation System are not submitted to the TDHCA Board for approval but are subject to all other review requirements. Should TDHCA reprogram unutilized HOME funds for development activities, applications submitted for development activities will also receive a review for financial feasibility, underwriting, and compliance under the HOME Final Rule as well as the Department's existing previous participation review process. The state may select subrecipients or state recipients as described in program rules and NOFAs, or may conduct a portion of HOME activities directly in accordance with §92.201. When administrators have not successfully expended the HOME funds within their contract period, TDHCA de-obligates the funds and pools the dollars for redistribution according to TDHCA's Reallocation of Financial Assistance rule at 10 TAC §1.19, and consistent with the reservation system and any open NOFAs. TDHCA

		may also reallocate these funds through a competitive NOFA process resulting in an award of funds.
	Describe how resources will be allocated among funding categories.	TDHCA announces the annual allocation of HOME Single-Family funds through a NOFA and specifies that an amount at least equal to the annual allocation will initially be made available using a Regional Allocation Formula (RAF) which divides funds among 26 sub-regions as required by state statute. The allocation method is developed based on a formula which considers need and funding availability. After a period of time established in the NOFA, regional allocations collapse. Following the release of the annual allocation through the RAF, TDHCA periodically adds HOME program income and de-obligated funds to the funds available via the Reservation System and either allocates a specific amount of funds per activity based on funding priorities or may allow HOME administrator's requests for funding through the system to determine how the funds are finally allocated among fund categories. TDHCA may specify the maximum amount of funds that will be released for each activity type and may allocate funds via a first come, first served Reservation System or alternate method based on public comment. All NOFAs can be found on TDHCA's NOFA page on the website at https://www.tdhca.texas.gov/notices-funding-availability-nofas.
	Describe threshold factors and grant size limits.	Applicants must comply with requirements stated in the HOME NOFA and State HOME Program Rules in effect the year they receive their award. These sources provide threshold limits and grant size limits per activity type.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to LMI households.
10	**State Program Name:**	HOME Multifamily Development
	Funding Sources:	HOME

	Describe the state program addressed by the Method of Distribution.	The Multifamily Direct Loan Program awards HOME loans to for-profit and nonprofit multifamily developers to construct and rehabilitate affordable rental housing. These loans typically carry a 3% interest rate (or higher/lower if reflected in the NOFA) and have terms ranging from 15 years to 40 years. The vast majority of the loans are made to developments that also have awards of 4% or 9% HTCs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	TDHCA's Texas Administrative Code Chapters 10, 11, and 13 set forth the minimum requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, appropriate zoning for the site, and a market and environmental study. Additionally, the development must also meet financial feasibility and subsidy layering requirements. After a period of Regional Allocation, HOME funds are typically awarded on a first-come, first-served basis, as long as the criteria above are met, although the NOFA may specify other priorities used to rank applications, such as giving priority to requests for larger amounts of funding. After a certain date, for HOME Multifamily Development applications layered with 9% HTCs, the highest scoring applications in the 9% cycle that also request HOME funds are prioritized according to 9% criteria.
	Describe how resources will be allocated among funding categories.	A maximum of 85% of HOME Multifamily Funds, are available for general activities and at least 15% for Community Housing Development Organizations (CHDOs). The HOME Multifamily Direct Loan Program may make funds available annually or through a special purpose NOFA under the General, Supportive Housing/Soft Repayment, or CHDO Set-Asides, or specifically to previously-awarded developments that have experienced cost increases since initial award.

	Describe threshold factors and grant size limits.	TDHCA's Qualified Allocation Plan set forth a minimum set of requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, experience of the developer, appropriate zoning for the site, and a market and environmental study. The development must also meet financial feasibility and subsidy layering requirements. Awards of HOME Multifamily Direct Loan Program funds range from approximately $4,000,000 to $8,197,611.50 per application typically in the form of a loan, but these amounts may change, and the caps may be lower or higher if so reflected in a published NOFA.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to LMI households.
11	**State Program Name:**	Local Revolving Loan Funds
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	TxCDBG allows communities that received Texas Capital Fund awards to support job creation or retention, and that created a local revolving loan fund, prior to implementation of the interim rule published November 12, 2015, to retain the program income generated by the economic development activities and to reinvest the funds to support job creation/retention activities.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Criteria are established by local subrecipients, with guidance from the TxCDBG Revolving Loan Fund Information Guide provided by TDA.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The TxCDBG Revolving Loan Fund Information Guide is provided directly to subrecipients that have established revolving loan funds.
	Describe how resources will be allocated among funding categories.	Program Income generated by a local RLF is retained by that community or returned to TDA for distribution according to the Action Plan. See "Grantee Unique Appendices" for table of local revolving loan funds.
	Describe threshold factors and grant size limits.	Parameters for minimum or maximum loan amounts may be established by the subrecipient.
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons Activities Benefitting LMI Persons through Job Creation/Retention
12	**State Program Name:**	National Housing Trust Fund
	Funding Sources:	Housing Trust Fund

	Describe the state program addressed by the Method of Distribution.	The NHTF Program awards loans to for-profit and nonprofit multifamily developers to construct/rehabilitate multifamily affordable housing. Because the NHTF is required to benefit ELI households at or below the greater of 30% of AMI or the poverty rate, the units will likely not be able to service a debt payment. The constraints on NHTF dictate that the funds typically be available as construction only loans, generally up to 2% interest rate permanent loans with fixed monthly payments, deferred payment, deferred forgivable permanent loans, partially amortizing loans (with the amount not in a fixed payment due at sale, refinance, or at the end of the loan term), or 75% cash flow loans (FHA only) if required, to leverage with tax credits or other financing mechanisms. Loan types may be further limited by NOFA.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	TDHCA's Texas Administrative Code Chapters 11 and 13 set forth a minimum set of requirements that document a project owner's readiness to proceed with the development. The Development must also meet financial feasibility requirements. After an applied period of regional distribution, the funds are awarded on a first-come, first-served basis, as long as the criteria above are met, although the NOFA may specify other priorities used to rank applications, such as giving priority to requests for larger amounts of funding. In the event that multiple qualifying applications are submitted on the same date and insufficient funding exists to award all of them, applications will be scored according to the criteria specified in the NOFA. 10 TAC §13.6 establishes criteria that may be used for scoring; however, staff may identify within a given NOFA that additional scoring criteria are necessary to meet current needs. Remaining NHTF may then be made available statewide in the annual NOFA in other set-asides, or transferred to a special purpose NOFA.
	Describe how resources will be allocated among funding categories.	NHTF will not be allocated among funding categories. The NHTF funds are provided for multiple uses, to meet the requirement to serve ELI households.

	Describe threshold factors and grant size limits.	TDHCA's Texas Administrative Code Chapters 10, 11, and 13 set forth a minimum set of requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, experience of the developer, appropriate zoning for the site, and a market and environmental study. Additionally, the development must have certain unit amenities and common development amenities. Developments must also meet financial feasibility requirements. Award funds typically range from $4,000,000 to $8,197,611.50 per application in the form of a loan for this program, but which may be capped at a lower or higher amount in the NOFA.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to ELI households.
13	**State Program Name:**	State Mandated Contract for Deed Set-Aside
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	Rider 6 of the TDHCA bill pattern within the General Appropriations Act for Fiscal Years 2024-2025 requires TDHCA to identify funding sources and estimated funding levels for contract for deed conversions and other activities for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI) and the home converted must be their primary residence. Funds are set-aside for households at or below 60 percent AMFI and who reside in a colonia for a period of not less than 60 days before being made available statewide, excluding Participating Jurisdictions, to those at or below 80% AMFI.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Administrators must meet HOME Program threshold requirements to access funding. Funding is made available to contract for deed administrators on a first-come, first-served basis, in addition to threshold requirements outlined in the State HOME Program Rule, through the Reservation System.

	Describe how resources will be allocated among funding categories.	TDHCA will set aside $1,000,000 for Contract for Deed activities annually and will release the funds through the reservation system as a method of distribution.
	Describe threshold factors and grant size limits.	Applicants must meet the thresholds provided in the NOFA and State HOME Program Rules in effect the year in which they receive their award. Administrators are not awarded a grant following a successful application. Rather funds are awarded on a household by household basis.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to households with incomes at or below 60% AMFI.
14	**State Program Name:**	State Revolving Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	TxCDBG retains the program income generated by economic development activities and reinvests the funds to continue supporting economic development activities. In accordance with 24 CFR 570.479(e)(ii), the State has determined that program income generated by TCF beginning PY 2017 must be returned to the State for redistribution to new economic development activities. TCF awards are made for a specific project, based on the minimum necessary work to support the creation or retention of specific jobs, which must be completed prior to close out of the TCF contract. Therefore the community is unlikely to continue funding the same activity in the near future as described in the regulation.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Application Guides for the Rural Economic Development programs can be found on the TDA website.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Application Guides for the Rural Economic Development programs can be found on the TDA website.
	Describe how resources will be allocated among funding categories.	Program Income generated by the State Revolving Fund in prior Program Years will be allocated to the Rural Economic Development programs. Program Income collected during the current Program Year will be made available through the State Revolving Fund in subsequent Program Year(s).
	Describe threshold factors and grant size limits.	The amount of program income generated will determine the amount of funds available.
	What are the outcome measures expected as a result of the method of distribution?	Activities benefitting LMI Persons and the elimination of slum and blight conditions.
15	**State Program Name:**	State Urgent Need Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The State Urgent Need Fund is available following natural disasters and events that are not eligible for federal disaster assistance. The SUN program provides financial assistance to address disaster-related damage to public infrastructure and utilities, including repair, replacement, and mitigation measures.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The State Urgent Need Fund is available as needed following events that receive a proclamation or other formal request for state agency assistance from the Governor (or designee), for which the Governor has not requested federal assistance. • Priority will be given to projects that address safe drinking water, clearance of debris creating unsafe conditions, and other priorities as announced by the Commissioner of Agriculture. • The situation addressed by the applicant must be both unanticipated and beyond the control of the local government. • The problem being addressed must be of recent origin. For SUN APP assistance, this means that the application for assistance must be submitted no later than six months from the date of the state disaster declaration. • The applicant must demonstrate that adequate local funds are not available. For SUN assistance, this generally means the applicant has less than twelve months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, and funds from other state or federal sources are not available to completely address the problem. TDA may consider whether funds under an existing CDBG contract are available to be reallocated to address the situation.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation, $0 is allocated initially. However, a maximum $3 million may be transferred from other fund categories for either State Urgent Need Fund or Water Crisis Assistance Fund projects as needed.
	Describe threshold factors and grant size limits.	Maximum: $500,000 for projects benefitting a single jurisdiction. For projects benefitting multiple counties, up to $500,000 per county with a maximum total award of $2 million per project. Minimum: $100,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons Activities Addressing an Urgent Need
16	**State Program Name:**	Texas ESG Program
	Funding Sources:	ESG and special allocations of ESG Fundi ng

	Describe the state program addressed by the Method of Distribution.	The ESG Program awarded contracts in PY2025, by making a portion of the funds available to prior subrecipients who have demonstrated effective performance under their prior award, with the remainder of funds offered under a competitive funding application. This process will carry over to the PY2026 funds, and some portion of the allocation may be set aside for direct awards to Subrecipients receiving funds for development of non-congregate shelter under HOME-ARP or awarded to nonprofit legal services providers who will accept referrals from subrecipients of ESG funds. ESG funds are awarded to private nonprofit organizations, cities, and counties in the State of Texas to provide the services necessary to help persons who are experiencing or at-risk of homelessness quickly regain stability in permanent housing. To prioritize geographic dispersion of funds, funding is allocated to each CoC based on an allocation formula that includes population and other data as described in the State ESG rules. Special allocations made under the ESG Program, such as ESG RUSH funding, may be awarded to existing Subrecipients whose record demonstrates high performance of their ESG award, or under a competitive Notice of Funding Availability. ESG RUSH funding is geographically restricted for use within disaster declared areas, therefore ESG RUSH is exempt from the regional distribution formula noted in 10 TAC §7.33. Award authority for all ESG funds remains with TDHCA's Board, and TDHCA contracts directly with all subrecipients. Any funds returned to the Department from prior year ESG allocations will be redistributed in accordance with the 10 TAC §7.41, or as otherwise approved by the TDHCA Board or as required by HUD.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	TDHCA will review the performance of existing subrecipients to determine whether they meet criteria, including timely expenditure of funds and acceptable monitoring history, prior to making a determination about the suitability of the subrecipient to be offered a new award of funding. In a competitive process with TDHCA, applications will be selected for an award based on requirements stated in the ESG NOFA and State ESG Program Rules in effect the year they receive their award. These sources provide threshold requirements, which must be met prior to an application being considered for an award, and selection criteria, which are utilized to rank applications and determine the order in which applications may be funded. ESG Subrecipients that are awarded ESG funds will be required to maintain the terms of the contract under which they were competitively awarded, including the performance targets that were a condition of the award. Threshold requirements: information necessary to conduct a previous participation review (including review of single audit compliance), and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds, including but not limited to timely reporting. Selection criteria include items related to program design, including the type and quality of services offered and performance outcomes. Selection criteria is not applicable for ESG RUSH funding directly awarded to existing ESG subrecipients, however TDHCA will review the prior performance of existing Subrecipients prior to making an award recommendation. In addition to the scoring criteria for the regular ESG awards, ESG RUSH that is competitively awarded will consider other available resources in the service area of the application to assist with evaluation of unmet need.

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	TDHCA may retain some portion of the allocation of funds and offer this portion for direct awards to certain subrecipients that have either successfully administered a prior ESG award or have an existing HOME-ARP funded non-congregate shelter, or will provide legal services to clients referred by other ESG subrecipients. In addition, TDHCA will provide special allocations, such as ESG RUSH funding, as direct awards to existing Subrecipients who show high performance in their existing ESG award. For a competitive process, TDHCA will release a NOFA prior to receipt of ESG funding. The NOFA will include both threshold and selection criteria, and awards will be made to eligible applicants based on the application rank within their CoC region. Eligible applicant organizations are Units of General-Purpose Local Government, including cities, counties and metropolitan cities; urban counties that receive ESG funds directly from HUD; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may be eligible and should seek guidance from TDHCA to determine if they may apply. Governmental organizations such as Public Housing Authorities (PHAs) and housing finance agencies are not eligible and cannot apply directly for ESG funds. Eligible applicants also include private nonprofit organizations that are secular or religious organizations described in section 501(c) of the Internal Revenue Code of 1986, are exempt from taxation under subtitle A of the Code, have an acceptable accounting system and a voluntary board, and practice non-discrimination in the provision of assistance. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

	Describe how resources will be allocated among funding categories.	ESG funds, inclusive of special allocations, may be used for four service components: street outreach, emergency shelter, homelessness prevention, and rapid re-housing assistance. Funds may also be utilized for HMIS/HMIS comparable database and administration in proportion to funding utilized for service components. In order for TDHCA to meet the requirement of no more than 60% of funds expended in street outreach and emergency shelter per 24 CFR §576.100(b), TDHCA reserves the right to remove applications proposing street outreach and emergency shelter from competition when 60% of ESG funds have been awarded to higher raking applications proposing these activities.
	Describe threshold factors and grant size limits.	While applications for TDHCA ESG funds may request funds for multiple service components, each service type proposed in an application is individually considered for an award of funds. Applicants will be awarded an amount not to exceed an amount set forth in the program rules or NOFA for street outreach activities, rapid re-housing, homeless prevention, and emergency shelter activities. Funds for HMIS are limited to 12% of the amount awarded for Street Outreach, Emergency Shelter, Rapid Rehousing, and Homeless Prevention, and funds for administration are limited to 3% of these amounts. Threshold requirements: information necessary to conduct a previous participation review (inclusive of single audit requirements), and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds, including but not limited to timely reporting.
	What are the outcome measures expected as a result of the method of distribution?	The expected outcome is that funds will be awarded to organizations that have the administrative and performance capacity to provide the services needed in their communities, with a broad distribution of funding to reach as many areas of the state with quality services as possible.
17	**State Program Name:**	Texas HOPWA Program
	Funding Sources:	HOPWA

	Describe the state program addressed by the Method of Distribution.	The DSHS HIV Care and Medications Unit administers the State of Texas HOPWA formula grant from HUD. The DSHS HOPWA Program serves all 254 counties in Texas, prioritizing those outside the six HOPWA-funded Metropolitan Statistical Areas: Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio. Therefore, the program targets less urbanized areas of Texas.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Visit the DSHS website for information on grant applications, available funding opportunities, application criteria, etc. http://www.dshs.texas.gov/fic/default.shtm. The Texas Health and Human Services Procurement and Contracting Services (PCS) Division oversees procurement and contracting services for DSHS. This division handles solicitations, contract development, contract execution, and serves as the office of record for DSHS' contracting needs.
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	DSHS contracts with AAs in six Ryan White Part B HIV planning areas encompassing 26 HSDAs. AAs subcontract with Project Sponsors in each HSDA for statewide service delivery. DSHS selects AAs through a combination of competitive requests for applications (RFAs) and intergovernmental contracts. AAs act as an administrative arm for DSHS, with DSHS oversight, by administering the HOPWA program locally for a five-year project period. A Project Sponsor is a nonprofit organization or governmental housing agency that receives funds under a contract with the AA to provide eligible housing and other support services or administrative services. Historically, many of the nonprofit Project Sponsors that provide HOPWA services have met the definitions of grassroots, faith-based, or community-based organizations
	Describe how resources will be allocated among funding categories.	Project Sponsors propose funding allocations and submit them to their respective AA and DSHS for approval. Project Sponsors base allocations on many factors, including but not limited to, number of households projected to continue into the next year, local unmet need, housing costs, prior number of households served, average expenditures per household, changes in the number of PLWH in poverty, etc. During the program year, DSHS reallocates funds within and between HSDAs throughout each planning region as needed. DSHS will reserve $500,00 from the latest allocation for use in the next annual plan and include this amount under Prior Year Resources. DSHS will only use $8,577,259during this annual plan.

	Describe threshold factors and grant size limits.	DSHS uses a formula to determine allocations by HSDA. The formula uses the number of PLWH by county with adjustments for overlapping HOPWA formula jurisdictions, poverty rates, and housing costs DSHS reserves the right to adjust formula allocations when accounting for local factors, including unmet need, prior performance and expenditures, and any other relevant metrics. The formula does not provide a minimum or maximum grant size limit.
	What are the outcome measures expected as a result of the method of distribution?	PLWH and their households will establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. Stable housing helps PLWH adhere to HIV treatment and achieve viral suppression.
18	**State Program Name:**	Utility U Job Training Program
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	Utility U provides funds to cities and counties, in coordination with water and wastewater utilities, to provide job training opportunities in the utility field. Both classroom and on-site training methods provided by a community based development organization (CBDO) or similar organization shall provide critical utility industry skills to current and newly hired employees to create or enhance job opportunity.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Utility U Program will be available to cities and counties only upon recommendation by two or more state or federal regulatory or funding agencies. These agencies are expected to evaluate the need for job training for a specific utility or group of utilities prior to making a recommendation to TDA. The utility must agree to employ the trainee for a minimum of two years following completion of the training.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request.
	Describe how resources will be allocated among funding categories.	$0 of allocation is made available for the Utility U Program on the first day of the program year. If an eligible project is recommended for funding, up to $200,000 may be transferred from other fund categories as needed.
	Describe threshold factors and grant size limits.	Maximum $100,000/Minimum $30,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
19	**State Program Name:**	Water Crisis Assistance Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Water Crisis Assistance Fund is available to assist communities where the utility system has been placed under alternative management by state regulators. The WCA Fund provides financial assistance following appointment of a Receiver and/or temporary Manager, and may be used to address system deficiencies needed to return the system to regular operations.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Water Crisis Assistance Fund is available as needed following state appointment of a utility district or other political subdivision to serve as a Receiver or Temporary Manager, pursuant to Texas Water Code §13.412. Projects must address critical system deficiencies, such as those identified in a Notice of Violation issued by the Texas Commission on Environmental Quality (TCEQ). Once a utility receives a Water Crisis Assistance Fund project, that utility is no longer eligible to apply for future WCA funding.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation, $0 is allocated initially. However, a maximum $3 million may be transferred from other fund categories for either State Urgent Need Fund or Water Crisis Assistance Fund projects as needed.
	Describe threshold factors and grant size limits.	Maximum $500,000/Minimum $50,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons

Discussion:

The distribution process for 4% HTC Program, 9% HTC Program, HHSP, State Housing Trust Fund Program, MCC Program, My First Texas Home Program, NSP PI Program, Section 8 HCV Program, Section

811 PRA Program, and TCAP RF can be found in the documents that govern these programs, all available at https://www.tdhca.texas.gov The CDBG Colonia Set-Aside Methods of Distribution will be included in Action Plan Section 48, which is specifically about colonias.

Along with selecting appropriate entities to administer funding, the State must ensure that these entities appropriately expend their funds. For example, in addition to tracking the number of households supported by HOPWA, AAs routinely monitor Project Sponsors for compliance and performance. DSHS annually compiles program progress reports, reviewing household and expenditure outputs as well as housing stability outcomes. Strategic Plan Section 80, Monitoring, provides additional information on CPD Programs monitoring efforts.

Additional information for Allocation of CDBG program income and deobligated funds has been provided as an attachment.

AP-35 Projects – (Optional)

Introduction:

Per the IDIS Desk Guide, Project-level detail is not required for a state grantee's Annual Action Plan. Once a state grantee has allocated funding via its Method of Distribution, the state grantee will use the Projects sub-menu in IDIS Online to add its projects for the program year.

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Because no projects have been entered to date in this section, this section is not applicable. Allocation priorities are discussed in Action Plan Section 25, which also includes meeting special needs. Actions to meeting underserved needs are found in Action Plan Section 85. CDBG-DR allocation priorities can be found in the CDBG-DR Action Plans at: https://www.glo.texas.gov/disaster-recovery/action-plans

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

Not applicable

Acceptance process of applications

Not applicable

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

State's Process and Criteria for approving local government revitalization strategies

TDA's CDBG program operates with a principle of "local control" – supporting locally identified projects that primarily benefit LMI persons, prevent/eliminate slum and blight conditions, and support community planning efforts.

The Community Development Fund provides funds to meet needs identified at both the local and regional level, including utility infrastructure, road reconstruction, community facilities, fire protection, and community or utility planning activities.

The Downtown Revitalization Program is intended to stimulate economic growth through the funding of pedestrian-center public infrastructure improvements to aid in the elimination of slum and blight conditions in the historic downtown areas of rural communities; the Main Street set aside is available to communities designated as an official Texas Main Street City by the Texas Historical Commission. Awarded cities receive funds to make public infrastructure improvements in the designated historic, downtown business district. TDA consistently receives more applications than can be funded through this popular program.

The Colonia Fund offers housing and utility infrastructure improvements to disadvantaged communities near the Texas-Mexico border that have been identified by the county as colonia communities.

AP-48 Method of Distribution for Colonias Set-aside – 91.320(d)&(k)

Introduction:

Distribution Methods

1	**State Program Name:**	Colonia Economically Distressed Areas Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-Aside fund provides funding to eligible cities and counties to assist colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB Economically Distressed Area Program or similar water or sewer system improvement project.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CEDAP funds: • The proposed use of the CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through Economically Distressed Area Program or similar program; • The ability of the applicant to utilize the grant funds in a timely manner; • The availability of funds to the applicant for project financing from other sources; • The applicant's past performance on previously awarded CDBG contracts; • Cost per beneficiary or household; and • Proximity of project site to entitlement cities or metropolitan statistical areas (MSAs).

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request once mainline construction has been confirmed.
	Describe how resources will be allocated among funding categories.	The Texas Legislature has set aside 3.5% of the State CDBG allocation for the CEDAP program. The allocation is distributed on an as-needed basis. In order to fully obligate the annual Colonia Funds to benefit colonia residents, funds not requested for the CEDAP activities may be transferred to other Colonia Fund programs.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $75,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons
2	**State Program Name:**	Colonia Fund Construction Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	The goal of the Colonia Fund: Construction (CFC) program is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons residing within a community or area that meets the definition of a colonia. An eligible county applicant may submit an application for eligible construction activities, prioritizing access to public utilities and other basic human needs for colonia residents.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	While the Colonia Planning and Needs Assessment is underway, the selection criteria for the Colonia Fund: Construction will focus upon the following factors: number of colonia communities identified in the county, and previous funding.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation 6.5% (approximately) is allocated to the Colonia Fund Construction Program. Subsequent to awarding funds, any portion of the CFP allocation that is unable to be awarded may be used to fund additional eligible applications under any other Colonia Fund Set-aside program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $150,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
3	**State Program Name:**	Colonia Fund Planning & Needs Assessment Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	The Colonia Fund Planning Program is designed to provide needs assessments for colonia communities on a county-by county basis.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Colonia Fund Planning Program funds assess the conditions and current needs of colonia communities in each county within 150 miles of the Texas-Mexico border on a rotating basis. All counties eligible to participate in the colonia set-aside have been offered an opportunity to receive planning and needs assessment services coordinated through a CFP grant to a designated Planning Zone.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	As planning activities are currently funded for all eligible counties, no funds are allocated to the Colonia Fund Planning Program for this Program Year.
	Describe threshold factors and grant size limits.	Not applicable for Program year 2025.
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
.4	**State Program Name:**	Colonia Self-Help Center Legislative Set-Aside (administered by TDHCA)
	Funding Sources:	CDBG

	Describe the state program addressed by the Method of Distribution.	Administered by TDHCA and funded through CDBG, the Colonia Self-Help Center (CSHC) Program serves colonias along the Texas-Mexico border. Colonia Self-Help Centers (Centers) provide concentrated on-site technical assistance to low- and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education. Key services include: housing rehabilitation; reconstruction; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure construction and access; contract for deed conversions; and capital access for mortgages.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Approximately 35,979 residents live in the targeted colonias served by the CSHC Program. The Centers process applications from income eligible households using a selection criterion established by each Center. Eligible households must reside in a targeted colonia, which has been preselected by each county and approved by C-RAC. Households must earn less than 80% of AMI.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The CSHC Program is statutorily required to be provided in Cameron/Willacy, El Paso, Hidalgo, Nueces, Starr, and Webb counties. Statute allows for additional Centers to be established in any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under statute. TDHCA established additional Centers in Maverick and Val Verde counties. Each Center must serve five targeted colonias within the county it serves. The Centers conduct outreach activities throughout the contract period to inform colonia residents of program benefits and eligibility criteria and to provide application assistance.

	Describe how resources will be allocated among funding categories.	The Texas Legislature has set aside 2.5% of the State CDBG allocation for the Colonia SHC program. Resources are allocated after analysis and input from each community. Counties that are statutorily designated to participate in the CSHC Program conduct a needs assessment before proposing which target colonias should receive concentrated attention and the scope of program activities and funding. Each county designs a proposal unique to the needs of a specific community. After the C-RAC, composed of colonia residents, review and discuss the proposals from the counties, the proposals are then reviewed and approved by the TDHCA Governing Board for implementation. Funds de-obligated from prior CSHC Program grant years and any program income recovered from CSHC Program funds shall be used by TDHCA for the CSHC Program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $500,000 CSHC program rules limit the assistance to up to $1,000,000 per CSHC per contract period. If there are insufficient funds available to fully fund an application, the Administrator may accept the amount available and wait for remaining funds to be committed the next program year. Each program activity, such as new construction, rehabilitation, reconstruction, and tool library operation, for example, are limited to specific dollar amounts. TDHCA, at its discretion and in coordination with the county, may amend a contract to increase the budget amount, based on performance and other factors.
	What are the outcome measures expected as a result of the method of distribution?	Outcomes include: colonia residents assisted; housing units assisted or created; instances of technical assistance provided; and instances of information delivered. In general, these are Activities Benefiting LMI Persons.
5	**State Program Name:**	Colonias to Cities Initiative Program
	Funding Sources:	CDBG CDBG Colonias Set-aside

	Describe the state program addressed by the Method of Distribution.	The Colonia to Cities Initiative (CCIP) provides funding for basic infrastructure considered necessary for a colonia area to be annexed by an adjoining city. Priority is given to colonias that have received prior CDBG funding The city's application must include documentation that annexation procedures have begun and a firm commitment from the city to annex the colonia upon completion of the project. Failure to annex the colonia may result in a requirement to repay the CDBG funding to TDA.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CCIP funds: • the proposed use of the TxCDBG funds including the eligibility of the proposed activities; • the ability of the community to utilize the grant funds in a timely manner; • the availability of funds to the community for project financing from other sources; • The support of colonia residents for the proposed annexation; • The applicant's past performance on previously awarded TxCDBG contracts, if applicable; • cost per beneficiary; and • commitment by the city to annex the colonia area within one year of project completion. If applications exceed the available funding, the Department may use the scoring factors established for the Colonia Fund-Construction component.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request.
	Describe how resources will be allocated among funding categories.	If there are an insufficient number of projects ready for CEDAP or CFC funding, the available Colonia funds may be transferred to the Colonias to Cities Initiative.

	Describe threshold factors and grant size limits.	Minimum $100,000/Maximum $1,000,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting Low and Moderate Income (LMI) Persons

Table 9 - Distribution Methods by State Program for Colonias Set-aside

Outcome Measures expected as results of Distribution Method

Activities Benefiting LMI Persons

Discussion

Texas has the largest number of colonias and the largest colonia population of all the Border States. The method of distribution for funds set aside to serve colonias relies on subgrantees along the Texas-Mexico border as well as interagency cooperation between TDHCA, TDA, TWDB, the Office of the Attorney General, and others. The majority of the funding that assists colonias is through infrastructure development, but funds are also available to address housing, community planning, economic revitalization and disaster relief. TDA administers the 10% CDBG colonia set-aside. TDHCA's role in administering colonia funding is limited to the Colonia Self-Help Center (CSHC) Program (2.5% set-aside of all Texas' CDBG funds, in addition to the 10% federal set aside) and HOME Contract for Deed set-aside. TDHCA focuses efforts of the OCI to counties along the Texas-Mexico Border that include a Colonia Self-Help Center (Center) funded by the Colonia SHC Program and support Center staff and counties with problem solving and training.

The majority of the funding that assists colonias is through the CDBG Program. However, HOME and ESG have a scoring prioritization for colonias. In addition, HOPWA may also provide funding in that area, as described in Action Plan Section 30.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

HOME/NHTF Addresses Geographic Areas for Assistance
TDHCA does not provide priorities for allocation of investment geographically to areas of minority concentration. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement of its activities through the State of Texas Low Income Housing Plan and Annual Report. Part of this document describes the ethnic and racial composition of families and individuals receiving assistance from each housing program.

HOME/NHTF funds used for multifamily development are typically paired with tax-exempt bond and/or HTC. TDHCA rules that govern the HTC Program include incentives for developments utilizing the competitive 9% HTC in high opportunity areas, which are defined as high-income and low-poverty areas, with multiple community amenities in close proximity to the development. It also provides competitive incentive to develop in colonias or economically distressed areas. Developments using tax-exempt bond financing and 4% HTCs are more frequently located in qualified census tracts due to federal guidelines that cause these to be more financially viable.

ESG Addresses Geographic Areas for Assistance
Assistance provided by ESG funds will be directed statewide, according to the 12 HUD-designated CoC regions. TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration, as described in 24 CFR §91.320(f). Assistance provided by ESG RUSH funds will be directed to areas within the declared disaster areas.

HOPWA Addresses Geographic Areas for Assistance
The DSHS HOPWA Program serves all 254 counties in Texas, prioritizing those outside the six HOPWA-funded Metropolitan Statistical Areas: Austin, Dallas, El Paso, Fort Worth, Houston, and San Antonio. Therefore, the program targets less urbanized areas of Texas. DSHS contracts with AAs in six Ryan White Part B HIV planning areas encompassing 26 HSDAs. AAs subcontract with Project Sponsors in each HSDA for statewide service delivery.

CDBG Addresses Geographic Areas for Assistance

TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f). CDBG funds are allocated across the state in three ways.

1. The CD Fund assigns a percentage of the annual allocation to each of the 24 Regional COGs, ensuring

that each region of the state receives a portion of the funds. The allocation formula is found in the Texas Administrative Code, Title 4 Section 30.3.

2. The Colonia Fund directs funding to communities within 150 miles of the Texas-Mexico border. All remaining funds are distributed through state-wide competitions without geographic priorities.

3. The Colonia Self-Help Center (CSHC) Program is offered along the Texas-Mexico border in Cameron/Willacy, El Paso, Hidalgo, Maverick, Nueces, Starr, Val Verde, and Webb counties. The CSHC Program serves approximately 40 colonias in seven border counties, which are comprised of primarily Hispanic households and have concentrations of very low-income households.

NHTF Geographic Priorities description is added to Discussion section text below.

Geographic Distribution

Target Area	Percentage of Funds
State of Texas	**100**

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

HOME Addresses Geographic Investments
HOME funds received in the annual allocation of funds from HUD, which excludes HOME Program Income, are allocated geographically using a regional allocation formula (RAF), as described in Strategic Plan Section 10, of the 2025-2029 State of Texas Consolidated Plan. This process directs funds to areas of the State that demonstrate high need. Unless waived by the Governor in the event of a disaster, at least 95% of HOME funds from the annual allocation are used in areas that are not Participating Jurisdictions (PJs) per statute. This results in more HOME funds in smaller communities than in larger Metropolitan Statistical Areas (MSAs) that receive HOME funds directly from HUD. The current RAF is online at https://www.tdhca.texas.gov/housing-resource-center-annual-or-biennial-plans-and-reports Program income does not have this geographic limitation and may be used anywhere in the state.

ESG Addresses Geographic Investments
ESG allocates ESG funds to each CoC region based on an allocation formula. This formula includes factors such as homeless population, people living in poverty, cost burden of renters, point in time counts and ESG funds available from federal and state sources. ESG RUSH funds and funds that have been deobligated from a prior ESG award are not subject to the allocation formula. ESG-RUSH funds have a geographic restriction as a condition of the grant, and ESG funds that have been deobligated from a prior year allocation will be awarded as described in the method of distribution, regardless of

geography.

HOPWA Addresses Geographic Investments
DSHS uses a formula to determine HSDA allocations. The formula uses the number of PLWH by county with adjustments for overlapping HOPWA formula jurisdictions, poverty rates, and housing costs. DSHS reserves the right to adjust formula allocations to account for local factors, including unmet need, prior performance and expenditures, and other relevant metrics.

CDBG Addresses Geographic Investments

Texas CDBG Funds for projects under the CD Fund are allocated by formula to 24 regions based on the methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs, along with a state formula based on poverty and unemployment (see attachment for distribution formula details). 12.5% of the annual allocation is allocated to projects under the Colonia Fund categories, which must be expended within 150 miles of the Texas-Mexico border.

State statute mandates designation of six Colonia Self-Help Centers (Centers) along the Texas-Mexico border in Cameron/Willacy, El Paso, Hidalgo, Nueces, Starr, and Webb counties to address the long history of poverty and lack of institutional resources. In 2001, TDHCA added two additional Centers in Maverick and Val Verde counties. These eight counties collectively have approximately 35,979 colonia residents who may qualify to access Center services.

NHTF Geographic Investments description is added to Discussion section text below.

Discussion

Many of the Target Areas available in the Integrated Disbursement and Information System (IDIS), HUD's electronic system in which this Plan has been entered, were too detailed for use at the macro-level; therefore, the State entered the "State of Texas" as a Target Area in Strategic Plan Section 10. Within Texas, each program relies on a formula to distribute funds geographically.

NHTF Geographic Priorities
The Texas NHTF will distribute NHTF funds through a competitive NOFA process. The funds will initially be available geographically, based on the proportion of Extremely Low Income Renter households to the total population of Renter Households in each of thirteen State Service Regions. A minimum will be calculated for each region as a ratio of the available allocation divided by thirteen, and available competitively within the grouping described in the NOFA, at least four groups of regions will be created prior to collapse into a statewide competition, unless the state's annual allocation is $4 million or less, in which case there may be fewer regions to allow each region to have at least $1 million in its initial

allocation.

NHTF Addresses Geographic Investments
NHTF funds are allocated geographically using a Regional Allocation Formula, as described in Strategic Plan Section 10. Acknowledging that all regions of the State have a need to create housing for ELI households, the formula provides opportunity for access to NHTF. This process directs funds to areas of the State that demonstrate high need. Regions may be grouped together for application and funding purposes. Any such grouping will be specified in the NOFA, but in no circumstance will fewer than four groups of regions be created.

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

Affordable Housing goals for PY 2026 are indicated in the table below for the number of homeless, non-homeless, and special needs households, and for the number of affordable housing units that will be provided by program type, including rental assistance, production of new units, reconstruction of existing units, or acquisition of existing units. Note that goals entered for ESG are only for Rapid Re-housing. The HOME goals include multifamily and single-family activities.

One Year Goals for the Number of Households to be Supported	
Homeless	730
Non-Homeless	1648
Special-Needs	575
Total	2,953

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	2706
The Production of New Units	127
Rehab of Existing Units	120
Acquisition of Existing Units	0
Total	2,953

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

The one-year goals for TDHCA's HOME Program include TBRA, homeowner reconstruction assistance, and rehabilitation and construction of single-family and multifamily units.

The one-year goals for TDHCA's NHTF program include construction of new/rehabilitated multifamily units.

TDHCA's ESG Program provides Rapid Re-housing assistance to help homeless individuals and households quickly regain stability in housing. Homelessness Prevention and Emergency Shelter outcome indicators are counted as persons, not households, so is not added into the chart above. ESG also provides street outreach, but as this does not directly equate to affordable housing, it is not counted above.

DSHS' HOPWA Program provides TBRA, STRMU, FBHA, PHP, HCM, and HIS to assist eligible PLWH and their households establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. Stable housing helps PLWH adhere to HIV treatment and achieve viral suppression.

Currently, Texas CDBG funds primarily support affordable housing through water and sewer infrastructure for housing. The CDBG funding provides cost savings for housing when used to install water and sewer yard lines and pay impact and connection fees for qualifying residents. Housing rehabilitation projects are prioritized in several fund categories. CDBG funds also help communities study affordable housing conditions, providing data on affordable housing stock and planning tools for expanding affordable housing. CDBG provides approximately 100 to 200 utility connections per year, which are not reflected in the chart above, but could prove essential to obtaining or maintaining housing.

Colonia residents are considered "Special Needs" households who are supported through the production, rehab or acquisition of units. The Colonia Self-Help Center (CSHC) Program continues to address affordable housing needs in border counties by assisting qualifying colonia residents in improvement or maintenance of a safe home in suitable areas, with the contribution of the residents' self-help construction. In addition, the CSHC Program provides other development opportunities that support the creation of affordable housing for beneficiaries, such as tool lending and training in home construction and repair, financial literacy, and homeownership skills.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

TDHCA believes that the future success of PHAs will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of PHAs, it is important to maintain a relationship with these service providers.

Actions planned during the next year to address the needs to public housing

TDHCA, acting as a small PHA itself, works with other PHAs around the State to port vouchers when necessary. This is especially true for Project Access (PA), a TDHCA program that uses Section 8 HCV vouchers to serve people with disabilities living in certain institutions by transitioning them into residences in the community, described fully in Action Plan Section 65. For the PA Program, an applicant is issued a voucher from TDHCA. In most cases, TDHCA works with the Receiving Public Housing Authority (RPHA) to transfer the documents and the voucher. The voucher holder is briefed and given an introduction on the RPHAs program rules. The RPHA can decide to absorb the voucher or bill the Initial PHA (IPHA). If the RPHA absorbs the voucher, the RPHA will send notice to the IPHA for documentation. This allows TDHCA to use another HCV for another applicant on the PA waiting list. If the RPHA bills the IPHA, the RPHA is required to submit a billing notice within an allotted time to the IPHA so payment can be received. In this way, TDHCA and local PHAs work closely together. TDHCA is also an administrator of Emergency Housing Vouchers and is coordinating, as needed, with local PHAs and CoCs for service delivery and referrals.

HOME/NHTF Addresses PHA Needs
TDHCA provides NOFAs under the HOME Program to interested parties around the State, including PHAs. TDHCA may utilize HOME funds through Tenant-Based Rental Assistance to pay security and utility deposits for Section 8 voucher holders, when other sources are not available. Furthermore, staff of PHAs, especially those receiving HOME funds and those with Section 8 Homeownership programs, are targeted by TDHCA's Texas Statewide Homebuyer Education Program for training to provide homebuyer education opportunities and self-sufficiency tools for PHA residents. PHAs may also administer HOME TBRA funds, for either on-going rental assistance or as a stand-alone program which provides security deposits with TBRA funds, enabling them to provide households with rental assistance and services to increase self-sufficiency.

Regarding HOME/NHTF Multifamily Developments that are financed with the HTC Program, PHAs are

incentivized in the QAP to use HTCs for Rental Housing Assistance conversion of PHA properties.

ESG Addresses PHA Needs
PHA residents are eligible to receive assistance and services from ESG Subrecipients, as long as the assistance does not violate 24 CFR §576.105(d) of HUD's ESG rules regarding use of funds with other subsidies. Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESG Program.

HOPWA Addresses PHA Needs
The DSHS HOPWA Program does not provide public housing assistance. However, Project Sponsors interface with local public housing agencies to coordinate housing assistance and supportive services efforts. Project Sponsors share HOPWA program information and eligibility criteria with local housing authorities and other affordable housing programs in their HSDA. While households that participate in HCV or public housing programs do not qualify for HOPWA-funded housing assistance services, Project Sponsors may provide PHP services to secure a subsidized unit. Additionally, Project Sponsors may provide Housing Case Management services to public housing residents and they may receive core medical and support services through the Ryan White HIV/AIDS Program.

CDBG Addresses PHA Needs
The Texas CDBG Program serves public housing areas through various funding categories as residents of PHAs qualify as low- to moderate-income beneficiaries for CDBG projects.

CDBG grant recipients must also comply with local Section 3 policies, including outreach to public housing residents and other qualified Section 3 persons in any new employment, training, or contracting opportunities created during the expenditure of CDBG funding.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

HOME, ESG, HOPWA, NHTF, and CDBG are subject to 24 CFR Part 75 which requires that HUD funds invested in housing and community development construction contribute to employment opportunities for low-income persons living in or near the HUD-funded project. These requirements, called Section 3 requirements, are covered at trainings for Subrecipients; persons who may benefit from employment opportunities include PHA residents.

HOME Addresses Public Housing Resident Initiatives
PHAs are eligible to apply to administer HOME funds to provide homebuyer assistance with new construction in their areas. PHAs also provide services to increase self-sufficiency, which may include homebuyer education services. In addition, TDHCA targets its Texas Statewide Homebuyer Education Program to PHAs, among other groups, which provide homebuyer education training opportunities and

self-sufficiency tools for PHA residents.

ESG Addresses Public Housing Resident Initiatives
PHA residents are eligible to receive assistance and services from ESG Subrecipients, as long as the assistance does not violate Section 576.105(d) of the ESG rules regarding use of funds with other subsidies.

HOPWA Addresses Public Housing Resident Initiatives
The DSHS HOPWA Program does not provide public housing assistance. However, Project Sponsors interface with local public housing agencies to coordinate housing assistance and supportive services efforts.

CDBG Addresses Public Housing Resident Initiatives
The CDBG Program serves public housing areas through various funding categories as residents of PHAs qualify as low- to moderate-income beneficiaries for CDBG projects.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

TDHCA has worked to promote programs that will rehabilitate and bring substandard housing into compliant condition and will develop additional affordable housing units. For example, most of the PHA applications for HTCs are for rehabilitation and the applications for new construction usually include a demolition of the existing units. TDHCA also offers a variety of funding sources for assistance. Most PHAs that apply are usually from larger Metropolitan Statistical Areas, which are usually PJs and, as such, are limited by state law in the HOME funding they may receive through TDHCA. Consistent with fair housing objectives, TDHCA seeks ways to accomplish these activities in a manner that disperses the placement of PHA units including dispersion into areas of greater opportunity and not into areas that involve unacceptable site and area features.

TDHCA has a history of assisting troubled housing authorities and has absorbed vouchers from several PHAs that have had difficulties. HUD identified, in two separate instances, public housing authorities that it thought might be well advised to have its voucher programs absorbed by TDHCA. The Navasota Housing Authority and the Alamo Area Council of Governments (which was operating as a PHA) each contacted TDHCA to discuss the possibility of absorbing their housing choice voucher programs. During a series of meetings with HUD staff and the PHAs, discussion resulted in multiple on-site visits. Ultimately, the Navasota Housing Authority and the Alamo Area Council of Governments transferred their voucher programs to TDHCA and HUD reassigned the files' PHA codes.

To expand its work with PHAs, TDHCA has developed a relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials (NAHRO),

which serve the PHAs of Texas. Whenever possible, the State will communicate to PHAs the importance of serving special needs populations.

Discussion:

To address PHA needs, TDHCA has designated PHAs as eligible participants in some of its programs, such as the HTC Program and HOME Program. PHAs have successfully administered HTC funds to rehabilitate or develop affordable rental housing. The PHA needs to submit an application and be awarded in order to access funding.

There are also federal sources available for PHAs that can be paired with HOME/NHTF. Also, through HUDs Rental Assistance Demonstration (RAD) Program, PHAs can use public housing operating subsidies along with the HTC Program once the older PHA units are demolished and replaced with new housing.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

TDHCA will address requirements in 24 CFR §91.320 by using funds to reduce and end homelessness. Each ESG Applicant is required to coordinate with the lead agency of the CoC, which provides services and follows a centralized or coordinated assessment process; has written policies and procedures in place as described by 24 CFR §578.7(a)(8) and (9); and follows a written standard to provide street outreach, emergency shelter, rapid re-housing, and homelessness prevention assistance. To assist low-income individuals and families to avoid becoming homeless, TDHCA requires each ESG Subrecipient to set performance targets that are part of its scoring criteria for the NOFA, and these targets will be maintained for any offer of a direct award in the future. A Subrecipient must address the housing and supportive service needs of individuals assisted with ESG funds in a plan to move the client toward housing stability. Due to the nature of ESG RUSH funds being utilized to address emergent needs due to declared disasters, selection of Subrecipients may not include scoring criteria. When funds are directly awarded or awarded under a competitive Notice of Funding Availability, past performance of existing ESG Subrecipients will be evaluated prior to making an award.

ESG is one of several programs that work to help transition persons out of institutions, such as the HOPWA Program, Section 811 PRA Program, Project Access Program, Money Follows the Person Program, and the Mainstream Voucher Program. The HHSCC also works to enhance coordination between housing and service agencies to assist persons transitioning from institutions into community-based settings.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The Texas ESG Program provides funds to service providers for outreach to unsheltered homeless persons to connect them to emergency shelter, housing, or critical services; and to provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or other appropriate facilities. Of critical importance is assisting the unsheltered homeless with emergency shelter or other placement. Subrecipients serving clients through street outreach will be measured against their targets to help persons experiencing homelessness move into temporary, transitional or permanent housing. Subrecipients conducting street outreach may provide: case management, such as assessing housing and service needs; arranging, coordinating, and monitoring the delivery of services; and planning a path to permanent housing stability.

ESG Subrecipients are required to describe how they provide outreach to sheltered and unsheltered

homeless persons in their ESG application.

For clients receiving emergency shelter, rapid re-housing, or homelessness prevention, clients will be required to receive case management services with exceptions pursuant to the VAWA and the Family Violence Prevention and Services Act (FVPSA). Subrecipients are required to develop a plan to assist program participants to retain permanent housing after the ESG assistance ends.

Addressing the emergency shelter and transitional housing needs of homeless persons

The Texas ESG Program provides funds to service providers for outreach to unsheltered homeless persons in order to connect them to emergency shelter, housing, or critical services; and to provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or other appropriate facilities. Of critical importance is assisting the unsheltered homeless with emergency shelter or other placement. Subrecipients serving clients through street outreach will be measured against their targets to help persons experiencing homelessness move into temporary, transitional or permanent housing. Subrecipients conducting street outreach may provide case management, such as assessing housing and service needs; arranging, coordinating, and monitoring the delivery of services; and planning a path to permanent housing stability.

ESG Subrecipients are required to describe how they provide outreach to sheltered and unsheltered homeless persons in the ESG application.

For clients receiving emergency shelter, rapid re-housing, or homelessness prevention, clients will be required to receive case management services with exceptions pursuant to the VAWA and the Family Violence Prevention and Services Act (FVPSA). Subrecipients are required to develop a plan to assist program participants to retain permanent housing after the ESG assistance ends.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

ESG funds may be utilized for short-term and medium-term rental assistance (24 CFR §576.106, unless otherwise waived) and for a variety of housing relocation and stabilization services such as rental application fees, security deposits, utility deposits, utility payments, and moving costs for homeless individuals or persons at risk of homelessness (24 CFR §576.106). Funds may also be utilized for housing service costs related to housing search and placement, housing stability case management, mediation, legal services, and credit repair. ESG funds can also be used to pay for essential service costs including

case management, childcare, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation, and costs related to serving special populations. It should be noted that, while the assistance listed above are eligible under ESG, an ESG Subrecipient may choose to not provide all the assistance listed. Applicants for ESG funds are incentivized thought the application scoring process to provide a wide array of services. ESG Subrecipients specify in their written standards which services they will provide.

Subrecipients that request an award of funds must set targets within their application for funding intended to reduce the length of time from program intake to placement in permanent housing and positive housing destination for persons experiencing homelessness, as well as targets for the percentage of persons served that maintain housing for three or more months after existing the program. These targets will be evaluated and will be a factor in funding decisions.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

ESG funds promote coordination with community providers and integration with mainstream services to gather available resources. One possible performance measure for Subrecipients is their ability to help increase non-cash benefits for program participants; the Subrecipients help program participants obtain non-ESG resources, such as veterans benefits or food stamps.

Individuals eligible for the State's HOPWA Program who are exiting from an institution receive a comprehensive housing plan and linkage and referrals to health professionals from a case manager. The State HOPWA Program provides TBRA, which can be used to transition persons from institutions into stable housing. Some project sponsors also provide rental deposits and application fees. Other programs included in this Plan also provide Facility-Based Housing Subsidy Assistance to address the temporary housing assistance needs of persons transitioning from institutions.

TDHCA has contracts for more than $31 million for the Section 811 PRA Program, which is providing approximately 500 integrated supportive housing units in eight areas of the state for extremely low-income individuals with disabilities and their families. The target population includes individuals transitioning out of institutions, people with serious mental illness, and youth and young adults with disabilities transitioning out of the state's foster care system. Individuals in the Section 811 PRA Target

Population are eligible for assistance from Texas Health and Human Services or the Department of Family and Protective Services, are Medicaid-eligible, and are between the ages of 18 and 62.

TDHCA has received a preliminary award letter from HUD providing notification that TDHCA has been selected for an award of $6,982,087 that could create an additional 140-assisted Section 811 PRA Program units.

Coordination between housing and the Health and Human Services (HHS) agencies is exemplified by the Project Access and Money Follows the Person programs. Project Access uses Section 8 Housing Choice Vouchers administered by TDHCA to assist low-income persons with disabilities transitioning from nursing homes and Intermediate Care Facilities (ICFs) to the community while using the Money Follows the Person Program to provide services by HHS agencies. The TDHCA Governing Board has approved changes to Project Access since it began in 2002 based on input from advocates and the HHS agencies including incremental increases to vouchers from 35 to 140 and creation of a pilot program with DSHS for persons with disabilities transitioning out of State Psychiatric Hospitals. In September 2018, TDHCA received an additional 50 vouchers, awarded by HUD through the Mainstream Voucher Program (MVP), for the Project Access program. An additional 15 MVP vouchers were awarded to TDHCA through the CARES Act also directed toward Project Access recipients.

TDHCA offers TBRA to individuals on the Project Access Wait List, allowing them to live in the community until they can utilize a Project Access voucher. TDHCA conducted outreach and technical assistance to Texas Health and Human Services (HHS) Relocation Specialists and HOME TBRA administrators to help them serve individuals on the Project Access waitlist. TDHCA may also offer TBRA administered directly by the Department for individuals transition from jail and prison, and establish partnerships with state and local agencies or organizations to assist persons eligible for assistance in securing suitable rental housing.

To further address the needs of individuals transitioning from institutions, HHSCC seeks to increase coordination of housing and health services by supporting agencies to pursue funding, such as Relocation Contractor services for people with behavioral health challenges and Intellectual and Developmental Disabilities; Medicaid waiver programs; vouchers from PHAs for people with disabilities and aging Texans; housing resources from the Texas Department of Criminal Justice for people with criminal histories transitioning to the community; and DSHS' rental assistance program.

Discussion

The Texas ESG Program is designed to assist, assess and, where possible, shelter the unsheltered homeless; to quickly re-house persons who have become homeless and provide support to help them maintain housing; and to provide support that helps persons at risk of becoming homeless maintain their current housing. ESG RUSH funding allocated to Texas may also be prioritized for gap funding for

rehabilitation of emergency shelter in the disaster area and damaged by the disaster Other special needs populations are described in Action Plan Section 25.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	456
Tenant-based rental assistance	713
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	56
Total	1,225

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

The Analysis of Impediments to Fair Housing Choice (AI) identifies impediments to fair housing choice in the State of Texas and action steps that the State intends to take to address identified impediments. The State of Texas is currently operating under the 2024 AI. The 2024 AI describes state and local regulatory and land use barriers in detail and may be accessed at https://www.tdhca.texas.gov/state-texas-analysis-impediments-ai-fair-housing-choice.

TDHCA and the Texas Workforce Commission Civil Rights Division (TWC CRD) annually collaborate on a Fair Housing webinar series. The series includes training sessions providing general fair housing information and specific sessions on HUD's guidance, how to respond to reasonable accommodation requests, and best practices in fair housing. TDHCA also conducts training webinars every November on special topics in fair housing. The webinars are available for free 24/7 on TDHCA's website at: https://www.tdhca.texas.gov/fair-housing-training-presentations, a GoToStage channel, and the Department's YouTube channel.

In May 2020, TDHCA was awarded a 1-year grant under HUD's Fair Housing Initiatives Program – Education and Outreach Initiative and has created a library of training presentations, designed a Fair Housing rights brochure distributed statewide to community organizations, and created short form webinar videos, based on the longer presentations, to provide training, education, and outreach on Fair Housing related issues. In March 2023, TDHCA was awarded another Fair Housing Initiatives Program – Education and Outreach Initiative grant for $124,913 to produce and distribute professional short form videos to provide education on fair housing issues and direct viewers to more detailed information sources.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

TDHCA reviews all guiding documents, rules, and practices internally to determine if known barriers or impediments to fair housing choice can be addressed through actions within TDHCA's authority. TDHCA's Fair Housing Team collaborates with TDHCA Division Directors to develop and improve tools, rules, and other initiatives to address possible barriers to housing choice. TDHCA has been making and will continue to make a concerted effort to increase staff and subrecipient education to ensure that all programs are providing best practices guidance to recipients and the general public. In January of 2025, TDHCA's Fair Housing Team released a new, modernized multifamily affirmative marketing tool to make it easier for TDHCA program participants to complete the affirmative marketing planning process. This

tool provided a safe harbor process for participants to identify least likely to apply populations for additional marketing outreach. In late 2025, TDHCA's Fair Housing Team also released a simplified affirmative marketing form to go along with the modernized tool. Additionally, staff have updated and improved the website that lists TDHCA's approved fair housing trainers for the 10% Test for Housing Tax Credits. The Request for Qualifications to find these trainers was also updated to account for the increased use of online learning management systems for training and webinars.

Discussion:

For its Single-Family programs, TDHCA has promulgated a rule relating to Fair Housing, Requirements, Waitlist Policies, Affirmative Marketing Plans, Homebuyer Counseling, Reasonable Accommodations, and Limited English Proficiency. This rule exists under TDHCA's Single-Family programs umbrella rule. The rule, which reflects federal requirements, requires administrators of federal funds to have an affirmative marketing plan, which identifies the least likely to apply populations and methods of affirmative marketing. Further, the rule requires all TDHCA Single-Family administrators to accept applications for a 21-day calendar period and select applications via a neutral, random selection process, unless the administrator is providing TBRA to assist in the event of a declared disaster. This selection process helps to level the playing field and provide equal access for all households, regardless of disability status or language proficiency. Also included in the rule are specific provisions related to Limited English Proficiency to provide meaningful access and an equal opportunity to participate in services, activities, programs, and other benefits.

For its Multifamily programs, TDHCA consolidated rules for Affirmative Fair Housing Marketing Plans (AFHMP) and Tenant Selection Criteria (TSC), also known as Written Policies and Procedures, and placed them under the purview of Fair Housing staff. When Fair Housing staff provides a review of the AFHMP and TSC of a Multifamily property, additional training, tools, and technical assistance is provided to owners, property staff, and management company on Fair Housing issues and policies in order to provide meaningful access for applicants and residents to enjoy Multifamily housing opportunities.

TDHCA maintains and regularly updates a memorandum of understanding with the Texas Workforce Commission's Civil Rights Division that increases communication and information sharing, while also providing a mechanism for TDHCA to refer complaints directly to TWC if they contain suspected fair housing violations.

Finally, the State has a Fair Housing website available at https://www.tdhca.texas.gov/fair-housing that includes fair housing information for a variety of audiences (renters and homebuyers, owners and administrators, real estate agents, and local governments and elected officials) and includes fair housing toolkits and resources, updated multifamily affirmative marketing tool, marketing checklists, written policies and procedures checklists, and links to the Fair Housing email list and community events calendar. Through this education and outreach, the State is hoping to make its best practices guidance

widely known and to integrate such guidance with other state resource information.

AP-80 Colonias Actions – 91.320(j)

Introduction:

Based on a 2014 assessment by the Texas Office of the Secretary of State's Colonia Initiatives Program, an estimated 500,000 people live in 2,294 colonias in Texas. Seven Texas counties (El Paso, Maverick, Webb, Starr, Hidalgo, Nueces, and Cameron) have the largest population of colonias and are home to an estimated 369,500 people. Texas' colonias lie outside of city limits in the rural areas of their respective counties, where few to no local building codes exist to protect the households that seek affordable and sanitary housing solutions. Egregious housing conditions persist while residents also endure substandard infrastructure, inadequate potable water and wastewater systems, and a host of public health, environmental and employment risks. TDA's redesigned Colonia Fund Planning and Needs Assessment Program is intended to provide updated needs assessments across the colonia-eligible area of the state.

As discussed in Action Plan Section 48, the majority of the funding that assists colonias is through the CDBG Program, which funds both state agencies working to develop infrastructure and water services, as well as subgrantees at the local government level who work in concert with nonprofit service providers for housing, community affairs, and economic development. TDHCA's Office of Colonia Initiatives offer technical assistance in applying for and administering the Colonia Self-Help Center (CSHC) Program. The HOME Program also has a specific Contract for Deed set-to improve the housing affordability and quality of housing for colonia residents.

Actions planned to address obstacles to meeting underserved needs

The State dedicates 12.5% of CDBG funds annually for colonia areas– 10% through the Colonia set-aside and an additional 2.5% set-aside by the State legislature. Additional funds are also awarded for colonia projects through other competitive fund categories. Basic human needs, including water and sewer infrastructure and housing rehabilitation, are prioritized for colonia set-aside funding, with a particular emphasis on connecting colonia households to public utilities. Colonia set-aside funds are not able to effectively address other local priorities for colonia communities, including road reconstruction and drainage improvements that are also important for daily activities. Colonia planning funds are available to research and document characteristics and needs for colonia communities.

The Colonia Self-Help Centers (Centers) experience the obstacle of wavering capacity to meet the needs of extremely under resourced colonia residents. The typical challenges that nonprofits face, such as high turnover, lack of succession planning, lack of long-term funding opportunities, limited access to high quality training, and limited access to continuing education resources, are all exacerbated for subgrantees serving border colonias. In response, TDHCA has an Office of Colonia Initiatives (OCI), with designated employees that are focused on the needs of Centers along the border. The OCI is tasked

with providing support to Center staff with problem solving and training.

Colonia residents may also receive benefit through the HOME Program, which provides rental assistance, reconstruction of owner-occupied units with or without refinancing acquisition and new construction of affordable single-family housing, single-family and multifamily development, and rental housing preservation of existing affordable or subsidized developments.

Actions the state plans to take to reduce the number of poverty-level families

Colonia set-aside funding is intended to improve the living conditions of low and moderate income families in colonias, including basic human needs. As with all CPD funds, Section 3 goals encourage job, contracting, and training opportunities for qualifying residents when such opportunities become available as a result of grant funding.

The CSHC Program provides 40 targeted colonias in eight border counties with a multitude of opportunities to create a one-stop shop for low-income colonia families to gain a foothold out of poverty. The Centers prioritize housing services in the form of new construction, reconstruction, rehabilitation, tool lending, construction skills training, and utility connections. CSHC Program community development activities include homeownership education, access to and training in computers/technology, consumer rights education and financial literacy, and solid waste disposal assistance. While the above listed services are limited only to residents of pre-identified colonias in the CSHC Program, the Centers themselves are open to all who wish to use the meeting space for activities beneficial to the community or simply to seek information on locating other services. By creating an accessible and consistent manner for which services and information are disseminated among colonias, more households can become beneficiaries of multiple kinds of assistance that build their self-sufficiency over time.

Actions the state plans to take to develop the institutional structure

TDHCA and TDA are committed to working with other state and federal regulatory and funding agencies. Agency coordination continues through the Texas Water Infrastructure Coordinating Committee (TWICC), which addresses concerns in colonias and other areas throughout the state. The information sharing within the group facilitates delivery for multiple programs besides affordable housing and proactively addresses potential obstacles that could affect large areas of the state, including the Texas–Mexico border.

The state legislature has also set aside a portion of the CDBG administration funding for technical assistance and administrative support provided by the state planning regions. This funding can provide

institutional structure and assistance to small communities without administrative resources.

Specific actions the state plans to take to enhance coordination between public and private house and social service agencies

In addition to the cooperation among various state agencies that help to support and develop colonias, TDHCA focuses efforts of the OCI on counties administering the CSHC Program. The OCI supports administrators, disseminates funding information, and problem solves with administrators and the Colonia Resident Advisory Committee (C-RAC), which is comprised of colonia residents appointed by the counties with a Center. This requires facilitating communication related to administration of the CSHC Program with other service providers, the private sector (such as colonia landowners, title companies, lenders), and other government agencies. The OCI increases the efficiency with which TDHCA can apply solutions and build institutional knowledge in the community.

TDA has an ongoing working relationship with each of the state planning regions, many of which provide services such as workforce development, aging and disability resources, and emergency management services. In addition, TDA field representatives are available to provide general information on potential resources to communities and residents.

Discussion

AP-85 Other Actions – 91.320(j)

Introduction:

The actions listed below are Other Actions taken by TDHCA, TDA, and DSHS to meet the requirements of §91.320(j). Other Actions include Meeting Underserved Needs, Fostering and Maintaining Affordable Housing, Lead-Based Paint Hazard Mitigation, Reducing Poverty-Level Households, Developing Institutional Structure, and Coordination of Housing and Services. The HOME, ESG, HOPWA, and CDBG programs address the other actions in concert with other federal, state, and local sources.

Actions planned to address obstacles to meeting underserved needs

HOME Addresses Underserved Needs
Obstacles to meeting underserved needs with HOME funds, particularly multifamily activities, include NIMBYism and a lack of understanding of federal requirements surrounding the use of HOME funds. TDHCA works to overcome these obstacles by educating developers and the communities where affordable housing is being proposed.

ESG Addresses Underserved Needs
Lack of facilities and services for homeless persons in rural areas is ESG's greatest underserved need. To help meet this need, TDHCA has used Community Services Block Grant discretionary funds to provide training and technical support to organizations in the Balance of State CoC. Shelters in the Balance of State CoC have limited funds for operations and maintenance, with little access to federal funds which often require substantial organizational capacity less common in smaller organizations. ESG and TDHCAs HHSP, which is state funded only in some urban areas, may supplement federal funds in operational support. ESG RUSH allocations will also assist with supporting otherwise eligible clients that resided in the disaster area(s) for which ESG RUSH funds are allocated. ESG RUSH may be prioritized first for areas that do not receive an allocation of ESG RUSH and do not directly administer ESG funding, and then for areas that did not receive an allocation of ESG RUSH, but do directly administer ESG funding.

HOPWA Addresses Underserved Needs
Some PLWH face significant obstacles to obtaining and maintaining medical insurance, income, and employment. Rising costs of living (rent, deposits, utilities, food, transportation, and so on) and limited available affordable housing contribute to hardships for many PLWH.

DSHS's HOPWA program addresses the needs of this underserved population by integrating with the administrative structure of the Texas Ryan White Part B HIV/AIDS Program and the larger, multi-sectoral system for delivering treatment and care to PLWH in Texas. This helps PLWH and their households establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. The program reallocates funding within and between

HSDAs throughout the program year to meet changing needs.

CDBG Addresses Underserved Needs
TDA encourages projects addressing underserved community development needs. In PY 2023 CDBG funds will be available through multiple grant categories to provide water or sewer services on private property for low- and moderate-income households by installing yard lines and paying connection fees. Regional priorities for funding allow each area of the state to determine its highest priority needs, which may vary from first-time water service to drought relief to drainage projects.

Since the first legislative reforms in the 1990s, service providers in colonias have made gains in their capacity to address colonia issues, but unmet needs still exist, and the Texas-Mexico border population growth is still increasing. OCI's main obstacle in addressing colonia housing needs is the varying capacities of subrecipients to administer assistance. The OCI staff provides technical assistance and on-going training to organizations and local governments that use the CSHC Program to serve colonia residents.

Actions planned to foster and maintain affordable housing

HOME Addresses Affordable Housing
The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to households or developments assisted by or through entities including units of local government, public organizations, nonprofit and for-profit organizations, CHDOs, and PHAs. These funds are primarily used to foster and maintain affordable housing by providing rental assistance, reconstruction of owner-occupied housing units with or without refinancing, acquisition and new construction of affordable single-family housing, single-family development and funding for rental housing preservation of existing affordable or subsidized developments. HOME funds may also be used in conjunction with the HTC Program or Bond Program to construct or rehabilitate affordable rental housing.

In addition, tax credits awarded through the HTC program can be layered with awarded funds from the HOME Multifamily Development program. When more than one source of funds is used in an affordable housing project, the State is able to provide more units of affordable housing than with one funding source alone.

ESG Addresses Affordable Housing
While TDHCA encourages the use of ESG funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. Fostering affordable housing is not an initiative for which TDHCA provides ESG funding or that TDHCA monitors in relation to the ESG Program.

HOPWA Addresses Affordable Housing
The shortage of available affordable housing persists. Rising housing costs price eligible households out

of the market while household incomes remain the same or decrease. Rent-to-income-ratio requirements prevent households from accessing housing. Many households have poor credit, rental, and criminal histories that affect housing access. Corporate owners regularly exclude applicants with minor infractions. In response to these market characteristics, the DSHS HOPWA Program provides TBRA, an ongoing and portable rental subsidy that helps households obtain or maintain permanent housing, including assistance for shared housing arrangements, in the private rental housing market until they can enroll in the Housing Choice Voucher Program (HCVP) or other affordable housing programs.

CDBG Addresses Affordable Housing

Currently, CDBG funds primarily support affordable housing through water and sewer infrastructure for housing. The CDBG funding provides cost savings for housing when used to install water and sewer yard lines and pay connection fees for qualifying residents. Housing rehabilitation projects are also prioritized in colonia areas.

CDBG funds can help communities study affordable housing conditions, providing data on affordable housing stock and planning tools for expanding affordable housing. The Colonia SHCs continue to address affordable housing needs in border counties by assisting qualifying colonia residents to improve or maintain a safe, suitable home in suitable areas.

The OCI provides training and technical assistance to the Centers to assist with carrying out activities, such as housing rehabilitation, new construction, reconstruction, low-interest mortgages, grants for self-help programs, revolving loan funds for septic tanks, and tool lending.

Actions planned to reduce lead-based paint hazards

HOME Addresses Lead-based Paint
The HOME Program requires lead screening in housing built before 1978 for all HOME eligible activities in accordance with 24 CFR §92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. Furthermore, single-family and multifamily development activities in HOME increase the access to lead-based-paint-free housing through the construction of new housing or reconstruction of an existing housing unit. There is significant training, technical assistance, and oversight of this requirement on each activity funded under the HOME Program.

ESG Addresses Lead-based Paint
For ESG, TDHCA requires Subrecipients to evaluate and reduce lead-based paint hazards as part of its habitability review. During the annual contract implementation training, TDHCA will provide ESG Subrecipients with information related to lead-based paint regulations and TDHCA's requirements related to such. TDHCA will require ESG-funded Subrecipients to determine if a housing unit was built

prior to 1978, for households seeking ESG funded rent or rent deposit assistance whose household has a family member(s) six years of age or younger. If the housing unit is built prior to 1978, the ESG Subrecipient will notify the household of the hazards of lead-based paint.

While currently not offered under administrative rule, if TDHCA were to program funds for ESG to be used for renovation, rehabilitation, or conversion Subrecipients must comply with the Lead-Based Paint Poisoning and Prevention Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992. Through renovation, rehabilitation or conversion, ESG increases access to shelter without lead-based paint hazards. TDHCA evaluates, tracks, and reduces lead-based hazards for conversion, renovation, leasing or rehabilitation projects.

NHTF Addresses Lead-Based Paint
The Multifamily Direct Loan Program evaluates the potential for the presence of lead-based paint for NHTF assisted activities and takes appropriate steps in accordance with 24 CFR §93.351 and the applicable provisions in 24 CFR Part 35, as provided in TDHCA's NHTF Minimum Rehabilitation Standards. The aforementioned include notification of potential lead-based paint hazards to households residing in housing units that pre-date 1978. Furthermore, multifamily development and reconstruction activities with NHTF increase the access to lead-based-paint-free housing because they create new housing.

HOPWA Addresses Lead-Based Paint
The regulations for lead-based paint require specific responses to potential lead-based paint hazards. While the DSHS HOPWA Program does not undertake lead-based paint abatement activities, Project Sponsors perform Housing Quality Standards certifications for each assisted unit to assess for lead-based paint health risks.

CDBG Addresses Lead-Based Paint
Lead-based paint mitigation is an activity eligible under housing rehabilitation that is funded under the Colonia Fund and Community Development Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by TDA's CDBG in response to the Act.

Actions planned to reduce the number of poverty-level families

HOME Addresses Poverty-Level Households
Through the HOME TBRA Program, TDHCA assists households with rental subsidy, and security and utility deposit assistance for an initial term not to exceed 24 months. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, General Education Development (GED) classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve

employment options and increase their economic independence and self-sufficiency. Additionally, TDHCA allocates funding toward the construction of affordable housing, incentivizing units to assist very low-income households, and assists very low-income households along the international border of Texas and Mexico by promoting the conversion of contract for deed arrangements to traditional mortgages.

ESG Addresses Poverty-Level Households
The ESG Program funds activities that provide shelter and essential services for homeless persons, as well as intervention services for persons threatened with homelessness. Essential services for homeless persons include medical and psychological counseling, employment counseling, substance abuse treatment, transportation, and other services. While TDHCA supports the use of ESG funds to help ESG clients lift themselves above the poverty line, it is not a specific initiative for which TDHCA earmarks ESG funding or that TDHCA monitors for the ESG Program.

For individuals threatened with homelessness, homelessness prevention funds may be utilized for short-term subsidies to defray rent and utility arrearages for households receiving late notices, and security deposits.

HOPWA Addresses Poverty-Level Households
The DSHS HOPWA Program helps eligible PLWH and their households establish or maintain affordable and stable housing, reduce their risk of homelessness, and improve their access to healthcare and supportive services. Stable housing helps PLWH adhere to HIV treatment and achieve viral suppression. HOPWA activities benefit low-income PLWH and their households. The DSHS HOPWA Program does not specifically target households with incomes at or below the Federal poverty level. Nevertheless, over 80 percent of assisted households consistently fall within 0 to 30 percent of the AMI each year. CDBG Addresses Poverty-Level Households

A substantial majority of TDA's CDBG funds, over 90% in Program Year 2026, are awarded to principally benefit low- and moderate-income persons. In addition, the formula used to distribute CD funds among regions includes a variable for poverty/income to target funding to the greatest need, scoring criteria in the CD Fund, DRP Program, and Colonia Fund also direct funding toward communities with the greatest need. Economic development activities improve local opportunities for jobs and entrepreneurship.

Actions planned to develop institutional structure

HOME Addresses Institutional Structure
The HOME Program encourages partnerships in order to improve the provision of affordable housing. Organizations administering programs that require a federal affordability period resulting in a mortgage loan are required to ensure that participating household receive HUD approved housing counseling prior to loan closing. In addition, organizations receiving TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services. Finally, partnerships with

CHDOs and nonprofit and private-sector organizations facilitate the development of quality rental housing developments and assist in the reconstruction of owner-occupied housing.

ESG Addresses Institutional Structure
TDHCA encourages ESG subrecipients to coordinate services with housing and other service agencies. Likewise, the CoCs funded with ESG funds are required to coordinate services and their local funded organizations to provide services as part of the local CoC. TDHCA reviews ESG subrecipients' coordination efforts during on-site and desk monitoring. A map of local CoCs can be found online at: https://www.thn.org/texas-balance-state-continuum-care/.

HOPWA Addresses Institutional Structure
DSHS contracts with AAs in six Ryan White Part B HIV planning areas encompassing 26 HSDAs. AAs subcontract with Project Sponsors in each HSDA for statewide service delivery. AAs act as an administrative arm for DSHS, with DSHS oversight, by administering the HOPWA program locally for a five-year project period. AAs also administer funding for other HIV medical and support services, including the Ryan White HIV/AIDS Program funds. This structure ensures the coordination of all agencies serving PLWH, avoids duplication, saves dollars, and provides comprehensive core medical and support services for PLWH in each local community.

CDBG Addresses Institutional Structure
Each CDBG applicant must invite local housing organizations to provide input into the project selection process. TDA coordinates with state and federal agencies, state planning regions, and other partners to further its mission in community and economic development.

TDA also uses conference calls and webinars to provide training and technical assistance throughout the state. On-site project reviews may be conducted based on risk and other factors.

Actions planned to enhance coordination between public and private housing and social service agencies

TDHCA has staff members that participate in several State advisory workgroups and committees. The workgroups and committees which TDHCA leads are listed in Action Plan Section 15. The groups in which TDHCA participates include, but are not limited to, the Community Resource Coordination Groups, led by the Health and Human Services Commission (HHSC); the Council for Advising and Planning for the Prevention and Treatment of Mental and Substance Use Disorders, led by DSHS; Reentry Task Force, led by Texas Department of Criminal Justice; Interagency Workgroup on Border Issues, led by Secretary of State; Texas Foreclosure Prevention Task Force, led by Texas State Affordable Housing Corporation; Money Follows the Person Demonstration Project, led by HHSC; and Texas State

Independent Living Council, led by the HHSC.

TDHCA's participation in HUD's Section 811 PRA Program requires linkages between housing and services through a partnership with TDHCA, the State Medicaid Agency (i.e., HHSC), and the Texas Department of Family and Protective Services (DFPS). Because the program is designed so that an individual can access both affordable housing and services in the community, TDHCA staff and HHSC/DFPS staff work closely to ensure both housing and services are coordinated for the program. TDHCA and HHSC/DFPS have responsibilities to execute the program. TDHCA uses units in multifamily housing financed by TDHCA and a network of local service providers coordinated by the HHSC enterprise agencies provides the services.

HHSCC, established by Texas Government Code §2306.1091, seeks to improve interagency understanding and increase the number of staff in state housing and health services agencies that are conversant in both housing and services.

Other coordination efforts for HHSCC involving people leaving institutions are in Action Plan Section 65.

Senate Bill 7 passed during the 83rd Legislative session directed further cooperation. Texas Government Code §533.03551 directs the commissioner of HHSC to work in cooperation with TDHCA, TDA, Texas State Affordable Housing Corporation (TSAHC), and other federal, state, and local housing entities to develop housing supports for people with disabilities, including individuals with intellectual and developmental disabilities.

Finally, HHSC provides Money Follows the Person Demonstration funds to TDHCA to support two full-time employees to increase affordable housing options for individuals with disabilities who currently reside in institutions and choose to relocate into the community and to support a unit damages fund and a barrier busting fund. These enhanced coordination efforts further the implementation of many programs included in the Consolidated Plan, including the Section 811 PRA Program, Section 8 Project Access, and HOME Single-family activities.

Discussion:

In addition to the program actions mentioned above, TDHCA strives to meet underserved needs by closely monitoring affordable housing trends and issues as well as conducting its own research. TDHCA also makes adjustments to address community input gathered through roundtable discussions, webinars and public hearings held throughout the State.

To foster and maintain affordable housing, TDHCA, TDA, and DSHS provide funds for nonprofit and for-profit organizations and public organizations to develop and maintain affordable housing. Funding

sources include grants, low-interest loans, housing tax credits, and mortgage loans.

For lead-based paint hazard mitigation, DSHS has been charged with oversight of the Texas Environmental Lead Reduction Rules (TELRR). TELRR cover areas of lead-based paint activities in target housing (housing constructed prior to 1978) and child-occupied facilities, including the training and certification of persons conducting lead inspections, risk assessments, abatements, and project design. For all projects receiving over $25,000 in federal assistance, contractors need to follow inspections and abatements standards overseen by DSHS. By following these standards, the State is increasing the access to housing without lead-based paint hazards. The adherence to inspection and abatement standards is related to the extent of lead-based paint in that a majority of the housing in need of rehabilitation is likely housing built before 1978.

Furthermore, TDHCA, DSHS, and TDA's programs are aimed at reducing the number of Texans living in poverty, thereby providing a better quality of life for all Texans. The departments provide long-term solutions to the problems facing people in poverty and focus resources to those with the greatest need.

Regarding institutional structure, TDHCA, DSHS, and TDA are primarily pass-through funding agencies and distribute federal funds to local entities that in turn provide assistance to households. Because of this, the agencies provide housing and social services through work with many partners, including consumer groups, community based organizations, neighborhood associations, community development corporations, councils of governments, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies. Because the agencies typically do not fund individuals directly, coordination with outside entities is essential to the success of their programs. By structuring its operations this way, the State allows local providers to focus on local needs.

AP-90 Program Specific Requirements

Introduction:

Program specific requirements as referenced in 24 CFR §91.320(k)(1,2,3) are described below for the CDBG, HOME, and ESG programs.

For the CDBG Program, it is expected that the total amount of program income collected in PY 2026 and made available for programming in PY 2025 will be approximately. $250,000, including program income collected by the state and program income retained by local subgrantees. The amount of CDBG urgent need activities is not expected to exceed $3,000,000. The 85% of CDBG funds anticipated to benefit persons of low to moderate income includes PY 2024-2026.

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	1,350,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	0
5. The amount of income from float-funded activities	0
Total Program Income	**1,350,000**

Other CDBG Requirements

1. The amount of urgent need activities	3,000,000
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	85.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

   The State is not proposing to use any form of investment in its HOME Program that is not already listed as eligible for investment in 24 CFR §92.205(b).

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

   TDHCA has elected to utilize the recapture provision under 24 CFR §92.254(a)(5)(ii) as its primary method of recapturing HOME funds under any program the State administers that is subject to this provision. The following methods of recapture would be acceptable to TDHCA and will be identified in the note prior to closing.

   A. Recapture the amount of the HOME investment reduced on a pro rata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The amount subject to recapture will be calculated by determining number of complete years that the affordability requirements were met regardless of any additional months and deducting that number from the number of years in the affordability period. The total HOME subsidy will be divided by the number of years of the affordability period; the result will then be multiplied by the number of years resulting from the calculation above. The calculation would appear as follows:

   (Number of years in affordability period-Number of complete years affordability was met) X (Total HOME subsidy/Number of years in affordability period) = Amount subject to recapture

   B. The recapture amount is subject to available net proceeds in the event of sale or foreclosure of the housing unit. In the event of sale or foreclosure of the housing unit, if the net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are less than the HOME investment that is subject to recapture, then the Department will recapture the available amount of net proceeds. If there are no net proceeds from the sale, no repayment will be required of the homebuyer and the balance of the loan shall be forgiven. TDHCA will not recapture more than the amount available through net proceeds.

   C. The household can sell the unit to any willing buyer at any price.

   D. In the event that the ownership of assisted property is not transferred, and the assisted property

is rented or leased, or otherwise ceases to be the principal residence of the initial household prior to the end of the affordability period, the entire HOME investment is subject to recapture.

E. In the event of sale to a subsequent low-income purchaser of a HOME-assisted homeownership unit, the low-income purchaser may assume the existing HOME loan and recapture obligation entered into by the original buyer if no additional HOME assistance is provided to the subsequent homebuyer. In cases in which the subsequent homebuyer needs HOME assistance in excess of the balance of the original HOME loan, the HOME subsidy (the direct subsidy as described in §92.254) to the original homebuyer must be recaptured. A separate HOME subsidy must be provided to the new homebuyer, and a new affordability period must be established based on that assistance to the buyer.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds are as follows:

In certain limited instances, TDHCA may choose to utilize the resale provision at 24 CFR §92.254(a)(5)(i) under any activity the State administers that is otherwise subject to this provision. The following method of resale would be acceptable to TDHCA and will be identified in the note prior to closing:

A. Resale is defined as the continuation of the affordability period upon the sale or transfer, rental or lease, refinancing, or if the initial Household is no longer occupying the property as their Principal Residence.

B. Resale requirements must ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the housing is made available for subsequent purchase at an affordable price to a reasonable range of low- or very low-income homebuyers that will use the property as their principal residence. Affordable to a reasonable range of low-income buyers is defined as targeting Households that have income between 70 and 80 percent of the area median family income and meet all program requirements.

C. The resale requirement must ensure that the price at resale provides the original HOME-assisted owner a fair return on investment. Fair return on investment is defined as the sum of down payment and closing costs paid from the initial seller's cash at purchase, closing costs paid by the seller at sale, the principal payments only made by the initial homebuyer in excess of the amount required by the loan, and any documented capital improvements in excess of $500. Fair return on investment is paid to the seller at sale once mortgage lien debt with priority to the HOME funds is paid and all other conditions of the initial written agreement are met. In the event there are no funds for fair return, then fair return does not exist. In the event there are partial funds for fair

return, then fair return shall remain in force.

D. The initial homebuyer's investment of down payment and closing costs divided by TDHCA's HOME investment equals the percentage of appreciated value that shall be paid to the initial homebuyer. The balance of appreciated value shall be paid to TDHCA. If appreciated value is zero, or less than zero, then no appreciated value exists. The HOME loan balance will be transferred to the subsequent buyer and the affordability period will remain in effect. The period of affordability is based on the total amount of HOME funds invested in the housing.

E. In the event that a federal affordability period is required, and the assisted property is rented or leased, or no member of the Household has it as the Principal Residence, the HOME investment must be repaid. In the event that a federal affordability period is required, and the assisted property is sold or transferred in lieu of foreclosure to a qualified low income buyer at an affordable price, the HOME loan balance shall be transferred to the subsequent qualified buyer and the affordability period shall remain in force to the extent allowed by law.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR §92.206(b)(2). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 TAC, Chapter 11 and 13, for refinanced properties in accordance with its administrative rules. TDHCA may allow for lower per-unit rehabilitation costs than those required in 10 TAC §11.101(b)(3), potentially allowing rehabilitation costs as low as $1,000 per unit provided (1) those minimal rehabilitation costs can be supported in a Scope and Cost Review, (2) the request is in accordance with this plan, TDHCA's rules, and the applicable NOFA, and (3) TDHCA's Board agrees to waive the minimum rehabilitation costs in 10 TAC §11.101(b)(3). At a minimum, this requires the following:

1. That rehabilitation is the primary eligible activity for developments involving refinancing of existing debt by requiring that the HOME eligible rehabilitation costs – whether funded entirely or partially by TDHCA's HOME funds – are greater than the refinancing costs (i.e. payoff amount plus closing and title costs);
2. That a minimum funding level – minimal rehabilitation costs as described above, or the applicable per unit costs in 10 TAC §11.101(b)(3) – is set for rehabilitation on a per unit basis;
3. That a review of management practices is required to demonstrate that disinvestments in the property has not occurred;
4. That long-term needs of the project can be met;

5. That the financial feasibility of the development will be maintained over an extended affordability period;
6. That whether new investment is being made to maintain current affordable units and/or creates additional affordable units is stated;
7. That the required period of affordability is specified;
8. That the HOME funds may be used throughout the entire jurisdiction (except as TDHCA may be limited by the Texas Government Code) is specified; and
9. That HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG, is stated.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).

   HOME TBRA is a planned activity for Texas, but TDHCA does not generally administer this program directly. TBRA is primarily offered through a network of Administrators, who may select to utilize a preference in administration of the TBRA locally. These preferences are limited to those special populations listed in AP-25, and establishment of a preference by an Administrator must be included on their application for funding, which is reviewed by TDHCA. The available preferences include: persons with disabilities, persons with substance use disorders, persons living with HIV/AIDS (PLWH), persons with Violence Against Woman Act (VAWA) protections, colonia residents, farmworkers, homeless populations, veterans, (including wounded warriors as defined by the Caring for Wounded Warriors Act of 2008), public housing residents, persons transitioning out of incarceration, persons impacted by a state or federally declared disaster, and persons transitioning out of foster care and nursing facilities.

   Additionally, for administrators with programs that are designed to limit assistance to certain populations, TDHCA will only approve program designs that limit assistance to households that include a member within the following populations if necessary to provide as effective housing, aid, benefit, or services as those provided to others in accordance with 24 CFR §8.4(b)(1)(iv): PLWH, mental illness, substance use disorders, or households that would qualify under the TDHCA's Project Access program as defined in 10 TAC §5.801. Otherwise, administrators may only request a preference for populations described in the special needs section.

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

The allowable preferences established that may be selected by administrators in their local TBRA Programs are necessary to increase affordability and accessibility to meaningful housing subsidy. These populations are shown to be at increased risk of being cost burdened or at risk of homelessness as shown in the Needs Assessment in the Consolidated Plan. TBRA typically has a shorter waiting list for subsidy that other tenant-based voucher program, and reduces their rent to 30% of their income, assuming that they select a unit that is at or below the Fair Market Rent for their area.

7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)).
   Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

   Not applicable

Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

   ESG Written Standards are evaluated based on questions that are Included as an attachment.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

   Each of the 12 CoCs in Texas has a different centralized or coordinated assessment system. TDHCA ensures that its Subrecipients participate in the local CoC's coordinated assessment. Applicants for ESG funding are required to certify their participation in the CoC centralized or coordinated assessment system. ESG Subrecipients are required to use this process per 24 CFR §576.400(d), with an exception for victim service providers. ESG Subrecipients are also required to certify that they have written standards that are consistent with the CoC's screening, assessment and referral of ESG program participants, or to certify that the Subrecipient is a victim services provider and not required to participate in coordinated assessment/entry.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

   ESG funds, including special allocations, such as ESG RUSH, may be offered to eligible prior subrecipients who have demonstrated effective performance under their prior award or may be offered under a competitive funding application. Some portion of the allocation may be set aside

for direct awards to Subrecipients receiving funds for development of non-congregate shelter under HOME-ARP. The allocation amounts available in each CoC region are established by formula.

Eligible applicant organizations include Units of General Purpose Local Government, including cities, counties and metropolitan cities; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may have been eligible and were advised to seek guidance from TDHCA to determine their eligibility for application. Governmental organizations such as Public Housing Authorities (PHAs) and housing finance agencies are not eligible subrecipients and applications from such agencies would not be awarded ESG funds.

Eligible applicants also include private nonprofit organizations that are secular or religious organizations exempt from taxation under Section 501(c) of the Internal Revenue Code of 1986, have an acceptable accounting system and a voluntary board, and practice non-discrimination in the provision of assistance. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

As a State recipient, TDHCA is not required to provide for the participation of a homeless individual or formerly homeless individual on the board of directors or other equivalent policy-making entity. However, TDHCA may prioritize funding for Subrecipients by allocating points if they have participation of homeless or formerly homeless individuals in their programs.

5. Describe performance standards for evaluating ESG.

TDHCA has transitioned from evaluating performance based on whole numbers of persons or households served to percentages of persons or households served who achieve particular outcomes.

Subrecipients providing street outreach will be required to meet contractual performance targets for the percentage of assisted persons placed in temporary or transitional housing. Subrecipients providing emergency shelter and transitional shelter will be required to meet contractual performance targets for the provision of essential services and the percentage of assisted persons who will exit to temporary, transitional, positive, or permanent housing

destinations.

Subrecipients providing homelessness prevention and rapid re-housing assistance will be required to meet contractual performance targets for the percentage of assisted persons receiving higher income at exit than at entry, the percentage of persons who will exit to permanent or positive housing destinations and, the percentage of persons who will maintain housing three months or more as a result of receiving ESG assistance.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. **How will the grantee distribute its HTF funds? Select all that apply:**
   ☑ Applications submitted by eligible recipients
   ☐ Subgrantees that are HUD-CPD entitlement grantees

2. **If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".**

   N/A

3. **If distributing HTF funds by selecting applications submitted by eligible recipients,**

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Selection criteria typically only apply when funds are oversubscribed; in cases where the application is layered concurrently with 9% Housing Tax Credits and submitted during the competitive HTC cycle, for instance, scoring in 10 TAC §11.9 would be applicable. To the extent that two or more applications for NHTF have the same received by date and the funds are oversubscribed, the criteria listed in the Multifamily Direct Loan Rule (10 TAC Chapter 13), found in the attachments, will apply, unless alternative scoring or prioritization criteria has been specified in the NOFA. If applications for NHTF are not combined with 9% HTC or do not need to be prioritized in a regional allocation formula, they will be prioritized based on the Application Acceptance Date and reviewed according to the priorities established in the NOFA to ensure they meet the Department's threshold criteria, which takes into account all of the selection criteria in 24 CFR §91.320(k)(5)(i).

The Texas Department of Housing and Community Affairs' Multifamily Division awards or allocates more than $1 billion annually of debt and equity in an efficient and compliant manner. Processes for Application selection are comprehensive and assure that the resulting Developments satisfy strong standards for financial feasibility and long-term stability. TDHCA's Compliance Monitoring Division assures that all properties meet these standards for the duration of their affordability period and is frequently cited as one of the best Compliance divisions nationally.

Program requirements are outlined in the Texas Administrative Code the Qualified Allocation Plan and Multifamily Direct Loan Rule are updated annually through an open and transparent public input process. Additionally, the QAP is approved annually by the Governor. All of the selection criteria described in 24 CFR §91.320(k)(5)(i) are addressed by the rules, although not necessarily contained in one rule dedicated solely to NHTF. TDHCA holds all Applications for multifamily funds to the same standards through the application of consistent requirements across all fund sources.

All Applications for NHTF funds must meet threshold criteria in 10 TAC Chapter 11, Subchapters A through D, and the Multifamily Direct Loan Rule, which address Definitions, Site and Development requirements, Applicant and Application requirements, and loan structure and underwriting requirements.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Texas' application requirements can be found in 10 TAC Chapter 11, Subchapter C: Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules; as well as 10 TAC Chapter 13 (Multifamily Direct Loan Rule). See link in attachments to rules.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Selection criteria typically only apply when funds are oversubscribed; in cases where the application is layered concurrently with 9% Housing Tax Credits and submitted during the competitive HTC cycle, for instance, scoring in 10 TAC §11.9 would be applicable. To the extent that two or more applications for NHTF have the same received by date and the funds are oversubscribed, the scoring criteria listed in the linked Multifamily Direct Loan Rule (10 TAC Chapter 13) in the attachments, will apply, unless alternative priorities or scoring criteria are established in the applicable NOFA.

If applications for NHTF are not combined with 9% HTC or do not need to be prioritized in a regional allocation formula, they will be prioritized based on the Application Acceptance Date and reviewed to ensure they meet the Department's threshold criteria, which takes into account all of the selection

criteria in 24 CFR §91.320(k)(5)(i).

Please see response to 3a for additional detail on selection criteria.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

As described in SP-10 Geographic Priorities the Texas NHTF will distribute NHTF funds through a competitive NOFA process. As reflected in 10 TAC §13.4(b) the funds will initially be available geographically, based on the proportion of Extremely Low Income Renter households to the total population of Renter Households in each of thirteen State Service Regions. A minimum will be calculated for each region as a ratio of the available allocation divided by thirteen and made available competitively for at least the first 30 days after a NOFA is published prior to being collapsed into a statewide competition. Regions may be combined within the NOFA, but in no case will there be fewer than four geographic groups for distribution unless the state's annual allocation is $4 million or less, in which case there may be fewer regions to allow each region to have at least $1 million in its initial allocation.

Thereafter, consideration of geographic diversity will not be a factor in evaluating applications. Please see attached Multifamily Direct Loan Rule for text of 10 TAC §13.4(b).

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applicants must provide evidence of their experience in developing and managing multifamily developments as required under 10 TAC §11.204(6) if layered with other fund sources, or 10 TAC §13.5(h)(1) if MFDL only. Both 10 TAC §11.204(6) or 10 TAC §13.5(d)(1) are mentioned in the table HTF Funding Priorities Question 3a.

Application criteria including readiness to proceed as evidenced by site control, appropriate zoning, architectural plans, and evidence of financing will be considered.

Furthermore, 10 TAC §13.11(c)(3) through (4) states:

"(3) After a Development receives environmental clearance (if applicable), the Department will draft a Contract to be emailed to the Direct Loan awardee. Direct Loan awardees must execute and return a

Contract to the Department within 30 calendar days after receipt of the Contract.

(4) Loan closing must occur and construction must begin on or before the date described in the Contract. If construction has not commenced within 12 months of the Contract Effective Date, the award may be terminated."

Execution of a Contract fulfills the Commitment definition in 24 CFR §93.2 in that the Contract is the "legally binding written agreement (that includes the date of the signature of each person signing the agreement) with an eligible recipient for a project that meets the definition of 'commit to a specific local project.'" Additionally, 10 TAC §13.11(c)(13) states: "Termination of the Direct Loan award and repayment of all disbursed funds will be required for any Development that is not completed within four years of the effective date of a Direct Loan Contract." Finally, the Department may impose a two-year ban on applying for MFDL for any applicant that fails to meet commitment and/or expenditure requirements in accordance with 10 TAC §13.11(a) and (b), which states: "Direct Loan awardees must satisfactorily complete the following Post-Award Requirements after the Board approval date. If a Direct Loan award is declined by the Direct Loan awardee and returned after Board approval, or if the Direct Loan awardee or affiliates fail to timely enter into the Contract, close the loan, begin and complete construction, or leave a portion of the Direct Loan award unexpended, penalties may apply under 10 TAC §11.9(f)(relating to Competitive HTC Selection Criteria), and/or the Department may prohibit the Applicant and all Affiliates from applying for MFDL funds for a period of two years." See attachments for full text of referenced TDHCA 10 TAC rules.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

While the availability of project-based rental assistance will be considered, only applications that demonstrate the ability to meet Underwriting requirements will be funded.

The State of Texas will consider project based rental assistance to the extent that the existence of it allows or the lack of it does not allow an application to meet TDHCA's underwriting requirements. A development that would otherwise be characterized as infeasible may be deemed feasible if the criteria, as described in 10 TAC §11.302(i)(6)(B) are applicable. See link in the attachments for 10 TAC Chapter 11. For Applications layered with 9% credits, leveraging is a scoring item under 10 TAC §11.9(e)(4). See link in the attachments for 10 TAC Chapter 11. If an application is not layered with 9% credits, it must have other sources of funding, such as project based vouchers, in order to be viable over the affordability period.

10 TAC §13.8 from the Multifamily Direct Loan Rule and 10 TAC §§11.301 through .306 of the Uniform

Multifamily Rule will comprise TDHCA's underwriting requirements.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

No priority for funding based on the feasibility of the project beyond the required 30-year period will be given except in instances where a first-lien loan ahead of an NHTF loan or grant has a term greater than 30 years that would result in the NHTF loan or grant having a term greater than 30 years. Texas Government Code §2306.185(c) further limits the length of the affordability period that the State can impose, stating: "The department shall require that a recipient of funding maintains the affordability of the multifamily housing development for households of extremely low, very low, low, and moderate incomes for the greater of a 30-year period from the date the recipient takes legal possession of the housing or the remaining term of the existing federal government assistance. In addition, the agreement between the department and the recipient shall require the renewal of rental subsidies if available and if the subsidies are sufficient to maintain the economic viability of the multifamily development." In other words, absent scoring considerations, unless an FHA-insured loan or similar type of federal government-insured loan with a term greater than 30 years is part of the financing, the longest NHTF affordability period that the State will impose is 30 years. Additionally, for bond layered transactions the NHTF state affordability period will match the length of the affordability period required for the bonds.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Threshold requirements for all multifamily projects are found in 10 TAC Chapter 11 Subchapter B, which include criteria such as Mandatory Development Amenities, Common Amenities, Unit Requirements, Tenant Supportive Services requirements, and Development Accessibility Requirements. 10 TAC Chapter 11 Subchapter B also includes threshold requirements such as Undesirable Site Features and Undesirable Neighborhood Characteristics. Additionally, Applications layered with 9% Tax Credits are scored on proximity to desirable community features, as are Direct Loan Applications if the fund source or set-aside is over-subscribed.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

It is anticipated that Applications for NHTF will require multiple funding sources in order to meet threshold feasibility requirements.

Without other fund sources, this range of subsidy level will not be possible, so other funding sources – whether owner equity if NHTF is the only source of Department funding or, more likely, Housing Tax Credits since NHTF works best as gap financing – are required. Finally, although not federally required, 10 TAC §11.204(7)(E) discusses documentation requirements for HOME Match funds of requested Direct Loan funds. See link in attachments for text of 10 TAC Chapter 11.

Applications layered with 9% Housing Tax Credits will be subject to scoring in 10 TAC §11.9(e)(4) - Leveraging of Private, State, and Federal Resources - which states:

(A) An Application may qualify to receive up to three (3) points if at least 5% of the total Units are restricted to serve households at or below 30% of AMGI (restrictions elected under other point items may count) and the Housing Tax Credit funding request for the proposed Development meet one of the levels described in clauses (i) - (iv) of this subparagraph: (i) the Development leverages CDBG Disaster Recovery, HOPE VI, RAD, or Choice Neighborhoods funding and the Housing Tax Credit Funding Request is less than 9% of the Total Housing Development Cost (3 points). The Application must include a commitment of such funding; or

(ii) If the Housing Tax Credit funding request is less than seven 9% of the Total Housing Development Cost (3 points); or

(iii) If the Housing Tax Credit funding request is less than eight 10% of the Total Housing Development Cost (2 points); or

(iv) If the Housing Tax Credit funding request is less than nine 11% of the Total Housing Development Cost (1 point).

(B) The calculation of the percentages stated in subparagraph (A) of this paragraph will be based strictly on the figures listed in the Funding Request and Development Cost Schedule. Should staff issue an Administrative Deficiency that requires a change in either form, then the calculation will be performed again and the score adjusted, as necessary. However, points may not increase based on changes to the Application. In order to be eligible for points, no more than 50% of the Developer Fee can be deferred. Where costs or financing change after completion of underwriting or award (whichever occurs later), the points attributed to an application under this scoring item will not be reassessed unless there is clear

evidence that the information in the Application was intentionally misleading or incorrect.

4. **Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".**

Yes

5. **Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".**

Yes

6. **Performance Goals and Benchmarks.** The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR §91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. **Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.**

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

TDHCA adopted the Section 234 Condominium Housing Basic Mortgage Limits (Section 234 Condo Limits) published by HUD, subject to the High Cost Adjustment as allowed for all jurisdictions in Fort Worth HUB, for 2021, 2022, 2023, and 2024 PY awards made through the Multifamily 2021, 2022, 2023, 2024 and 2025 NOFAs. It plans to do the same with 2026 awards. While TDHCA does not make any FHA-

insured loans, the Department has adopted the per unit limits for substantial rehab for Direct Loans (HOME, NHTF, TCAP RF, NSP1 PI) for 2026. The attached limits do not vary based on geographic location in Texas since the limits were approved by HUD for use throughout the state. They will be used statewide for ease of use both for applicants and TDHCA staff.

Additional limits may apply if the NHTF funds are used in conjunction with other affordable housing programs. Also, these subsidy limits may be subject to stricter limits in NOFAs.

Funds from the HOME-American Rescue Plan Program will not be included when evaluating subsidy layering.

See the attached justification as to why the State will not establish separate maximum limitations on the total amount of NHTF.

8. **Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.**

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; National Standards for the Physical Inspection of Real Estate; Scope and Cost Review; and Capital Needs Assessments (if applicable).

Rehabilitation Standards are attached.

9. **Resale or Recapture Guidelines.** Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

10. **HTF Affordable Homeownership Limits.** If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area

provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

☑ The grantee has determined its own affordable homeownership limits using the methodology described in § 93.305(a)(2) and the limits are attached.

N/A

11. **Grantee Limited Beneficiaries or Preferences.** Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A."

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

The State will limit beneficiaries and/or give preferences to the segments of the extremely low-income population in accordance with AP-25 of the 2026 One-Year Action Plan.

12. **Refinancing of Existing Debt.** Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

TDHCA may use NHTF funds to refinance existing debt secured by multifamily housing that is being rehabilitated with NHTF funds as described in 24 CFR §93.201(b). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 TAC Chapters 11 and 13, for refinanced properties in accordance with its administrative rules. The NOFA may allow for lower per unit rehabilitation costs than those described at 10 TAC §13.7(c), and the Board may waive the rehabilitation minimums at 10 TAC §11.101(b)(3). At a minimum:

- Rehabilitation costs must be the primary eligible activity for developments involving refinancing of existing debt so the NHTF eligible rehabilitation costs – whether funded entirely or partially

by TDHCA's NHTF funds – are greater than the total refinancing costs (i.e. payoff amount plus closing and title costs);

- The proportional rehabilitation cost per NHTF unit must be greater than the proportional amount of debt per NHTF unit that is being refinanced; and
- The proposed NHTF rent on a unit at application must be less than the greater of actual rent being collected from tenants at application or the tenant's portion of the rent payment, as restricted by any entity through a project-based contract, operating subsidy, or by a use agreement.

Discussion:

The State is not proposing to use any form of investment in its NHTF Program that is not already listed as eligible for investment in 24 CFR §93.201(b). As described above, TDHCA may use NHTF funds to refinance existing debt secured by multifamily housing that is being rehabilitated as described in 24 CFR §93.201. TDHCA will use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 Texas Administrative Code, Chapters 11 and 13, for refinanced properties in accordance with its administrative rules.

For HOME, the State is not proposing to use any form of investment in its HOME Program that is not already listed as eligible for investment in 24 CFR §92.205(b). As described above, TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated as described in 24 CFR §92.206(b). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 Texas Administrative Code, Chapters 1, 10, 11, and 13, for refinanced properties in accordance with its administrative rules. For any HOME funds utilized for homebuyer assistance or for rehabilitation of owner-occupied single family housing TDHCA utilizes HUDs homeownership limits for the area provided by HUD.

Attachments

General OYAP Attachments:

CDBG Allocation of CDBG program income and deobligated funds

ESG Written Standards

AP-90 NHTF Attachments:

- 2026 Multifamily Rules
    - 10 TAC Chapter 1, Administration (Link)
    - 10 TAC Chapter 11, Qualified Allocation Plan (Link)
    - 10 TAC Chapter 13, Multifamily Direct Loan Rule (Link)
- 2026 Multifamily Direct Loan Certification
- AP-90 Question 3a – Table of Corresponding Requirements in 24 CFR §93.2 and State Rules
- AP-90 Question 3d –Estimated Allocation Amounts and Map of the State Service Regions
- NHTF Rehabilitation Maximum Subsidy Limits
- NHTF Rehabilitation Standards

2025 One Year Action Plan

CDBG Method of Distribution Attachment

Attachment: Allocation of CDBG program income and deobligated funds

Deobligated Funds: Deobligated funds may be used to fully fund pending applications in any fund category for which only partial funding is available, or to fund additional grants in categories experiencing high demand. At the discretion of the Department, TDA may open an application cycle for the FAST Fund, SUN Fund, or other appropriate fund category in order to effectively utilize deobligated funds available.

Program Income:

Program income is defined as gross income received by a state, a unit of general local government, or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the CDBG Program. This amount will be matched by the State on a dollar-for-dollar basis.

TCF, RED Programs and Revolving Loan Fund ("RLF") Program Income
Funds retained in any existing local RLF must be committed within three years of the original CDBG contract programmatic close date. At least one eligible loan/award from the local RLF must be made every three years. Every award from the RLF must be used to fund the same type of activity from which such income was derived. A local RLF may retain a cash balance not greater than 33% of its total cash and outstanding loan balance. All activities funded with RLF funds must comply with CDBG regulations and rules and guidelines. If a local government does not comply with the RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

To the extent there are eligible applications, program income derived from the Texas Capital Fund real estate and/or infrastructure projects (from prior Program Years) will be used to fund awards under the Rural Economic Development Programs. Other available program income shall be allocated based on the methodology used to allocate Deobligated Funds.

Additional detail for Geographic Allocation:

Funds for projects under the CD Fund are allocated among the 24 State planning regions based on the following: The original CD formula is used to allocate 45% of the annual State CDBG allocation.

1) Original CD formula (45%) factors:

a. Non-Entitlement Population 30%
b. Number of Persons in Poverty 25%
c. Percentage of Poverty Persons 25%
d. Number of Unemployed Persons 10%
e. Percentage of Unemployed Persons 10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible non-entitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information. TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f).

2) The HUD formula is used to allocate 27.35% of the annual State CDBG allocation.

The formula is the same methodology that HUD uses to allocate CDBG funds among the States for use in non-entitlement areas. The HUD factors, percentages, and methodology are specified in 42 USC. §5306(d). TDA will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:
- the population of the non-entitlement counties in that region and the population of the nonentitlement counties of all 24 regions (counted one time - 25% weight);
- the extent of poverty in the non-entitlement counties in that region and the extent of poverty in the non- entitlement counties of all 24 regions (counted two times - 50% weight); and
- the extent of housing overcrowding in the non-entitlement counties in that region and the extent of housing overcrowding in the non-entitlement counties of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

o the age of housing in the non-entitlement counties in that region and the age of housing in the nonentitlement counties in all 24 regions (counted two and one half times - 50% weight);

o the extent of poverty in the non-entitlement counties in that region and the extent of poverty in the non- entitlement counties of all 24 regions (counted one and one half times - 30% weight); and

o the population of the non-entitlement counties in that region and the population of the nonentitlement counties of all 24 regions (counted one time - 20% weight).

Once allocations have been calculated and applications selected within the funding range based on the published application funding amount, any funds remaining not assigned to a fully funded application are considered Marginal Funds and may be allocated among regions with eligible, unfunded applications. The next eligible applicant in each region not fully funded through the regional allocation is considered the Marginal Applicant.

Marginal Funds from all regions are pooled and the regions ordered by the total Marginal Funds contributed to the pool from greatest to least. The Marginal Applicant from each region is ordered and selected for funding based on 1) any region with less than two fully funded applications, and 2) the regional order for the Marginal Pool.

If funding remains after all Marginal Applicants are funded, the remaining funds are considered a Reallocation Pool. The regions are ordered based on the total regional allocation amount, from smallest to largest. The next eligible applicant not fully funded in each region shall be selected for funding based on this ranking until all Reallocation Pool funds are exhausted.

At the Department's discretion, an award less than the requested amount of funding may be offered to the next highest ranked applicant as long as the amount of funds still available exceeds the minimum CD Fund grant amount.

	Summary of CD Fund Regional Allocation Funding Process		
Process	**Funding Available**	**Applications Considered**	**Methodology**
Regional Allocation	All funds assigned to the CD Fund in this One Year Action Plan	All applications submitted to the CD Fund	Formulae 1 and 2
Marginal Pool	Marginal Funds remaining from each region after fully funding applications	One application per region, for which the regional allocation would provide less than full funding	Ensure minimum of two applications per region, regions ordered by total Marginal Funds contributed to the pool
Reallocation Pool	Funds remaining after all Marginal Applicants are fully funded	Remaining unfunded applications by region	Regions ordered by total regional allocation amount; continue rotation until all funds exhausted

Unobligated Funds

For an application that is invited to the full Project Application phase and is subsequently withdrawn with sufficient time for another applicant to complete the Project Application phase prior to the grant award date, the following procedures will apply based on the fund category:

1. The CD Fund – funds from the withdrawal of an application shall be offered to the next highest ranked applicant from that region that was not recommended to receive an award due to depletion of the region's allocation.

2. RED Programs – funds from the withdrawal of a Downtown Revitalization/ Main Street Program shall be offered to the next highest ranked application that was not recommended to receive an award due to depletion the program's allocation. Any unallocated RED funds are then subject to the procedures used to allocate Deobligated Funds.

3. The Colonia Funds – funds from the withdrawal of any Colonia Fund award remain available to potential Colonia Fund applicants during that program year. If unallocated within the Colonia Fund, funds then may be used for other CDBG fund categories to fund eligible projects or activities that assist colonia residents. Remaining unallocated funds are then subject to the procedures used to allocate Deobligated Funds.

4. SUN Funds - funds from the withdrawal of a SUN award shall be returned to the fund category from which the funds were previously transferred, consistent with the procedures used to allocate Deobligated Funds.

Procedures used to allocate Deobligated Funds will apply to:

1) a grant agreement that is executed and subsequently terminated;
2) an award that is announced and subsequently declined or withdrawn from an applicant prior to execution of a grant agreement; or
3) an application that is invited to the full Project Application phase and subsequently withdraws from competition on or after a date determined by the Department to not allow sufficient time for invitation to another applicant prior to the grant award date.

ESG Written Standards

TDHCA requires that its Subrecipients establish and implement written standards for providing ESG assistance. TDHCA reviews the standards to ensure they answer the following questions.

1. **Evaluation {24 CFR §576.400{e)(3)(i))**
   a) Are the definitions of homeless or at-risk of homelessness included in the evaluation?
   b) Are there standard policies and procedures for evaluating individual and household eligibility for ESG?
   c) Are priority populations listed?
   d) Are the priority populations listed the same as the Continuum of Care priority populations?

2. **Targeting - 24 CFR §S76.400{e)(3)(ii),(iv)**
   a) Are there standards for targeting and providing essential services related to street outreach?
   b) Are there standards determining how providers will assess, prioritize, and reassess participant's needs for essential services related to emergency shelter?

3. **Evaluation for Emergency Shelter - 24 CFR §576.400{e)(3)(iii)**
   a) Is there a description of:
      i. Clients that will be admitted?
      ii. Clients that will be diverted?
      iii. Clients that will be referred?
      iv. Clients will be discharged?
   a) Are there safeguards to secure safety (if applicable)?
   b) Are reasonable accommodations for persons with disabilities included?

4. **Coordination - 24 CFR §S76.400{e)(3)(v)**
   a) Are there policies and procedures for coordination among:
      i. Emergency shelter providers?
      ii. Essential service providers?
      iii. Homelessness prevention providers?
      iv. Rapid re-housing assistance providers?
      v. Other homeless assistance providers?
      vi. Mainstream services and housing providers?

5. **Assistance Levels - 24 CFR §576.400{e)(3)(vi)**

a) Is there a description of:
    i. Which clients will receive rapid re-housing or homelessness prevention?
    ii. Whether a percentage or amount of rent will be paid by client?
    iii. Whether a percentage or amount of utilities will be paid by client?
    iv. How long will client receive rental assistance?
    v. How or if rental assistance be adjusted over time?
    vi. What is amount of assistance will be provided?
    vii. How will the duration of assistance be determined?
    viii. What happens after a break in service (i.e., Program participant stops receiving assistance one month)?
    ix. What unit sizes are appropriate for rapid re-housing?
    x. What data sources/formats are used for rent reasonableness?

6. Housing Stability Case Management/Relocation Services - 24 CFR §576.400{e)(3)(ix)

a) Is there a description of:
    i. What types of services offered and not offered?
    ii. What amounts are offered for the services?
    iii. How long will case management/relocation services last?
b) Does case management include monthly meetings to assist with housing stability? (n/a for Domestic Violence providers)
c) Does case management include development for participant to retain permanent housing once ESG assistance ends? (n/a for Domestic Violence providers)
d) Does case management include assistance for program participants' access supportive services for which they may be eligible? (n/a for Domestic Violence providers)

7. Relocation Services: Financial- 24 CFR §576.l0S(a)

a) Do the written standards specify when the following financial assistance is offered or not offered:
    i. Rental application fees
    ii. Security deposits/Last month's rent
    iii. Utility deposits/payments
    iv. Moving costs
    v. Storage fees (3 months maximum)

8. Service Costs {Include if services are offered and which community organizations can act as a referral source, if applicable) - 24 CFR §576.10S(b)(3)-(S)

a) Do the written standards specify when the following services are offered or not offered, and which community resources can be used?
    i. Mediation
    ii. Legal Services
    iii. Credit Repair

9. Denials 24 CFR §576.402

a) Are there policies and procedures for terminating assistance?
b) Does the appeal process include notification of denial?
c) Does the appeal process include the household's process to appeal the decision?
d) Does the appeal process include recordkeeping process for denial requests?

Multifamily Direct Loan Certification

I (We) hereby make application to the Texas Department of Housing and Community Affairs (the "Department") for an award of Multifamily Direct Loan funds, which may be composed of HOME Investment Partnerships Program ("HOME"), HOME American Rescue Plan ("HOME-ARP"), Emergency Rental Funds ("ERA"), Tax Credit Assistance Program Repayment Funds ("TCAP RF"), and/or national Housing Trust Fund ("NHTF"). The undersigned hereby acknowledges that an award by the Department does not warrant that the Development is deemed qualified to receive such award. I (We) agree that the Department or any of its directors, officers, employees, and agents will not be held responsible or liable for any representations made to the undersigned or its investors relating to the Multifamily Direct Loan; therefore, I (We) assume the risk of all damages, losses, costs, and expenses related thereto and agree to indemnify and save harmless the Department and any of its officers, employees, and agents against any and all claims, suits, losses, damages, costs, and expenses of any kind and of any nature that the Department may hereinafter suffer, incur, or pay arising out of its decision concerning this application for Multifamily Direct Loan funds or the use of information concerning the Multifamily Direct Loan.

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the state Rules, as published in 10 TAC Chapters 1, 2, 10, 11, and 13, as well as Chapter 12 as applicable. I (We) hereby acknowledge that this Application is subject to disclosure under Tex. Gov't Code Chapter 552, the Texas Public Information Act, unless a valid exception exists.

I (We) hereby assert that the information contained in this Application as required or deemed necessary by the materials governing the Multifamily Direct Loan program are true and correct and that I (We) have undergone sufficient investigation to affirm the validity of the statements made and the Department may rely on any such statements.

Further, I (We) hereby assert that I (We) have read and understand all the information contained in the application. By signing this document, I (We) affirm that all statements made in this government document are true and correct under penalty of Tex. Penal Code Chapter 37 titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas.

I (We) understand and agree that if false information is provided in this Application which has the effect of increasing the Applicant's competitive advantage, the Department will disqualify the Applicant and may hold the Applicant ineligible to apply for Multifamily Direct Loan funds or until any issue of restitution is resolved. If false information is discovered after the award of Multifamily Direct Loan funds, the Department may terminate the Applicant's written agreement and recapture all Multifamily Direct Loan funds expended.

I (We) shall not, in the provision of services, or in any other manner discriminate against any person on the basis of age, race, color, religion, sex, national origin, familial status, or disability. Verification of any of the information contained in this application may be obtained from any source named herein.

I (We) have written below the name of the individual authorized to execute the Multifamily Direct Loan agreement and any and all future Multifamily Direct Loan commitments and contracts related to this application. This individual is named in the Application as able to exercise Control over the Application and proposed Development. If this individual is replaced by the organization, I (We) must inform the Department within 30 days of the person authorized to execute agreements, commitment and/or contracts on behalf of the Applicant.

I (We) certify that no person or entity that would benefit from the award of Multifamily Direct Loan funds has committed to providing a source of match.

I (We) certify that I (We) will meet, Texas Minimum Construction Standards, 2010 ADA Standards for Accessible Design, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973, as further detailed in 10 TAC Chapter 1, Subchapter B. I (We) certify that the Development will meet all local building codes or standards that may apply as well as the Uniform Physical Conditions Standards in 24 CFR §5.705

I (We) certify that if refinancing is a component of the proposed development the Applicant must confirm that Multifamily Direct Loan funds will not be used to replace loans, grants or other financing provided or insured by any other Federal program, or in violation of the provisions of 10 TAC Chapter 13.

I (We) certify that if federal, governmental, or any other assistance is used in the financing of this development I (We) will notify the Texas Department of Housing and Community Affairs.

I (We) certify that I (We) do not and will not knowingly employ an undocumented worker, where "undocumented worker" means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in that manner in the United States.

If, after receiving a public subsidy, I (We), am convicted of a violation under 8 U.S.C Section 1324a (f), I (We) shall repay the amount of the public subsidy with interest, at the rate and according to the other terms provided by an agreement under Tex. Gov't Code Section 2264.053, not later than the 120th day after the date TDHCA notifies Applicant of the violation.

If applying for HOME, HOME-ARP, or TCAP-RF funds, on behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of the federal HOME Final Rule, as

published in 24 CFR Part 92, and other related administrative rules and regulations and court rulings issued by the Federal government or State of Texas with respect to the HOME Investment Partnerships Program and all Developments eligible to receive these funds will comply with such rules during the application process and, in the event of award of these funds, for the duration of the proposed Development. HOME-ARP Applicants also certify familiarity with CPD Notice 21-10.

If applying for NHTF funds, on behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of the interim Housing Trust Fund rule, as published in 24 CFR Part 93, and other related administrative rules and regulations and court rulings issued by the Federal government or State of Texas with respect to the NHTF and all Developments eligible to receive NHTF funds will comply with such rules during the application process and, in the event of award of NHTF funds, for the duration of the proposed Development.

If applying for ERA funds, on behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of Section 3201(a) of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (March 11, 2021), U.S. Department of the Treasury Emergency Rental Assistance Frequently Asked Questions, and other related administrative rules, regulations, and guidance (and related court rulings) issued by the Federal government or the State of Texas with respect to the ERA; and all Developments eligible to receive ERA funds with comply with such rules during the application process and, in the event of award of ERA funds, for the duration of the proposed Development.

Threshold Certification

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the provisions and requirements of the applicable Multifamily Direct Loan Notice of Funding Availability (NOFA) approved by the Department's Governing Board for which I (We) am applying.

I (We) understand that housing units subsidized by Multifamily Direct Loan funds must be affordable to low, very low or extremely low-income persons. I (We) understand that mixed income rental developments may only receive funds for units that meet the Multifamily Direct Loan affordability standards. I (We) understand that all Applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

I (We) understand that, all contractors, consulting firms, Borrowers, Development Owners and Contract Administrators must sign and submit the appropriate documentation with each draw to attest that each request for payment of Multifamily Direct Loan funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions in the

Texas Grant Management Standards, 2 CFR Part 200, 24 CFR Part 92, or 24 CFR Part 93, as applicable.

I (We) certify that I (We) am eligible to apply for funds or any other assistance from the Department. I (We) certify that all audits are current at the time of application. I (We) certify that any Audit Certification Forms have been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance pursuant to 10 TAC §1.403.

I (We) certify that, the Development will meet the broadband infrastructure requirements of 81 FR 92626, and that these costs are included in the Application.

Applications for Developments Previously Awarded Department Funds

This Development proposed in this Application has _____ /has not _____ previously received Department funds. (check one)

If the Development proposed in this Application has previously received Department funds and construction has already started or been completed, and acquisition and rehabilitation is not being proposed, a letter from the Applicant that seeks to explain why this Application should be found eligible is provided behind this tab, except if applying in the COVID-Impacted Set-Aside or HOME-ARP. I (we) understand that such funding from federal sources may not be eligible, and depending on the fund sources available in the applicable NOFA, the proposed Development may not be eligible for assistance.

All applicants applying under a Multifamily Direct Loan Notice of Funding Availability (NOFA) must read and initial after each of the following sections regarding federal cross cutting requirements in the boxes below.

HUD Section 3

I (We) hereby agree that the work to be performed in connection with any award of HOME or NHTF funds is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing. These regulations were updated in 2021.

I (We) agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. I (We) agree to put the Department's Section 3 clause in all applicable construction contracts. For more information about HUD Section 3, please reference the TDHCA website dedicated to Section 3 at: http://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm

(initial)

Environmental

I (We) understand that the environmental effects of each activity carried out with an award of HOME or HOME-ARP funds must be assessed in accordance with the applicable provisions of National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. §4321 et seq.) and the related activities listed in HUD's implementing regulations at 24 CFR Parts 50, 51, 55, and 58 (NEPA regulations). Each such activity must have an environmental review completed and support documentation prepared complying with the NEPA and NEPA regulations. **No loan may close or funds be committed to an activity before the completion of the environmental review process, including the requirements of 24 CFR Part 58, and the Department has provided written clearance.**

The Department as the Responsible Entity must ensure that environmental effects of the property are assessed in accordance with the provisions of the National Environmental Policy Act of 1969 and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

I (We) certify that all parties involved in any aspect of the development process began the project with no intention of using Federal assistance.

I (We) certify that as of the date of the Multifamily Direct Loan application all project work, other than as allowed in 24 CFR Part 58, has ceased.

I (We) understand that the environmental effects of each activity carried out with an award of NHTF funds must be assessed in accordance with the provisions of CPD Notice 16-14.

I (We) certify that I (we) have read and understand the requirements in 24 CFR §58.22 or CPD Notice 16-14, and I (we) understand that **acquisition of the site, even with non-HUD funds, prior to completion of the environmental review process will jeopardize any federal funding.**

I (We) certify that we will not engage in any choice limiting actions until the site has achieved Environmental Clearance as required in CPD Notice 16-14 or 24 CFR Part 58, as applicable.

Choice-limiting activities include but are not limited to these examples:

- Acquisition of land, except through the use of an option agreement, regardless of funding source;
- Closing on loans including loans for interim financing;
- Signing a construction contract.

(initial)

Relocation and Anti-Displacement

The property proposed for this Application is _____ /is not _____ occupied. (check one)

If occupied, the occupant(s) are owners _____/ tenants (residential) _____/ tenants (commercial inclusive of businesses, nonprofit organizations, and farms) ____ (check all that apply).

The property will have a transfer of federal assistance from an existing multifamily development _____ yes/ _____ no.

Displacement of Existing Tenants

I (We) certify that that the work to be performed in connection with any award of federal funds is subject to Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA"), as amended, and implementing regulations at 49 CFR Part 24. HOME and HOME ARP also subject to the relocation requirements of 24 CFR Part 42. Consistent with the goals and objectives of activities assisted under the Act and HUD Handbook 1378, if the Development is eligible for federal funds the Applicant must prepare and submit the following to TDHCA with the Multifamily Uniform Application, in accordance with the TDHCA Relocation Handbook https://www.tdhca.texas.gov/sites/default/files/program-services/docs/ura/docs/TDHCA-RelocationHandbook_0.pdf:

1) A detailed explanation of the reasons for displacement relocation;
2) A detailed plan of the relocation, including evidence of comparable replacement housing or commercial space;
3) Copies of the General Information Notices (signed by the tenant or sent Certified Mail, return recipient requested) sent to all residential and commercial tenants on the Rent Roll listed with the Multifamily Direct Loan Application, and
4) Estimated costs and funding sources available to complete the permanent relocation.

(initial)

Demolition and Conversion

I (We) certify that when the work is to be performed in connection with any award of federal funds that are subject to 24 CFR Part 42 (CDBG, HOME, and as revised for HOME ARP), then Development Owner will replace all occupied and vacant occupiable low-income housing that is demolished or converted to a use other than low-income housing as a direct result of the project. All replacement housing will be provided within three (3) years after the commencement of the demolition or conversion. Before receiving a commitment of federal funds for a project that will directly result in demolition or conversion, the project owner will make the information public in accordance with 24 CFR Part 42 and submit the information to TDHCA along with the following information in writing at application:

1) The location map, address, and number of commercial or dwelling units by bedroom size of lower income housing that will be demolished or converted to use other than as lower income housing as a direct result of the project;
2) A time schedule for the commencement and completion of the demolition and conversion;
3) To the extent known, the location, map, address, and number of dwelling units by bedroom size of the replacement housing or commercial space that has been or will be provided;
4) The amount and source of funding and a time schedule for the provision of the replacement housing;
5) The basis for concluding that the replacement housing will remain lower income housing beyond the date of initial occupancy;
6) Information demonstrating that any proposed replacement of housing units with similar dwelling units (e.g. a 2-bedroom unit with two 1-bedroom units) or any proposed replacement of efficiency or SRO units with units of a different size is appropriate and consistent with the housing needs of the community; and

7) The name and title of the person or persons responsible for tracking the replacement of lower income housing and the name and title of the person responsible for providing relocation payments and other relocation assistance to any lower-income person displaced by the demolition of any housing or the conversion of lower-income housing to another use.

(initial)

Lead Based Paint

I (We) certify that documentation of compliance with the Texas Environmental Lead Reduction Rules in 25 TAC Chapter 295, Subchapter I and 24 CFR Part 35 (Lead Safe Housing Rule), as applicable, will be maintained in project files. I (We) understand that for Developments subject to 24 CFR Part 35, standard forms are available in the Federal Register, as indicated by the sources noted below.

1) Applicability 24 CFR §35.115 – A copy of a statement indicating that the property is covered by or exempt from Lead Safe Housing Rule.
   a) If the property is exempt, the file should include the reason for the exemption and no further documentation is required.
   b) if the property is covered by the Rule, the file should include the appropriate documentation to indicate basic compliance, as listed below:
      i) Summary Paint Testing Report or Presumption Notice 24 CFR §35.930(a) – A copy of any report to indicate the presence of lead-based paint (LBP) for projects receiving up to $5,000 per unit in rehabilitation assistance. If no testing was performed, then LBP is presumed to be on all disturbed surfaces;
      ii) Notice of Evaluation 24 CFR §35.125(a) – A copy of a notice demonstrating that an evaluation summary was provided to residents following a lead-based-paint inspection, risk assessment or paint testing;
      iii) Clearance Report 24 CFR §35.930(b)(3)– A report indicating a "clearance examination" was performed of the work site upon completion; and
      iv) Notice of Hazard Reduction Completion 24 CFR §35.125(b) – Upon completion, a copy of a notice to show that a LBP remediation summary was provided to residents.

(initial)

Labor Standards

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the applicable provisions and requirements of the Davis-Bacon Act (40 U.S.C. §§3141-3144 and 3146-3148).

I (We) understand that a Development assisted by the Department under this Application containing more than twelve (12) HOME or HOME ARP-assisted Units, must use the appropriate rate as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. §§3141-3144 and 3146-3148).

I (We) understand that contracts involving such employment shall be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§3701-3708) as supplemented by the Department of Labor regulations ("Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction" at 29 CFR Part 5), Copeland (Anti-Kickback) Act (40 U.S.C. Sec. §3145 et seq.) and 24 CFR Part 70 (with regards to volunteers).

I (We) understand that construction contractors and subcontractors must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to labor standards and HUD Handbook Federal Labor Standards Compliance in Housing and Community Development Programs, as applicable.

I (We) agree to put the Department's Davis-Bacon clause in all applicable contracts.

(initial)

Build America, Buy America Act

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the applicable provisions and requirements of the Infrastructure Investment and Jobs Act, Pub. L. 117-58, 2 CFR 184, CPD-2025-01, and all other application rule and regulation.

I (We) understand that a Development assisted by the Department under this Application will meet any and all requirements for multifamily development laid out in said regulation for Build America, Buy America set forth under rule and regulation of the Buy America Preference, under 49 U.S.C. § 50101.

I (We) understand that construction contractors and subcontractors must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to Build America, Buy America in Housing and Community Development Programs, as applicable.

(initial)

Application number: _____

Requested Multifamily Direct Loan Funding Source: _____

By:

_____
Authorized Representative

_____
Title

_____
Date

THE STATE OF _____ §
§
COUNTY OF _____§

Before me, a notary public, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____day of _____, _____

(Seal)

_____
Notary Public Signature

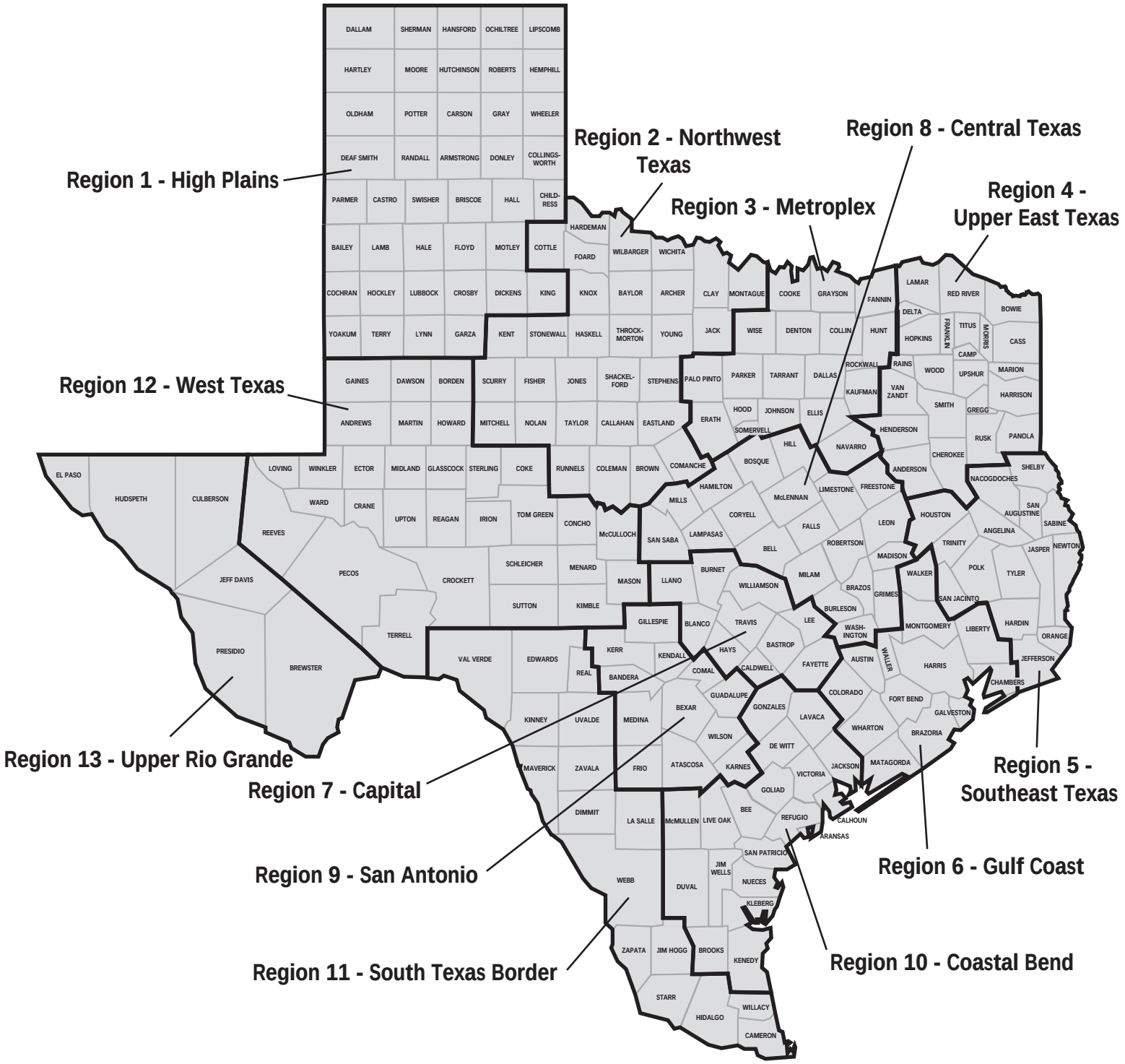
Question 3a: *Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR §93.2).*

The State of Texas will distribute FY 2025 Housing Trust Fund ("HTF") Program funds by selecting applications submitted by eligible recipients as defined in §93.2 (definition of recipient) through the Application Submission Requirements, Ineligibility Criteria, Board Decisions, and Waiver of Rules for Applications provisions found in Chapter 11 of the Texas Administrative Code (TAC), Subchapter C (10 TAC §§11.201 through 11.207). The State of Texas will not limit recipients to a specific category such as nonprofits. Please see the table below for the requirements in §93.2 and the corresponding requirements found in state rules at 10 TAC Chapter 11 and 10 TAC Chapter 13.

Recipient requirements in §93.2	State Rules
(1) Make acceptable assurances to the grantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities (2) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs;	10 TAC §11.204 establishes the required documentation for application submission, including a required certification that the applicant understands and will comply with all applicable requirements. Please see the full text of the rule for further information.
(3) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity; (4) Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to: (i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or	10 TAC §13.5(g) establishes minimum experience requirements that are required to be eligible for funding. Please see the full text of the rule for further information.

(ii) Design, construct, or rehabilitate, and market affordable housing for homeownership. (iii) Provide forms of assistance, such as down payments, closing costs, or interest rate buy downs for purchasers.	

13 State Service Regions of Texas



Comments that include protected information such as trade secrets, confidential commercial or financial information, Chemical-terrorism Vulnerability Information (CVI),[1] Sensitive Security Information (SSI),[2] or Protected Critical Infrastructure Information (PCII)[3] should not be submitted to the public docket. Comments containing protected information should be appropriately marked and packaged in accordance with all applicable requirements and submission must be coordinated with the point of contact for this notice provided in the **FOR FURTHER INFORMATION CONTACT** section.

FOR FURTHER INFORMATION CONTACT: Annie Hunziker Boyer, 703–603–5000, *CISARegulations@mail.cisa.dhs.gov.*

SUPPLEMENTARY INFORMATION: Congress established the Cybersecurity and Infrastructure Security Agency (CISA) in the Cybersecurity and Infrastructure Security Act of 2018, Public Law 115–278 (2018). As part of CISA's responsibilities, Congress authorized CISA to provide analyses, expertise, and other assistance to critical infrastructure owners and operators upon request. 6 U.S.C. 652(c)(5).

CISA serves as Sector Risk Management Agency (SRMA) for the Chemical Sector. CISA has established ChemLock, which is voluntary program for facilities that possess dangerous chemicals. This ICR consolidates and clarifies CISA collection of information in support of ChemLock. While some ChemLock services are currently available leveraging other approved information collections, this ICR when approved, will allow for an additional ChemLock service.

CISA proposes three instruments within this information collection: (1) ChemLock Request for Services; (2) ChemLock Service Registration and Preparation; and (3) ChemLock Service Feedback.

ChemLock Program Request for Services

This instrument collects basic contact information from individuals requesting a ChemLock service such as: (a) security consultations; (b) technical consultations, (c) onsite assessments and assistance, (d) exercises and drills, (e) training courses, (f) access to other tailored resources, and (g) risk assessments. In addition, the instrument will collect facility identifying information, facility description information, and information about the chemicals present at the facility.

ChemLock Service Registration and Preparation

This instrument collected information to enable the ChemLock services which need additional information to be performed. The ChemLock services which need additional information to be performed are security consultations, onsite assessments and assistance, and risk assessments.

ChemLock Service Feedback Collection

This instrument will collect information related to feedback about ChemLock related services such as: which ChemLock service was provided and when, program outcomes, satisfaction, and performance of the staff involved in providing the ChemLock service.

ANALYSIS

Agency: Cybersecurity and Infrastructure Security Agency (CISA), Department of Homeland Security (DHS).

Title of Collection: ChemLock.

OMB Control Number: 1670–NEW.

Instrument: ChemLock Program Request for Services.

Frequency: ''On occasion'' and ''Other.''

Affected Public: State, local, Tribal, and Territorial governments and private sector individuals.

Number of Respondents: 450 respondents (estimate).

Estimated Time per Respondent: 0.25 hour.

Total Annual Burden Hours: 112.50 hours.

Total Annual Burden Cost: $10,838.06.

Total Annual Burden Cost (capital/startup): $0.

Total Recordkeeping Burden: $0.

Instrument: ChemLock Service Registration and Preparation.

Frequency: ''On occasion'' and ''Other.''

Affected Public: State, local, Tribal, and Territorial governments and private sector.

Number of Respondents: 300 (estimate).

Estimated Time per Respondent: 3.17 hours.

Total Annual Burden Hours: 952 hours.

Total Annual Burden Cost: $91,714.10.

Total Annual Burden Cost (capital/startup): $0.

Total Recordkeeping Burden: $0.

Instrument: ChemLock Service Feedback.

Frequency: ''On occasion'' and ''Other.''

Affected Public: State, local, Tribal, and Territorial governments and private sector.

Number of Respondents: 225 (estimate).

Estimated Time per Respondent: 0.25 hour.

Total Annual Burden Hours: 56.26 hours.

Total Annual Burden Cost: $5,419.03.

Total Annual Burden Cost (capital/startup): $0.

Total Recordkeeping Burden: $0.

Robert J. Costello,

Chief Information Officer, Department of Homeland Security, Cybersecurity and Infrastructure Security Agency.

[FR Doc. 2024–31370 Filed 12–30–24; 8:45 am]

BILLING CODE 9111–LF–P

[1] For more information about CVI see 6 CFR 27.400 and the CVI Procedural Manual at *www.dhs.gov/publication/safeguarding-cvi-manual.*

[2] For more information about SSI see 49 CFR part 1520 and the SSI Program web page at *www.tsa.gov/for-industry/sensitive-security-information.*

[3] For more information about PCII see 6 CFR part 29 and the PCII Program web page at *www.dhs.gov/pcii-program.*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–6510–N–01]

Annual Indexing of Basic Statutory Mortgage Limits for Multifamily Housing Programs

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Notice.

SUMMARY: In accordance with section 206A of the National Housing Act, HUD is providing notice of adjustment to the Basic Statutory Mortgage Limits for Multifamily Housing Programs for Calendar Year 2025.

DATES: Adjustment applicable January 1, 2025.

FOR FURTHER INFORMATION CONTACT: Margaret Lawrence, Deputy Director, Office of Multifamily Production, Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410–8000, telephone (202) 431–7397 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.*

SUPPLEMENTARY INFORMATION: Section 206A of the National Housing Act (12 U.S.C. 1712a) provides authority for the annual adjustment for the following FHA multifamily statutory dollar limits:

I. Section 207(c)(3)(A) (12 U.S.C. 1713(c)(3)(A));
II. Section 213(b)(2)(A) (12 U.S.C. 1715e(b)(2)(A));
III. Section 220(d)(3)(B)(iii)(I) (12 U.S.C. 1715k(d)(3)(B)(iii)(I));
IV. Section 221(d)(3)(ii)(I) (12 U.S.C. 1715l(d)(3)(ii)(I));
V. Section 221(d)(4)(ii)(I) (12 U.S.C. 1715l(d)(4)(ii)(I));
VI. Section 231(c)(2)(A) (12 U.S.C. 1715v(c)(2)(A)); and
VII. Section 234(e)(3)(A) (12 U.S.C. 1715y(e)(3)(A)).

Section 206A goes on to state that the preceding

(a) ''Dollar Amounts'' shall be adjusted annually (commencing in 2004) on the effective date of the Federal Reserve Board's adjustment of the $400 figure in the Home Ownership and Equity Protection Act of 1994 (HOEPA). The adjustment of the Dollar Amounts shall be calculated using the percentage change in the Consumer Price Index for All Urban Consumers (CPI–U) as applied by the Federal Reserve Board for purposes of the above-described HOEPA adjustment.

(b) Notification. The Federal Reserve Board on a timely basis shall notify the Secretary, or his designee, in writing of the adjustment described in subsection (a) and of the effective date of such adjustment in order to permit the Secretary to undertake publication in the **Federal Register** of corresponding adjustments to the Dollar Amounts. The dollar amount of any adjustment shall be rounded to the next lower dollar.

Note that 206A has not been updated to reflect the fact that HOEPA has been revised to use $1,000 as the basis for the adjustment rather than $400, and the Consumer Finance Protection Bureau has replaced the Federal Reserve Board in administering the adjustment. These changes were made by the Dodd-Frank Wall Street Reform and Consumer Protection Act's amendments to the Truth in Lending Act, as further explained in the regulatory implementation of said changes found in 78 FR 6856, 6879 (Jan. 31, 2013).

The percentage change in the CPI–U used for the HOEPA adjustment is a 3.4 percent increase and the effective date of the HOEPA adjustment is January 1, 2025. The Dollar Amounts under Section 206A have been adjusted correspondingly and have an effective date of January 1, 2025. (see 89 FR 95080, Dec. 2, 2024).

These revised statutory limits may be applied to FHA multifamily mortgage insurance applications submitted or amended on or after January 1, 2025, so long as the loan has not been initially endorsed.

The adjusted Dollar Amounts for Calendar Year 2025 are shown below.

Basic Statutory Mortgage Limits for Calendar Year 2025 Multifamily Loan Program

Section 207—Multifamily Housing;
Section 207 pursuant to Section 223(f)—Purchase or Refinance Housing; and,
Section 220—Housing in Urban Renewal Areas

Bedrooms	Non-elevator	Elevator
0	$67,188	$78,368
1	74,427	86,835
2	88,903	106,477
3	109,580	133,357
4+	124,056	150,791

Section 213—Cooperatives

Bedrooms	Non-elevator	Elevator
0	$72,813	$77,531
1	83,956	87,840
2	101,254	106,814
3	129,607	138,184
4+	144,391	151,687

Section 234—Condominium Housing

Bedrooms	Non-elevator	Elevator
0	$74,299	$78,191
1	85,670	89,634
2	103,320	108,998
3	132,254	141,008
4+	147,337	154,782

Section 221(d)(4)—Moderate Income Housing

Bedrooms	Non-elevator	Elevator
0	$66,864	$72,228
1	75,904	82,802
2	91,749	100,689
3	115,160	130,257
4+	130,129	142,986

Section 231—Housing for the Elderly

Bedrooms	Non-elevator	Elevator
0	$63,570	$72,228
1	71,068	82,802
2	84,867	100,689
3	102,134	130,257
4+	120,077	142,986

Section 207—Manufactured Home Parks per Space—$30,844

Environmental Impact

This issuance establishes mortgage and cost limits that do not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Jeffrey D. Little,

General Deputy Assistant Secretary for Housing.

[FR Doc. 2024–31184 Filed 12–30–24; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[PO# 4820000251]

BLM Director's Response to the Montana Governor's Appeal of the BLM Montana/Dakotas State Director's Governor's Consistency Review Determination for the Miles City Field Office Proposed Resource Management Plan Amendment and Final Supplemental Environmental Impact Statement

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of response.

SUMMARY: The Bureau of Land Management (BLM) is publishing this notice of the reasons for the BLM Director's determination to reject the Governor of Montana's recommendations regarding the Miles City Field Office Proposed Resource Management Plan Amendment (RMPA) and Final Supplemental Environmental Impact Statement (Final SEIS).

ADDRESSES: A copy of the Record of Decision and Approved RMPA for the Miles City Field Office RMPA/Final SEIS is available on the BLM website at: *https://eplanning.blm.gov/eplanning-ui/project/2021155/570.*

FOR FURTHER INFORMATION CONTACT: Heather Bernier, Division Chief for Decision Support, Planning, and National Environmental Policy Act; telephone 303–239–3635; address P.O. Box 151029, Lakewood, CO 80215; email *hbernier@blm.gov.* Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services for contacting Ms. Bernier. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

SUPPLEMENTARY INFORMATION: On May 17, 2024, the BLM released the Proposed RMPA/Final SEIS for the Miles City Field Office planning effort (89 FR 43432). In accordance with the

2026 Program Year
TDHCA | Multifamily Finance Division
Multifamily Direct Loan Program

2026 National Housing Trust Fund (NHTF)

Multifamily Minimum Rehabilitation Standards

IMPORTANT NOTICE REGARDING THESE STANDARDS

TDHCA encourages the reproduction and distribution of this document to all relevant parties participating in Rehabilitation; including but not limited to, staff, general contractors, and subcontractors. If not distributed, at a minimum, all parties with the ability to exercise control over the Development must be informed and so acknowledge compliance with all applicable construction requirements, building codes, necessary materials, accessibility standards, installation methods, etc., regardless of whether expressly stated herein. As such, these Standards must be included in all construction and maintenance documents by reference. Moreover, specific sections may be expressly required in, or the Standards in their entirety, may be required to be attached to particular documents, as determined by the Department.

Moreover, it is important to remember these Standards serve as a starting point for eligible NHTF-assisted Multifamily Rehabilitation activities. Additional project requirements, rules, and regulations WILL APPLY and may be more detailed in Program Documents. IT IS THE RESPONSIBILITY OF THE DEVELOPMENT OWNER/BORROWER TO ENSURE COMPLIANCE WITH ANY AND ALL APPLICABLE PROGRAM REQUIREMENTS, RULES, AND REGULATIONS THAT MAY BE REQUIRED IN ADDITION TO THE MINIMUM CONDITIONS PROVIDED IN THESE STANDARDS.

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NHTF MINIMUM REHABILITATION STANDARDS
MULTIFAMILY DIRECT LOAN PROGRAM

2026 Program Year
(*ending* Aug. 31, 2027)

Introduction

These National Housing Trust Fund (NHTF) Minimum Rehabilitation Standards (hereinafter referred to as "Standards") are intended to provide the minimum acceptable standards for affordable multifamily rental housing developments Rehabilitated in whole or part using Multifamily Direct Loan Program (MFDL Program) NHTF funds in the State of Texas.

These Standards are designed to ensure clarity, efficiency, and feasibility in the successful completion of eligible rehabilitation projects. Accordingly, these Standards only provide the necessary descriptions of the minimum elements of rehabilitation, as required by the U.S. Department of Housing and Urban Affairs (HUD) and 24 CFR §93.301(b). Accordingly, these Standards only address those minimum standards for: (1) Health and Safety; (2) Major Systems; (3) Lead-Based Paint; (4) Accessibility; (5) Disaster Mitigation; (6) National Standards for the Physical Inspection of Real Estate (NSPIRE); and (7) Property Condition or Capital Needs Assessment (SCR/CNA).

Recommendations made in applicable Mandatory Assessments regarding health and safety or life expectancy of major systems must be implemented. Additionally, estimates (based on age and condition) of the remaining useful life of major system(s) are required to be conducted upon project completion of each major system, in accordance with 24 CFR §93.301(b)(1)(ix). If the remaining useful life of one or more major system is determined to be less than the applicable period of affordability, a replacement reserve shall provide adequate monthly payments to effectively repair or replace the systems as needed. 24 CFR §93.301(b)(1)(ix).

Unless otherwise required, these Standards do not supersede or preempt State and local codes, ordinances, and requirements for developing and maintaining the Development. All applicable codes, ordinances, and zoning requirements must also be adhered. In the absence of State or local building codes, ordinances, or requirements for Rehabilitation, the International Existing Building Code (IEBC) or International Building Code (IBC) (as applicable) of the International Code Council (ICC), in the version adopted by the Multifamily Direct Loan Rule, 10 TAC Chapter 13, shall apply in addition to these minimum Standards.

Definitions

The following words and terms, when used in these Standards, shall have the meaning as provided herein, unless the context clearly indicates otherwise. Any capitalized terms or phrases not specifically mentioned in this section shall have the meaning as defined in Title 10, Part 1, Chapter 1 of the Texas Administrative Code (**Administration**), Title 10, Part 1, Chapter 2 of the Texas Administrative Code (**Enforcement**), Title 10, Part 1, Chapter 10 of the Texas Administrative Code (the **Uniform Multifamily Rules**), Title 10, Part 1, Chapter 11 of the Texas Administrative Code (the **Qualified Allocation Plan (QAP)**), Title 10, Part 1, Chapter 13 of the Texas Administrative Code (the **Multifamily Direct Loan Rule**)(collectively referred to as the **State Multifamily Rules**); or as otherwise defined in Tex. Gov't Code, Chapter 2306 (the **Governing Statute**), §141, 142, and 145 of the Internal Revenue Code (the **Code**), or 24 CFR Part 91, Part 92, Part 93, and 2 CFR Part 200.

1. **Accessible Route--**a continuous, unobstructed path connecting all accessible elements and spaces in a facility or building that complies with the space and reach requirements of the applicable accessibility standard(s).
2. **Plumbing Fixtures--**all relevant plumbing components, which include toilets, urinals, bidets, faucets, lavatories, sinks, showers, bathtubs, and floor drains. Plumbing appliances include washing machines, dishwashers, domestic water heaters, garbage disposals, and water softeners.
3. **Plumbing System**--all relevant plumbing components, which include but are not limited to: piping, fittings, devices, faucets, containers and receptacles that are used to supply, distribute, receive or transport potable water and wastewater.
4. **Substandard Conditions**--any condition that threatens the health and/or safety of the occupants. Substandard Conditions include any condition which threatens, defeats, or will lead to the lack of functional viability of a single feature of a structure. Hazardous conditions are a type of Substandard Conditions.

Minimum Standards for Major Systems
(24 CFR §93.301(b) and 24 CFR §93.301(b)(1)(ix))

Major Systems

These Standards provide the minimum rehabilitation requirements for Major Systems herein. In accordance with 24 CFR §93.301(b), the Major Systems with minimum standards provided herein are:

- foundation;
- structural support, roofing;
- cladding & weatherproofing;
- plumbing;
- electrical; and
- heating, ventilation, and air conditioning (HVAC).

General Requirements, Standard Conditions, and Substandard Conditions

The Minimum Standard Conditions and Substandard Conditions for each Major System are sufficiently detailed in method and material to provide the MINIMUM threshold for Rehabilitation activities that NHTF-assisted Multifamily Developments MUST MEET OR EXCEED.

It is important to remember any threshold requirements provided herein do not supersede or preempt State and local codes, ordinances, and requirements for building and maintenance with which NHTF-assisted housing must comply. Rather, compliance must be accomplished in addition to meeting or surpassing these Standards. In the absence of such State or local building codes, ordinances, or other requirements, the applicable version(s) of the International Existing Building Code (IEBC) or International Building Code (IBC) of the International Code Council (ICC), as adopted in 10 TAC Chapter 13, shall apply in addition to these Standards.

Determining the Scope of Work

This section shall guide the determination as to the minimum scope of work required. In conjunction with the mandatory property assessments required in these Standards, a determination must consider the requirements of the ICC Code Set, in the version adopted by 10 TAC Chapter 13 and as applied to these Standards. Accordingly, the determination will consider the ICC Principles of Safety, Capacity, and Convenience.

Each repair should be detailed as required through the use of plans, drawings, specifications (conforming to the MasterFormat) and work write-ups. At a minimum, each repair should be detailed in a work write up that accurately specifies the location, required demolition (if applicable), and the methods and materials for the project -- all with enough detail to determine the desired outcome or finished product. Work write ups may reference plans and specifications as needed but must be detailed enough to complete repairs.

1.0 Basic Site Work

a. Minimum Standard Conditions. The subject lot or defined site shall be free of debris, garbage or other accumulations of site stored items which create possibilities of infestations. The site should be generally level as allowed by natural topography, well drained, and accessible. Additional drainage features should be added if need is evidenced by existing erosion, standing water or evidence of water damage. In addition to any applicable requirements herein, any and all deficiencies noted in the Uniform Property Conditions Standards or the 2012 ICC Property Maintenance Code must also be addressed.

b. Substandard Conditions. Substandard conditions for Basic Site Work include but are not be limited to those conditions listed in **(1) – (14)**, for which adequate repair or replacement is required, as applicable and further detailed herein:

(1) Accumulated debris, waste, or garbage either in enclosed areas such as storage buildings or on the property;

(2) Deteriorated outbuildings, sheds, wells, privies, or other structures which are no longer in use or are made unusable by their condition;

(3) Holes, ditches, exposed water meter boxes or other condition which creates a tripping hazard, excluding drainage ditches which are part of a designed drainage system;

(4) Rodents, insects, or other infestations;

(5) Standing water or depressions which hold water during wet weather;

(6) Leaking water supply or leaking sewage system;

(7) Obsolete sanitary piping systems such as Orangeberg, clay or other non-standard pipe;

(8) Scaling, calcified or otherwise compromised water supply lines;

(9) Exposed pipes, railings or other installations creating tripping hazards;

(10) Damaged, missing or deteriorated walkways, steps and decks which create tripping hazards or are otherwise unsafe;

(11) Stairways or steps above 30” from the finished grade without a functioning guard rail;

(12) Except on an Accessible Route any change in level in a walkway shall not be greater than ¾”;

(13) On any Accessible Route any change in level shall not be greater than ½”. Any change in level between ¼” and ½” must be beveled 45 degrees; and

(14) Any walkway or driveway that exceeds 5% damage in the form of cracking, spalling, holes, heaving or other damage.

c. Other Conditions/Requirements.

(1) Debris and Brush Removal. The premises shall be free from accumulations of rubbish and garbage that present health and safety hazards. The premises shall be free from trees and shrubs that are damaging the dwelling or present a hazard. Tree limbs in danger of falling on roof areas shall be removed. No vegetation should touch existing buildings, utility service lines, fences, or extend over walkways or parking areas.

(2) Drainage. Surface drainage shall be diverted to a storm sewer or other approved point of collection that does not create a hazard. Lots need to be graded to drain surface water away from the foundation at a minimum slope of 6” within the first 10’. Where lot lines or other physical barriers prohibit this, drains, swales, and/or rain gardens shall be constructed to ensure drainage away from the structure. Use of alternative drainage methods must be approved by TDHCA. Rain gutters shall be installed if none exist. Gutters shall slope 1” for every 20 linear feet with downspouts installed at a minimum every 40’. Downspouts must empty into a splashblock or be diverted at least five feet from the building. Special care must be taken to not discharge water onto adjacent properties.

(3) Driveways, Sidewalks, and Patios. Paved surfaces shall be free from hazards which can cause tripping and falling. Paved surfaces adjacent to the foundation shall not slope towards the structure so that water can collect at the foundation. If tripping hazards and drainage problems exist, the paved surface shall be removed and rebuilt.

(A) Driveways. Following existing driveway demolition, all organic matter shall be removed. Subsoil shall be compacted uniformly and evenly. Forms shall be constructed to provide a minimum slope of 1/8" per foot away from the house and at a depth to provide 4" of concrete. Install either number 4 rebar on 12" centers or 6" x 6" number 10 welded reinforcing wire. Expansion joints shall be installed at all radius points, sidewalk intersections and house slab tie-ins. Concrete mix shall provide a minimum of 3,500 psi at 28 days. If reinforcing steel is not used, control joints shall be sawed in every 10' and be broom finished. Asphalt or gravel driveways may be installed if concrete is prohibitively expensive due to the length of a driveway, or if they are customary for the neighborhood.

(B) Sidewalks and Patios. Following existing sidewalk demolition, all organic matter shall be removed. Subsoil shall be compacted uniformly and evenly. Forms shall be constructed to provide a minimum slope of 1/8" per foot away from any building, at a depth to provide 3 ½" of concrete, and at least 3' wide. Accessible Route cross slope shall not exceed 2%. Expansion joints shall be installed at all radius points, sidewalk intersections and slab tie-ins. Control joints shall be sawed in every 5' and be room finished. If sidewalks and patios are installed and are connected to an entry door an accessible entry will be required.

(4) Ramps. On Accessible Routes, ramps shall meet the requirements of the 2010 ADA and the applicable Accessibility requirements provided in these Standards.

(5) Vermin and Insects. The premises shall be free from infestations of vermin and wood-boring insects. Inspections shall be performed by state licensed extermination contractors if evidence of infestation exists. Conditions which increase or cause infestation shall be removed (e.g. accumulation of rubbish garbage, unsanitary conditions, presence of consistent moisture, untreated wood in contact with soil, etc.). One or more of the following termite treatments shall be included in the Rehabilitation if infestation is observed; chemical termiticide treatment, termite baiting system installed and maintained according to the manufacturer's label, use of pressure-preservative treated wood, use of naturally durable termite-resistant wood, and/or termite shields.

(6) Landscaping for Additions. When an addition is built, underground utilities run, grade changes made, or the soil is otherwise disturbed, proper compaction and a fine finish grading shall be done and seed, sod or native plants shall be installed matching as closely as possible the existing surrounding yard.

2.0 Foundations

a. General Requirements and Standard Conditions. Foundation work shall be completed in its entirety prior to beginning work on other areas of the housing unit(s). Leveling shall be done in such a manner as to provide an acceptable degree of tolerance. When leveling takes place, doors, windows and other openings shall be reasonably plumb, level and easy to operate. Interior wall coverings shall be repaired and Plumbing Systems shall be inspected to insure the system functions as intended. Foundation leveling shall include grading of the soil to provide a slope away from the home of at least 6" for the first 10'. If the lot does not allow for this grade, a French drain shall be installed to drain water away from the house, or swales shall be designed and built to control rain water runoff. Refer to Section 6.3 (relating to Minimum Standards for Sanitary Drainage).

Foundation walls shall be a minimum of 6” above grade, or 4” above grade if masonry veneer is existing or will be installed. Underpinning shall be required when foundation leveling is a part of Rehabilitation. Any room additions shall comply with the 2015 IRC or later.

In regards to safety, the ICC contains provisions considered necessary for safe installation; however, they are merely minimum requirements. Providing a safe foundation, leveling, repair, or installation and minimizing hazards can be done by following the principles of foundation construction and stabilization, fully complying with any limitations placed on the use of products and materials and permitting only qualified persons to participate.

With foundations, capacity refers to its ability to carry live and dead loads with respect to the soil’s plasticity. Unsafe conditions often occur because existing foundations were not properly planned or designed for the soil conditions at the site low to the ground making it difficult to access Plumbing Systems. Convenience also refers to similar concerns, whereby crawlspaces are often too low to the ground, making it difficult to access Plumbing Systems. While raising the housing may not be feasible, every practical effort must be made to increase the crawlspace clearance to a minimum of 12” above grade when leveling housing.

b. Substandard Conditions. At a minimum, repair or replacement is required if any of the conditions in (1) – (7) exist:

(1) Evidence of wood destroy insect damage;
(2) Water and/or fire damage or dry rot to wooden piers, beams, joists, and subfloor;
(3) Inadequate support of beams, sills, or joists;
(4) Lack of drainage away from the home;
(5) Cracked, damaged, buckled skirting;
(6) Untreated wood in contact with the soil; or
(7) Any other condition which meets the definition of a hazardous or substandard condition.

c. Other Requirements/Conditions.

(1) Slab on Grade. All concrete floors shall be without serious deterioration or conditions that present a falling or tripping hazard. With existing concrete floors, cracks longer than six inches in concrete slabs, 3/4 inch along walkways or steps, or any missing or uneven sections shall be repaired. Slab on grade foundations that are failing, as demonstrated by an inspection by a structural engineer, shall not be rehabilitated.

(2) Pier and Beam. Piers shall have allowable spans between piers or posts. Piers shall support beams which in turn support floor joists. Joists must not be more than 24” on center and, if not continuous, overlap beams shall be at least 12”. If major leveling is required, a structural engineer shall inspect the foundation to determine the number of piers that need to be added, repaired, or replaced.

Newly installed footings shall be a minimum of 12” below undisturbed ground surface and the surface shall be level. Termite shields shall be installed on newly installed posts, regardless of pier material.

Skirting shall extend four inches below and at least 18” above grade or up to the exterior cladding and be lapped and fastened under the cladding material. Access to the crawlspace

shall be 18” high by 24” wide (if in the floor) or 16” high by 24” wide (if on the perimeter wall), and is not allowed to be installed under a door. Venting of the crawlspace shall be one square foot per 350 square feet of crawl space area and one vent opening within three feet of each corner. Crawlspace floor shall be covered with six mil polyethylene. Skirting is not permitted in flood zones.

3.0 Structural Support and Roofing

3.1 Roofing Systems

a. Description. All relevant roofing components, which include but are not limited to, trusses, rafters, ridge beams, collar ties, ceiling joists, top plates of walls, and sheathing. Moreover, Truss Designs for Replacement Roofs complying with wood roof framing, includes: slope, span, and spacing; location of all joints, required bearing widths; design loads; joint connector type and description; lumber size, species, and grade; connection requirements; bracing locations; and roof tie-downs and uplift resistance details for high wind areas, or as otherwise provided in Section R802 of the 2015 IRC.

b. General Requirements and Standard Conditions. The Roof System and the roof covering shall safely support the loads imposed. Framing and decking shall be structurally sound, properly fastened, and form a sound base for attaching the roof covering. The Roof System shall be configured to provide a positive drainage plane.

c. Substandard Conditions. At a minimum, any Roof System that is incapable of safely supporting the load or fails to safely provide adequate drainage must be repaired or replaced. Deteriorated, missing or loose framing or sheathing must also be corrected. Generally, repair or replacement is required for any applicable condition listed in (1) – (10):

(1) Multiple layers of roof covering materials (more than two);

(2) Water damage caused by leaks through the roofing system;

(3) Missing, worn, or upturned shingles;

(4) Damaged, missing, or improperly installed roof jacks, flashings, drip edges on both rakes and eaves;

(5) Exposed nails or other fasteners;

(6) Structural damage to trusses;

(7) Extensive patchwork and repairs;

(8) Missing, damaged, loose, leaking, blocked, improperly sloped gutters and downspouts;

(9) Wear and tear leading to a failed system within five years from the initial inspection; or

(10) Any other Hazardous or Substandard condition.

3.2 Structures

a. General Requirements and Standard Conditions. Roof structures incapable of safely supporting the load or providing adequate slope for drainage shall be repaired or replaced. Sagging roofs shall be replaced or stabilized. Stabilization of sagging roofs that will not be replaced shall be designed by a structural engineer.

b. Other Requirements/Conditions.

(1) Truss Design for Replacement Roofs. Truss designs for replacement roofs shall comply with wood roof framing in Section R802 of the 2015 IRC which includes; slope, span, and spacing; location of all joints, required bearing widths; design loads; joint connector type and description; lumber size, species, and grade; connection requirements; bracing locations; and roof tie-downs and uplift resistance details for high wind areas.

(2) Roof Framing for Replacement Roofs. Purlin support braces shall be installed every 4' O.C. Continuous purlins shall be installed between support braces. Purlins shall be a minimum of 2" x 4" studs. Ceiling joists shall comply with Span Tables R802.4(1) and R802.4(2).

(3) Sheathing Replacement. 5/8" CDX plywood shall be installed with clips spaced O.C. between rafters for rafter spacing of 24".

(4) Ventilation. Unconditioned attics shall be cross ventilated. A one to one ratio shall be installed; for every one foot of soffit vent area there shall be one foot of ridge, gable, or turtle vent area. Soffit vents shall have baffles installed providing at least one inch of airspace to prevent wind washing and/or attic insulation blocking soffit vents. All vents shall have corrosion-resistant wire cloth screening or similar material.

(5) Radiant Barrier. A radiant barrier should be installed in all accessible attic areas.

Powered attic vents, whether connected to the structure's electrical system or powered by photovoltaic, are not allowed.

3.3 Roof Covering

a. General Requirements and Standard Materials. Asphalt shingles shall be fastened to solidly sheathed decks. Asphalt shingles shall be used only on roof slopes of 2:12 or greater slope. Slopes, if applicable, less than 2:12 require appropriate membrane designed for such surfaces. Metal roof panels must either be naturally corrosion resistant or provided corrosion resistance per the manufacturer's requirements. Metal roofs shall only be installed on slopes of 3:12 (for lapped, nonsoldered-seam), ½:12 (for lapped, nonsoldered-seam panels with applied lap sealant), or ¼:12 (for standing-seam roof systems). Otherwise, roof weatherproofing, reinforcement, and surfacing shall be completed in accordance with applicable provisions of the IBC or IEBC.

(1) Flashings. Flashings shall be installed in a manner that prevents moisture from entering walls or the roof through penetrations, at eaves and rakes, at wall/roof intersections, wherever there is a change in roof slope or direction and around roof openings. Wall/roof intersections extending to eaves shall be provided with kick-out flashing. All wall/roof intersections shall have step flashing with at least 1" space between the roof covering and the adjacent wall cladding. Metal flashings shall be a No. 26 galvanized sheet metal and corrosion resistant. A cricket or saddle shall be installed on the ridge side of any chimney or penetration greater than 30" wide.

(2) Valley Flashings. Closed valleys (covered with asphalt shingles) shall be lined with one ply of smooth roof roofing or self-adhering polymer modified bitumen underlayment prior to asphalt shingle installation.

4.0 Minimum Standards for Walls, Ceilings, & Flooring

4.1 Walls and Ceilings

a. General Requirements and Standard Conditions. On exterior walls, all defects or deterioration that would allow the elements to enter wall cavities shall be corrected through Rehabilitation. Replacement of sections of walls and ceilings shall match adjoining materials as closely as possible (e.g. thickness of the existing material). When replacement of entire wall or ceiling coverings or sections of them is replaced, priming and painting of the entire wall or ceiling shall be completed.

b. Substandard Conditions. Repair or replacement is required if any condition listed in (1) – (7) exists:

(1) Water damage or dry rot of siding, trim, or interior wall coverings;
(2) Exposed nails or popped seams;
(3) Peeling or chipped paint, holes, cracks, or gaps in interior wall coverings or exterior cladding;
(4) Broken, fire damaged or missing exterior cladding;
(5) Sagging or missing ceiling sections;
(6) Wood destroying insect damage in exterior cladding; or
(7) Any other condition characterized Hazardous or Substandard.

c. Other Requirements/Conditions.

(1) Walls.

(A) Exterior Walls. If removing the exterior cladding, deteriorated exterior wall sheathing, studs, and bottom and top plates shall be replaced. Deteriorated or missing insulation shall be replaced and wall cavities shall be insulated to a minimum R-13.

Masonry repair or replacement shall match existing masonry as closely as possible, installed plumb, true, and in line with existing courses. If weep holes are filled or nonexistent, they shall be provided at least every 3’ at the slab and at least 1 above each window.

Siding repair or replacement shall match existing siding as closely as possible and provide for a positive drainage plain. All joints and seams shall fall on center of wall framing. Overlap and water sealing shall be completed in accordance with the manufacturer’s installation instructions.

(B) Interior Walls. A structural engineer shall inspect interior bearing walls that are proposed to be moved. Non-bearing walls do not require a structural engineer. Moved or newly installed walls shall be constructed with 2x4 studs with the bottom plate securely fastened to the floor and the top plate securely fastened to ceiling joists.

All new gypsum board shall be installed according the manufacturer’s installation instructions and shall be installed a minimum of ½” above the finished floor, taped, floated, and feathered prior to painting. New wall coverings shall not show noticeable blemishes or dents and tape shall not show

after painting. All interior walls shall be painted with a No Volatile Organic Compound (VOC) paint.

(C) Bathroom Walls. Bathroom walls that are to be replaced shall be replaced with appropriate backer board. If tile will be installed in the shower/tub area, concrete board, or equivalent, shall be installed. Green board shall be installed in the rest of the bathroom. Bathroom wall coverings shall be installed a minimum of ½" above the finished floor, taped, floated, and feathered prior to painting. New wall coverings shall not show noticeable blemishes or dents and tape shall not show after painting. All bathroom walls shall be painted with a semi- or high-gloss paint No Volatile Organic Compound (VOC) paint.

(2) Ceilings. For ceiling structure, see the Roofing Chapter. Replacement of ceiling coverings shall be with 5/8" Type X gypsum board. Fastening shall be in accordance with the manufacturer's installation instructions. All new gypsum board shall be taped, floated, feathered, primed, and painted with at least 2 coats of No Volatile Organic Compound (VOC) paint. When ceilings are replaced, all ceiling fixtures removed and reinstalled for replacement shall be air sealed.

(3) Painting and Finishes. All areas not to be painted shall either be removed and reinstalled or completely covered to prevent overspray or splatter. Receptacle and switch plates shall be removed and reinstalled.

(A) Interior Walls: All walls that were repaired or replaced shall be painted with at least two coats of No Volatile Organic Compound (VOC) paint. Bathroom walls shall have a semi- or high-gloss sheen.

(B) Exterior Walls: Replaced or repaired exterior cladding, with the exception of brick veneer, shall be painted with at least two coats of exterior grade paint. Existing exterior walls not replaced or repaired but still painted must comply with all applicable requirements in (i) – (iv):

(i) The ground shall be protected with a drop cloth. For pre-1978 housing determined or assumed to have lead-based paint, all scraped paint shall be disposed of in accordance with applicable HUD and EPA guidelines, and as provided in these Standards;

(ii) Peeling and chipped paint shall be scraped loose;

(iii) The entire area to be painted shall be power washed prior to painting; and

(iv) All areas not to be painted (e.g. windows, doors and their trim, exterior lighting fixtures) shall be covered to prevent overspray.

(C) Trim and Baseboards. All installed trim around doors, windows, and floors shall be painted with at least one coat of No Volatile Organic Compound (VOC) paint on both sides (except for baseboard trim).

4.1 Minimum Standards for Flooring

a. General Requirements and Standard Conditions. All flooring, including transitions between rooms, must be effective, relatively level, free of tripping hazards, and adhere to or exceed all applicable Accessibility standards. Floor covering and subflooring(s) must function as intended, as demonstrated through sufficient inspection. Related deficiencies must be corrected during Rehabilitation, as provided in these Standards.

b. Substandard Conditions. Deteriorated, inadequate, and weakened floor framing and subfloors can be the result of poor initial construction, foundation settling or failure, careless remodeling, water, or wood boring insects. A thorough inspection shall be conducted to identify all subfloor and flooring deficiencies.

(1) Repair or Replacement. The conditions in (A) – (D) require corrective measures be completed:

(A) Damaged, rotten, loose, weak or otherwise deteriorated subfloor;

(B) Torn, missing, broken, or otherwise damaged floor covering that creates a tripping hazard;

(C) Missing baseboards, shoe molding, or transition strips; or

(D) Any other condition that meets the definition of Hazardous or Substandard.

In doing so, repairs to severely sloped or uneven floors must satisfy all corrective measures or replacement will be required. New floor coverings shall be installed because the existing floor covering is ineffective, there are obvious trip hazards, because the subfloor was replaced, or because other work requires it, such as increasing the square footage of a room.

Replacement flooring may be required if necessary for Accessibility purposes; other concurrent work; or significant subflooring repairs/replacement occur. If required, any and all applicable Foundation work must be completed first. Thereafter, flooring replacement shall be conducted in accordance with the manufacturer's installation requirements.

c. Other Requirements/Conditions.

(1) Subfloor.

(A) Concrete Slab. If the concrete slab foundation is functioning as intended and is relatively level, no additional subfloor preparation is required. If it is functioning as intended, but not relatively level or has settlement cracks, self-leveling flooring compound shall be installed prior to installation of the floor covering.

(B) Bathrooms, Kitchens, and High Traffic Areas. When replacing subflooring in bathrooms, kitchens, and high traffic areas (e.g. hallways, breezeways) in housing with pier and beam foundations, the newly installed subfloor shall be 19/32" high performance paneling or 3/4" CDX plywood installed as the subfloor with floor joists not more than 24" on center.. All subfloor shall be installed with screws and include subfloor caulking adhesive.

(C) Other Habitable Rooms. Other habitable rooms requiring subfloor replacement shall have 3/4" CDX plywood installed as the subfloor with floor joists not more than 24" on center. All subfloor shall be installed with screws and include subfloor caulking adhesive.

(2) Floor Coverings.

(A) Kitchens and Bathrooms. Replacement floor coverings in kitchens, bathrooms, laundry rooms, and utility rooms shall be water resistant. Transitions between rooms shall match the new floor covering or match as closely as possible existing floor covering that is left in place. Sheet vinyl and VCT shall not be used in rooms with Plumbing Fixtures in pier and beam housing. Replacement floor coverings shall be selected for durability, safety, and ease of maintenance.

(B) Other Habitable Rooms. Replacement flooring in other habitable rooms may include VCT, however laminate planks or ceramic tile is preferred (if ceramic tile is installed on a

pier and beam foundation, the floor system may need to be structurally reinforced to support the extra load). Transitions between rooms shall match the new floor covering or match as closely as possible existing floor covering that is left in place. Sheet vinyl shall not be installed. Replacement floor coverings shall be selected for durability, safety, and ease of maintenance.

(C) Vinyl Composition Tile (VCT). VCT shall be 12" x 12" x 1/8" and stored inside a conditioned space for a minimum of 48 hours prior to installation to allow materials to condition to the inside environment. VCT shall be fitted tightly, with no gaps showing at walls, doors, or trim. Full cover shall be achieved. Base boards or shoe molding shall be installed.

(D) Laminate Planks. Laminate flooring shall be stored inside a conditioned space for a minimum of 48 hours prior to installation to allow materials to condition to the inside environment, and installed per the manufacturer's instructions. Door trim may need to be cut to fit planks seamlessly between rooms. Laminate planks shall be fitted tightly, with no gaps showing at walls, doors, or trim. Full cover shall be achieved, but it shall not fit tightly against walls so that it is allowed to "float". Base boards or shoe molding shall be installed.

(E) Carpeting. Carpeting is generally discouraged; removal of existing carpeting should be conducted where practicable. Otherwise, carpeting must of good quality, in sanitary condition, and preferably low pile. Carpet installation must be completed per the manufacturer's instructions and over appropriate pad(s). Carpet installation is not permitted in kitchens or bathrooms. Replacement floor covering(s) shall be selected for durability, safety, and ease of maintenance.

5.0 Other Cladding and Weatherproofing (*e.g.* Windows, Doors, Siding, Gutters)

5.1 Minimum Standards for Doors and Windows

a. General Requirements and Standard Conditions. Applicable Foundation work must be completed prior to repairing or replacing doors and windows. Each habitable room that contains a window shall have at least one window that is in operable condition and capable of being held in the open condition without assistance or device. Habitable bedrooms must have a minimum of one window that meets egress requirements. Bathrooms, bedrooms and utility rooms shall have a door that is easily operable and fitted with functioning hardware that tightly latches the door.

All windows repaired or replaced as part of the scope of work must operate safely, effectively, and conveniently regardless of user's age or ability. Each window must have an operable screen. Repaired or replaced windows must meet or exceed the requirements of an Energy-Star Rating. Additionally, blinds or window coverings must be provided for all windows.

b. Substandard Conditions. At a minimum, the conditions in (1) – (11) must be repaired or replaced:

(1) Broken, missing or cracked window panes;
(2) Rotten or deteriorated sills, frames or trim;
(3) Missing seal or sealant or dried, cracked or missing putty or caulking around window panes;
(4) Windows painted shut, inoperable or difficult to open and close;
(5) Security bars that do not open from the inside without any special knowledge or tools;

(6) Windows and exterior doors that do not lock;
(7) Broken, damaged, or deteriorated doors;
(8) Doors that do not shut and latch or lock smoothly with the strike plate;
(9) Exterior doors that are not listed as exterior doors;
(10) Rotted, deteriorated or damaged thresholds, jambs, frames, or trim; and
(11) Any other condition that can reasonably be characterized as Hazardous or Substandard.

5.2 Minimum Standards for Doors

a. General Requirements and Standard Conditions.
All doors shall be in good operating order, easy to open, close and latch. All replacement doors must be installed true and plumb with trim installed on both sides. Hardware style (e.g. knob, lever handle, passage), finish (e.g. chrome, brushed nickel, satin), and any glazing shall be identified in the scope of work. All doors that come into contact with interior walls when opened shall have base board mounted, rubber tipped door stops installed.
(1) Interior Doors. Interior door replacements must be installed true and plumb, with trim installed on both sides. Bathroom doors shall be able to be locked.
(2) Exterior Doors. Exterior doors include, but are not limited to, doors connecting the conditioned space with an attached garage. Replacement exterior doors must be at least Energy Star qualified, or its equivalent, double bore exterior doors. Doors connecting the conditioned space to an attached garage shall also be fire rated. All exterior doors shall be keyed alike with a sufficient number of key copies provided to the residents.

b. Other Requirements/Conditions.
(1) Accessibility and Universal Design. Accessible doors may be required depending on the Unit or Household Type(s). Universal design principles state that housing should be built to accommodate any person regardless of age or physical ability. Consultation(s) should be made to determine whether the conditions in (A) – (C) are necessary:
(A) Heavily used Interior doors widened to accommodate a 36” door with a threshold no higher than 1/8”. If not feasible due to structural constraints, clear swing hinges can be installed;
(B) Automatic door openers can be installed; and
(C) Lever handles will be installed on all doors.

5.3 Minimum Standards for Windows

a. General Requirements and Standard Conditions. All windows shall be in good operating order, easy to open, close, latch, and lock. Windows that cannot be repaired must be adequately replaced. Flashing materials shall provide a positive drainage plane.
b. Performance Chart. Replacement windows shall meet or exceed Energy-Star or equivalent Ratings. The Performance Chart included herein provides the minimum performance ratings required for all replaced and, if practical, repaired windows.

Performance: **Performance Measure:**	**CZ2**	**CZ3**	**CZ4**
U-Factor	0.65	0.50	0.35

SHGC	0.35	0.35	Not Required

5.4 Minimum Standards for Gutters and Downspouts

a. General Requirements and Standard Conditions. All gutters and downspouts must be installed or replaced (repair alone is insufficient). Gutters shall have a slope no less than 1:20 and all seams made weather tight, if applicable. Downspouts shall be installed at a minimum every 40' and shall discharge water at least five feet from the foundation. Drainage five feet away from the foundation may be accomplished through the installation of a French drain, swales, or other means of directing water away from the foundation. Water shall not be discharged onto an adjoining property.

6.0 Plumbing, Potable Water, and Sanitary Sewer Systems

6.1 Minimum Standards for Plumbing Systems

a. General Requirements and Standard Conditions. The Plumbing System must effectively provide both a safe and adequate supply of potable water, and a safe and sanitary method of distributing wastewater. Effective Plumbing Systems adhere to the mandatory plumbing principles in (1)-(7):

(1) Sewer gases shall not be allowed to enter any housing Unit;

(2) Sewer leaks must be identified, repaired or replaced, and improper disposal methods discontinued;

(3) Water leaks must also be identified and repaired or replaced;

(4) Water must be free from hazardous contaminants and safe for drinking, bathing and other uses.

(5) An adequate supply of water must be available for all water needs, which includes having adequate pressure at each fixture.

(6) Supply, drain, waste, and vent pipes shall not interfere with structural integrity. Notching and drilling of structural members shall comply with the requirements of the 2009 IRC, Figure R602.6(1) and (2).

(7) Plumbing work shall be performed by state licensed individuals, and plumbing inspections performed by experienced and qualified individuals knowledgeable in the field of plumbing.

b. Substandard Conditions. Existence of any condition listed in (1)-(11) shall require, at a minimum, adequate repair or replacement. If replaced, newly installed Plumbing Systems, piping, and fittings must be properly installed, connected, free flowing; and must be free of leakage and corrosion of water or sewer gases.

(1) Lack of any required condition, as provided in (A) – (F):
(A) Continuous sanitary water supply;
(B) Continuously functioning sanitary waste water disposal system;
(C) Functioning shut-off valves at toilets, sinks and lavatories;
(D) Access to waste lines such as clean-outs;
(E) A minimum of one functioning toilet, bathroom sink, or tub/shower;
(F) Functioning kitchen sink; or

(2) Septic system or Plumbing Fixtures not performing as intended;
(3) Leaks in any supply or waste lines;
(4) Deteriorated, corroded, or leaky supply or drain pipes;
(5) Supply or drain piping consisting of a mixture of different types of piping or fittings, or is run in an inefficient manner;
(6) Missing, blocked, or improperly installed required conditions listed in (A)-(D):
(A) Vent pipes;
(B) Gas shut off valve on natural gas Domestic Water Heater (DWH);
(C) Temperature and pressure-relief valve (TPRV) on DWH;
(D) Shut off valves at the water meter, each toilet, each sink, DWH, or tub/shower locations; or
(7) Natural gas domestic water heaters (DWH) located in bathrooms, bedrooms, closets or utility rooms where a clothes dryer is present;
(8) Natural gas DWH combustion air taken from conditioned space;
(9) Inadequate natural gas DHW vent (e.g. not double walled or skirted at roof penetrations);
(10) Rusted or corroded DHW pipes or storage tanks; and
(11) Any other condition reasonably characterized Hazardous or Substandard.

6.2 Minimum Standards for Potable Water

a. **General Requirements and Standard Conditions.** Water service lines shall be properly connected to a public or approved private system functioning as intended. All newly installed supply lines must be flushed and fittings tested. Privately owned wells and systems must also be tested for water quality. Testing must occur prior to commencing Rehabilitation; and must be conducted by a local health department or other qualified, unaffiliated source. Appropriate corrective measures are required for privately supplied water determined not suitable for use.

b. **Other Requirements/Conditions.**
(1) Water Supply. All dwellings shall have adequate, safe, and potable water supplied through a safe Plumbing System to all fixtures.
(2) Water Quality. Supply systems shall provide for the delivery of potable water through a safe system of piping, free from leaks and other defects and not subject to the hazards of backflow. If supplied water is not free of bacteria, chemicals, excessive minerals, relatively free of odor, taste, color and turbidity, corrective measures to improve water quality (e.g. water softening, water filtering) should be installed.
(3) Exterior Pipe Protection. All newly installed exterior water lines shall be buried at a minimum depth of 6” below the final grade, or be protected from freezing in accordance with local climate.
(4) Water Pressure. The average static pressure at the building entrance shall be between 40-80 psi. If pressure exceeds 80 psi, an approved pressure reducing device shall be installed. If pressure is less than 40 psi, a thorough evaluation shall be conducted to determine the reason(s) for low pressure and appropriate corrective measures shall be completed.
(6) Pipes. New supply water piping shall be type “L” copper tubing with wrought copper solder joint fittings, PEX, or CPVC. All fittings shall be compatible with pipe material. Joints between dissimilar metals shall be made with dielectric fittings to prevent joint

deterioration due to electrolysis. All piping shall be adequately supported to prevent sagging or breakage.

(7) Valves. The main water line shall have an accessible service shut-off valve for each building or Unit, as applicable. All hot and cold water supply lines feeding all Plumbing Fixtures shall be equipped with functional and accessible shut-off valves. Access panels for tub/shower enclosures must be provided for access to valves and maintenance, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access. All valves shall be tested and must not leak.

6.3 Minimum Standards for Sanitary Drainage

a. General Requirements and Standard Conditions. The sanitary drainage system consists of the pipes designed to provide adequate circulation of air, exhaust of sewer gasses, prevent loss of water seals in traps and provide for wastewater flowing out of the home and into an approved sewage disposal system. All fixtures shall be connected to an approved sewage disposal system and free of leaks. New sewage disposal systems shall comply with EPA and Texas Commission on Environmental Quality (TCEQ) requirements.

b. Substandard Conditions.

(1) Unapproved Private Systems. Unapproved systems include pit privies, cesspools, ponds, lakes, streams and rivers. If any of these systems are in use, they must be abandoned and the housing Unit must be connected to an approved sewer disposal system.

(2) On-Site Sewage Facilities (OSSF). Prior to conducting Rehabilitation, all OSSF systems shall be inspected by a licensed OSSF inspector. If not performing as intended, an existing OSSF system must be repaired, replaced, or abandoned as provided in (A)-(B):

(A) Repair or Replacement. If repair is suitable, the tank shall be drained and all components tested and repaired or replaced. Special attention must be given to the drainage field; tree cutting and site clearing of the field may be required and replacement made. The drainage field must be designed for the existing soil conditions and the water table at the site and installed by a licensed installer.

(B) Abandonment. If a public system is available to connect to, and the existing OSSF system has reached the end of its Useful Life, abandonment is required. The existing tank shall be pumped, collapsed, and filled. A licensed plumber shall connect the housing to a public system and include a clean out close to the home.

c. Other Requirements/Conditions.

(1) Traps. Bell traps, “S” traps, and drum traps are prohibited. If any of these exist, they shall be replaced with a “P” trap. All fixtures shall be trapped and conform to the requirements in (A)-(F):

(A) All waste lines shall be trapped by a water seal trap as near to the fixture as possible but in no case more than 24” from the fixture;

(B) All traps shall be set level with respect to their water seals and sink traps shall be protected from contact and damage if sinks are made accessible for individuals using wheelchairs or other mobility device(s);

(C) Trap size shall not be less than the following inside diameters: 1 ¼" for lavatories; 1 ½" for tubs, showers, kitchen sinks and dishwashers; 2" for clothes washers and; and 3" for floor drains in utility rooms;

(D) No trap shall be larger than the drainage pipe coming from a fixture;

(E) Access panels shall be provided to enclosed traps and concealed connections, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access; and

(F) Wall and ceiling openings for plumbing shall be air sealed with caulk (gap less than ¼") or expanding foam (gaps more than ¼").

(2) Vents. Plumbing Systems shall be designed to prevent sewer gases from entering the housing Unit(s), allow waste to adequately drain into an approved sewer system, and shall be vented to the exterior so that water released from fixtures may draw in air to allow for smooth and even drainage. All vents must also meet or exceed the requirements in (A) – (E):

(A) All Plumbing Systems shall have at least one main vent stack, running from the main drain through the roof, terminating to the exterior. If only one main vent exists, it shall be no less than 3" inside diameter from top to bottom;

(B) Plumbing vent systems shall only be used for the purpose of venting the system;

(C) Existing vents shall be at a minimum 6" above the high side of the roof penetration. Newly installed vents shall be a minimum 12" above the high side. Through the roof vent penetrations shall be flashed and sealed to provide a positive drainage plain;

(D) All vent stacks terminating in an attic shall be extended or replaced. No vent stacks shall terminate near any window or door or under soffits; and

(E) Air admittance valves are allowed as long as they are American Society of Sanitary Engineering (ASSE) 1051-2009 approved and installed in accordance with the manufacturer's installation instructions.

6.4 Minimum Standards for Plumbing Fixtures

a. General Requirements for Standard Conditions. All Plumbing Fixtures shall be free of leaks or defects which interfere with their ability to perform as intended. Existing fixtures in good and safe working order are generally not required to be repaired or replaced.

b. Other Requirements/Conditions. Any and all replacement Plumbing Fixtures and appliances must be installed per the manufacturer's installation instructions, including water sealing, and must be completed in accordance with all applicable requirements provided in (1)-(7):

(1) All replacement fixtures shall meet or exceed the requirements of WaterSense qualified or equivalent products. Kitchen faucets requiring replacement shall provide 2.2 gallons per minute (GPM) and a 15-year drip free warranty. The scope of work must identify the height toilet(s), whether it is round or elongated, and whether a new faucet is single lever or not.

(2) All replacement plumbing appliances must meet or exceed the requirements of Energy Star, or equivalent, qualified products.

(3) All replacement shower fixtures shall use anti-scald control devices. Access panels shall be provided to these valves, if possible with wall and plumbing configuration prior

to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access.

(4) All fixtures shall be supported and securely attached in a manner consistent with normal installation methods and installed level.

(5) All faucets shall have the hot water line on the left side of the faucet. Existing supply lines that are reversed shall be changed.

(6) If existing garbage disposals are not performing as intended or are not hardwired to the electrical system, they shall be removed, repaired or replaced. New garbage disposals shall be hard wired and switched in an accessible location as close as possible to the kitchen sink.

(7) All repaired or replacement fixtures and appliances shall be tested for leaks and proper operation.

6.5 Minimum Standards for Domestic Water Heaters (DWH)

a. General Requirements and Standard Conditions. All DWHs, with the exception of tankless water heaters, shall have, at a minimum, a 30 gallon storage capacity that can supply a continuous flow of hot water that is at least 102 degrees F, with gas or electric shut-off valves as well as cold water supply shut-off valves, all installed and functioning as intended. Larger capacity DWHs may be installed if necessary to serve larger households. Replacement DWHs shall meet or exceed the requirements of Energy Star qualified, or equivalent, products.

(1) Temperature and Pressure Release Valve (TPRV). Each unit shall be equipped with a TPRV must capable of releasing pressure at 150 psi or 210 degrees Fahrenheit. Water release shall extend to the exterior of the housing, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to create access.

(2) DWH Enclosure. Each DSW shall be enclosed in a sealed closet designed for this purpose, with gas DSWs having combustion air drawn from outside the conditioned space. Gas DWHs inside conditioned spaces must be in separate closets that is not in the same room as a clothes dryer or any type of exhaust vent. All DWHs installed in a garage must be installed at a minimum 18” AFF with primary drainage draining to the exterior. DWHs in other locations shall be supported by a minimum three foot concrete base, if possible with wall and plumbing configuration prior to rehabilitation. Movement of plumbing fixtures or similar changes are not required to install a concrete base.

(3) Energy Factors (EF) Table. Replacement DHWs shall meet or exceed the Energy Factors (EF) requirements identified by size and type in the Energy Factors (EF) Table:

2026 Program Year Energy Factors (EF) Table		
Energy Factors (EF):	**Gas DWH EF**	**Electric DWH EF**
Replacement DSWs must meet or exceed the EF		

identified for each size in this table. **Storage Size (Gal):**		
30	0.63	0.94
40	0.61	0.93
50	0.59	0.92
60	0.57	0.91
70	0.55	0.90
80	0.53	0.89

7.0 Electrical Systems

7.1 Minimum Standards for General Electrical Service

a. General Requirements and Standard Conditions. Electrical systems must provide a safe and adequate supply of electrical current that meets the needs of the residents. Accordingly, Electrical Systems must meet or exceed the safety and efficiency requirements provided in (1)-(6), which require that the system is:

(1) Properly grounded and free of hazards with all components properly secured and covered to prevent contact or electric shock;

(2) In good condition, with all electrical components up to date, lacking deterioration, and free of shorts;

(3) Sufficiently providing adequate, consistent, and appropriate current and voltage levels at each outlet, fixture, and piece of equipment, as per its intended use;

(4) Equipped with conductors, fixtures, boxes, and equipment that are properly sized and rated for their intended use;

(5) Adequate for its current use considering resident behavior and lifestyles;

(6) Equipped with an adequate quantity of appropriately located lighting, receptacles, and switches; and

(7) Maintained, repaired, or otherwise replaced primarily in accordance with the ICC Principles of Safety, Capacity, and Convenience.

b. Substandard Conditions. At a minimum, repair or replacement is required if any of the conditions in (1)-(17) exist:

(1) Inadequate capacity (e.g. excessive use of power strips and/or multiple outlet adaptors);

(2) Two-wire systems (lacking grounding);

(3) Wiring or components missing, broken, disconnected, loose, burnt or melted, unsupported, corroded, cracked, or split;

(4) Panel boxes that show evidence of water intrusion or infestation;

(5) Frayed or burnt wiring or wire insulation;

(6) Circuits, switches, receptacles, or wiring is not compatible with the amperage or other characteristics of the electricity in use;

(7) Flexible cords are used as permanent wiring (unless Non-Metallic (NM) cable(s) otherwise installed in accordance with local building codes);

(8) Exposed wiring on interior walls or the exterior that are not protected in conduit or raceways (unless Non-Metallic (NM) cable(s) otherwise installed in accordance with local building codes);

(9) Receptacles in bathrooms and kitchens within 6’ of a water source and exterior receptacles that are not ground fault circuit interrupter (GFCI) protected;

(10) Reverse polarity;
(11) Unlabeled circuits;
(12) Missing cover plates;
(13) Components not securely attached to the structure;
(14) Inadequate lighting in rooms and outside of entry doors; or
(15) Any other condition reasonably characterized as meeting the definition of a Hazardous or Substandard Condition.

c. Other Requirements/Conditions. Additions, alterations, renovations, and repairs to electrical systems and equipment must be conducted in accordance with the applicable requirements of new electrical systems and equipment by appropriately licensed electricians. Rehabilitation of existing systems and equipment is generally not simultaneously required to comply with the overlapping, otherwise applicable provisions of the IEBC. Nevertheless, any and all additions, alterations, and repairs MUST NOT cause existing electrical systems or equipment to become unsafe, hazardous, or overloaded. IBC 2015, Appendix K (Administrative Provision).

7.2 Minimum Standards for Existing Wiring and Fixtures

a. General Requirements and Standard Conditions. Existing electrical service and components must be safe, efficient, and in good working condition for its intended use. Moreover, the capacity of the system must meet the demand of the residents. Replacement is not mandatory for existing service and components that meet or exceed these Standard Conditions, unless otherwise required by code or local ordinance. Voluntary replacement may be permitted to more efficiently and cost-effectively meet the needs of the community and the current or intended demands of the residents.

b. Substandard Conditions. Overloaded circuits are not permitted and must be addressed by separating the load and adding an adequate number of circuits necessary to safely and efficiently carry the load.

c. Other Requirements/Conditions.

(1) Secure Fastening of Fixtures and Equipment. All components shall be securely fastened to framing members by mechanical means. No fixture or socket shall hang by unsupported wiring. All existing receptacles, switches, and junction boxes shall contain a proper cover plate. In no case shall the structural integrity of the building be compromised.

2. New Wiring. New wiring shall be installed in a neat and workmanlike manner with all wiring run inside of walls. If wall or ceiling cavities are not accessible, wiring shall be run in properly sized and rated raceway or wire mold, secured along the walls with proper fasteners, flush to the surface and straight.

3. Aluminum Wiring: All aluminum wiring in housing to be rehabilitated shall be replaced with a 3-wire system and in accordance with these Standards. Properly sized service aluminum entry wiring is generally not required to be replaced.

4. Knob and Tube Wiring. Knob and tube wiring shall be replaced with a 3-wire system and in accordance with these Standards.

7.3 Minimum Standards for Sizing of Service and All Electrical Homes

a. General Requirements and Standard Conditions. The service entrance cable shall have the same rating (amperage) as the meter base and service equipment. Replacement of a service entrance shall require calculation of the usage or load within the building to assist in determining the appropriate size. The service entrance must be properly sized for its intended post-Rehabilitation capacity. Room-by-room specifications noting electrical outlets and fixtures shall be included in the scope of work. Nameplate ratings of all appliances must be reviewed for actual VA ratings.

b. Other Requirements/Conditions:

Main Service Panel. Panels shall be in proper working condition with no evidence of overheating, arcing, corrosion, or failure. The panel shall bear the UL label and shall be marked as suitable for service equipment. Any panels (or installed breakers) identified as substandard by the U.S. Consumer Product Safety Commission shall be replaced. Panels with evidence of malfunction or deterioration shall be replaced.

7.4 Minimum Standards for Material and Equipment Installation

General Requirements and Standard Conditions. All materials, components, and equipment shall be listed or labeled by a qualified electrical products testing laboratory (e.g. "UL" or "CSA"). Listed materials, components, and equipment must be installed per the intended use, with location determined in accordance with the manufacturer's installation instructions.

7.5 Minimum Standards for Grounding

General Requirements and Standard Conditions. All electrical systems shall consist of a single phase 3-wire grounded neutral service entrance and shall provide system grounding and equipment grounding protection.

The service panel shall be connected to the grounding electrode system and an eight foot (8') galvanized or copper clad steel ground rod. All electrical panels shall meet or exceed the bonding requirements of the National Electrical Code (NEC).

If present, metal water pipes shall be bonded to the grounding electrode systems as a means to ground the Plumbing System and prevent pipes and fixtures from becoming energized and hazardous.

All wiring and equipment shall be grounded in accordance with the grounding requirements of the NEC.

7.6 Minimum Standards for Overcurrent Protection

a. General Requirements and Standard Conditions. The number of circuits installed shall not exceed the rating on the panel. The selection of a panel shall provide room for future expansion. All circuits shall be clearly, accurately, and permanently labeled with tags

provided. All unused openings shall be properly plugged, capped or sealed with listed materials.

b. Substandard Conditions. Tandem breakers shall only be used in panels designed for them. The use of tandem breakers in order to exceed the 16 circuits permitted on an 100 amp panel shall not be permitted. Any service equipment containing fuse over-current protection shall be replaced with properly rated circuit breaker type over-current protection devices.

c. Other Requirements/Conditions. Panel board over-current devices shall be properly sized and located at the exterior in a subpanel if the main service panel is in the interior. All existing circuits shall be load tested for tripping.

7.7 Minimum Standards for Service Panel and Sub-Panel Connections

a. General Requirements and Standard Conditions. All existing or new service panels shall be securely fastened to the dwelling. All panel boxes shall be listed and enclosed in 16 gauge sheet steel cabinets with doors and catches. Conductors entering the service shall have proper connectors and shall be securely and neatly attached at terminals. All circuits shall be marked and identified inside the panel box and any sub-panels.

b. Substandard Conditions. Wires shall not have any obvious nicks in the insulation and shall be properly bonded. Service panels shall not be located in bathrooms or closets. When replacement is necessary, the design and location of the service panel shall be considered in conjunction with the relevant needs and desires of the residents.

c. Other Requirements/Conditions.

(1) Panel Boxes. If replacement is required, new panel boxes and subpanels must be installed at 48” AFF (as measured from the main shut off switch or to the highest breaker in the box). Relevant local code requirements will apply with regard to this measurement should this Section 7.7(c) conflict with the local code.

(2) Weather head(s). Weather heads shall be at least 12’ above the finished grade.

(3) Sub-panels. Sub-panels, add-on boxes, or disconnects to existing services for additional circuits shall be allowed only if the existing service equipment is listed and designed for such extension and the installation is in compliance with the NEC. Sub-panels are allowed if the existing service panel has adequate capacity but no available expansion slots.

(4) Service Disconnect. The main disconnect shall be accessible and clearly marked as a service disconnect.

7.8 Minimum Standards for Branch Circuits

a. General Requirements and Standard Conditions. Protection against physical damage of exposed electrical equipment shall be provided throughout Rehabilitation.

b. Other Requirements/Conditions.

(1) Dedicated Circuits. No less than one dedicated 20 amp circuit shall be present for each bathroom and no less than two 20 amp small appliance branch circuits serving the kitchen. A dedicated circuit shall not serve other receptacles. All 240 volt appliances or

equipment shall be on separate circuits. The number of small appliances used by the occupants shall be taken into consideration when planning the circuit loads and placement of receptacles to avoid overloading a circuit and to eliminate the use of extension cords or multiplex outlets. Additional circuits may be necessary and are allowed. Dedicated circuits are required for at least those appliances listed in subparagraphs (A) – (L) of this paragraph, if applicable and as sized in accordance with the manufacturer's instructions:

(A) Refrigerators;
(B) Separate freezers;
(C) Electric range or cook top;
(D) Electric oven;
(E) Clothes dryer;
(F) Electric water heater;
(G) Electric furnace/air handler;
(H) Microwave oven;
(I) Air conditioner;
(J) Sump pumps and water wells;
(K) Septic system aerators; and
(L) Any other major electric appliance.

(2) Circuit Load Distribution. All circuit wiring shall be properly sized to serve the load.
(3) Two-wire Systems. All 2-wire, ungrounded wiring shall be replaced with 3-wire, grounded wiring.
(4) Unused Switches, Receptacles, Fixtures, Conductors and Openings. Unused switches, receptacles, fixtures, and conductors that are obtainable or otherwise within reach shall be removed. All unused openings in outlets, devices, junction boxes, conduit bodies and fittings, raceways, cabinets, and equipment cases or housings shall be effectively closed with knockout seals to prevent vermin, insects, and building materials from coming into contact with wiring.
(5) Wire Splices. All splices shall be placed in accessible and listed junction boxes that are properly covered.
(6) AFCI Protected Circuits. All newly installed branch circuits that supply 15 and 20 amp receptacles installed in family rooms, dining rooms, living rooms, parlors, libraries, dens, sun rooms, recreational rooms, closets, hallways and similar rooms or areas shall be protected by a combination type arc-fault circuit interrupter installed to provide protection of the branch circuit.

7.9 Minimum Standards for Receptacles

a. General Requirements and Standard Conditions. All replacement receptacles must be tamper resistant, and shall be listed/labeled and installed per manufacturer's instructions. Boxes must be specifically designed for its intended purpose, properly sized (rated for the size of the circuit), and mechanically fastened with attached cover plates installed. Receptacles located in damp or we areas must be weatherproof and the wiring shall be run in boxes, conduit(s) and fittings that are listed for wet locations.

(1) Receptacle Locations

(A) All Rooms. All habitable spaces must have receptacles. In each family room, dining room, living room, parlor, library, den, sun room, bedroom, recreation room,

or similar room or area, receptacles shall be installed so that at a minimum each wall has at least one receptacle. Receptacles shall be spaced so that at no point along the perimeter of the floor is more than 6' from a receptacle. Other rooms that are not regularly used by residents/occupants are permitted to have only a minimum of one receptacle per room. Receptacles should not be located lower than 15" above the finished floor.

(B) Bathrooms. All bathrooms must have at least one dedicated 20 amp receptacle outlet that is GFCI protected and located at least 3' from the outside edge of the sink. The receptacle shall be located not lower than 30" and not higher than 48" above the finished floor. Receptacles shall not be located within or directly over a bathtub or shower stall, and shall be at least 12" from the outer edge of the bathtub or shower opening.

(C) Kitchens. The kitchen shall have GFCI protected duplex receptacles on at least two separate 20 amp appliance circuits at the kitchen counter top spaced not more than 48" from each other. A separate dedicated, non-GFCI protected receptacle shall be required for each refrigerator and electric range or cook top, located directly behind it.

(D) Other Exterior(s). Exterior receptacles shall be GFCI protected and enclosed in a listed or labeled weatherproof box. One shall be required at the front of the house and one at the back.

(2) GFCI Protection. Receptacles located in bathrooms, kitchens, in a garage, at the exterior, and anywhere else located within 6' of a sink, shall be GFCI protected. Single use, dedicated receptacles for use by equipment and appliances such as washing machines and sump pumps shall not be GFCI protected, and shall be single, rather than duplex, receptacles when replaced.

7.10 Minimum Standards for Lighting

General Requirements and Standard Conditions. Every habitable room and all living spaces (e.g., bathroom, toilet room, laundry room, furnace or utility room, and hallways) shall be provided adequate natural or artificial lighting, as applicable, and in accordance with paragraphs (1) – (3) of this section:

(1) Natural lighting. Natural lighting must be provided by exterior glazed openings that generally open directly onto a public way, yard, or court. The net glazed area generally must span a minimum eight (8) foot area of the floor in the room or adjoining space served.

(2) Artificial lighting. Artificial lighting must provide at least an average illumination of 10 footcandles (107 lux) over an area of the room served at a height of 30 inches above the floor.

(3) Safety lighting. All stairways (e.g. interior within dwelling unit and exterior serving dwelling unit(s)) must be illuminated by at least one artificial light fixture controlled by a remote wall switch located at the top and bottom of the stairway.

7.10 Minimum Standards for Fixtures and Switches

a. **General Requirements and Standard Conditions.** All replacement fixtures shall be listed or labeled, Energy Star qualified or equivalent, and must be installed in accordance with the

manufacturer's installation instructions. If existing fixtures are in a good and safe condition, securely fastened to framing members, replacement is not required.

b. Substandard Conditions. No fixture or receptacle shall hang from a base by unsupported wiring.

c. Other Requirements/Conditions.

(1) Fixture and Switch Locations. At a minimum, a permanently installed lighting fixture controlled by a wall switch is required in each room of the structure. Switches shall not be located in tub/shower areas or behind the swing of a door. All new wall switches must be located in a convenient and Accessible location.

(2) Closet Fixtures. All light fixtures installed in closets shall be surface mounted or recessed can lights. Recessed can lights shall be Insulation Contact Air Tight (ICAT) rated or its equivalent. Closet fixtures shall be a minimum 6" away from any storage, clothing, or other items, and have a protective cover over the bulb.

(3) Lamps (Light Bulbs). All replacement lamps must meet or surpass the industry standards for Energy Star qualified or equivalent Compact Florescent Lamps (CFLs) or Light Emitting Diodes (LEDs). Refer to Section 4.12 (*regarding* Minimum Standards for Lighting) for additional details.

7.11 Minimum Standards for Smoke and Carbon Monoxide Detectors

a. General Requirements for Smoke Detectors. Each dwelling shall have listed or labeled smoke detectors installed in each bedroom and in the hallway immediately adjacent to bedrooms. Smoke detectors shall draw their primary power from the electrical system, with battery backup, and without interruption except for over current protection. Smoke detectors shall be interconnected so that all detectors sound the alarm when any one senses smoke

b. General Requirements for Carbon Monoxide Detectors. In dwellings with attached garages and/or fuel-fired appliances, carbon monoxide detectors shall be installed. CO detectors shall be listed as complying with UL 2075 and installed outside the immediate vicinity of bedrooms. CO detectors shall be permanently installed and hard wired to the electrical system with battery backup.

8.0 Heating, Ventilation, and Air Conditioning (HVAC)

8.1 Minimum Standards for HVAC Systems

a. General Requirements and Standard Conditions. In conjunction with other systems, the HVAC system of a housing unit must effectively maintain a comfortable living environment for the residents/occupants. At a minimum, paragraphs (1) – (3) of this Section 8.1(a) require all HVAC systems:

(1) Provide a reliable source of heated or cooled air, as applicable, and at a comfortable temperature for all habitable rooms;

(2) Control ventilation and indoor air quality; and

(3) Be free of contaminants that negatively affect indoor air quality.

b. Substandard Conditions. Repair or replacement is required if any Hazardous condition applies, which include but are not limited to, those listed in paragraphs (1) - (14) of this Section:

(1) Lack of a steady and dependable source of heating and cooling to all living areas;

(2) Gas-fired air handler inside the conditioned space which draws; combustion air from the interior;
(3) Combustion gases not venting to the exterior;
(4) Leaking, damaged, rusted or cracked heat exchanger;
(5) Leaking, corroded or damaged gas supply pipe;
(6) Missing gas shut-off at each appliance;
(7) Lack of a functioning pilot or electric start;
(8) Inadequate duct system that does not supply necessary conditioned air to all living areas;
(9) Leaking ducts or returns;
(10) Mismatched or poorly repaired equipment;
(11) Deficiencies are too numerous to justify repair expenses;
(12) Unvented gas-fired wall heaters in enclosed rooms. If existing, the wall unit shall be removed and the gas line capped;
(13) Gas-fired kitchen stoves and/or ovens without ventilation to the exterior;
(14) Lack of a functioning carbon-monoxide detector in homes with gas-fired appliances or equipment.

c. Other Requirements/Conditions.

(1) Sizing and Selecting a New System. Replacement heating and cooling equipment shall be sized in accordance with the current version of the Air Conditioning Contractors of America (ACCA) 16 Manual J or other approved methodology. Equipment selection shall comply with the current version of ACCA Manual S or other approved methodology. Data for heating and cooling loads shall be calculated in accordance with required post-rehabilitation conditions.

(2) Installation. Installation of new systems shall comply with the manufacturer's installation instructions, as appropriate for the fuel source. All replacement equipment shall have a permanent electrical receptacle, switch, light fixture near the equipment, and installed in an accessible manner so that future inspecting, maintaining, and repairing the system can be completed.

(3) Programmable Thermostat. A programmable thermostat shall be installed when a new heating and cooling system is installed. Upon installation, the temperature settings shall be done by the contractor, the occupants shall be educated on using the thermostat and the instructions and warranty shall be provided to the occupants. The location of the thermostat shall be in a central location and not within 3' of doors, windows, appliances, or televisions and installed not higher than 48" AFF, measured from the center of the thermostat.

(4) Specific Requirements for Cooling Equipment.

(A) Climate Zones.

(i) Cooling equipment in Climate Zones 2 and 3 shall be 14.5 Seasonal Energy Efficiency Ratio (SEER)/12 Energy Efficiency Ratio (EER) Energy Star qualified, or its equivalent; or alternatively, shall be a heat pump.

(ii) Cooling equipment in Climate Zone 4 shall be 13 SEER, or its equivalent; or alternatively, shall be a heat pump.

Refer to Section 8.1(c)(3) of these Standards for details regarding Heating Equipment.

(B) Indoor Air Handler. If the indoor air handler is being replaced, the outdoor coil shall also be replaced and it shall be matched to the indoor air handler, unless the outdoor coil is in good working condition and is compatible and properly sized to the new indoor air handler.

(5) Specific Requirements for Heating Equipment.

(A) Climate Zones.

(i) Heating equipment in Climate Zones 2 and 3 shall be greater than or equal to 80% AFUE gas furnace (or its equivalent); greater than or equal to 8.2 HSPF/14.5 SEER/12 EER air-source heat pump, Energy Star qualified with electric backup (or its equivalent); or alternatively, shall be a ground-source heat pump, Energy Star qualified (or its equivalent).

(ii) Heating equipment in Climate Zone 4 shall be greater than or equal to 90% AFUE gas furnace (or its equivalent); greater than or equal to 8.5 HSPF/14.5 SEER/12 EER air-source heat pump, Energy Star qualified with electric backup (or its equivalent); or alternately, shall be a ground-source heat pump, Energy Star qualified (or its equivalent).

8.2 Minimum Standards for the Distribution System.

a. General Requirements and Standard Conditions. The distribution system (e.g. ductwork) must provide an adequate supply of conditioned air to each habitable room, as well as an adequate amount of return air from each habitable room. Existing distribution systems must be inspected to determine whether the system is operating efficiently, properly balanced, and adequately supplying conditioned air -- as this is required for all habitable rooms.

b. Other Requirements/Conditions.

(1) Duct Cleaning. If the distribution system is dirty, but is otherwise operating effectively, duct cleaning is required. This requires complete duct sealing by mechanical means and with duct mastic (so as to adequately eliminate the source of dirt and debris entering the system). Duct cleaning must include all dryer vents.

(2) Replacement and Relocation. Replacement shall ensure all newly installed distribution systems are sized per the current version of the ACCA Manual D (or other Agency-approved methodology). Every effort should be made to relocate the replacement distribution system to the conditioned space through the installation of dropped soffits. If this is not possible, locating the distribution system in the attic shall require mechanical fastening, sealed with duct mastic, and insulated to R-8. Distribution systems shall not be located at the exterior of the home exposing the system to the elements

(3) Installation. Connections and routing of new ductwork shall be completed without kinks or sharp bends and without excessive coiled or looped flexible ductwork. All connections shall be mechanically fastened, sealed with mastic, and properly supported. Runs shall be insulated to R-8 if installed in unconditioned space.

(4) Room Pressurization. Room pressure balancing systems are recommended. Unbalanced distribution systems require transfer grills or jumper ducts to be installed to provide balance with rooms when doors are closed (with respect to the rest of the housing unit). Undercutting doors is prohibited.

8.3 Minimum Standards for Ventilation and Indoor Air Quality

a. General Requirements and Standard Conditions. At a minimum, sufficient ventilation must be provided so as to ensure adequate, continuous, non-contaminated air circulation throughout the Development.

b. Additional Requirements/Conditions.

(1) Exhaust fans. Exhaust fans shall comply with or exceed the applicable requirements in 2012 IRC, Chapter 15, and must be at least Energy Star qualified (or its equivalent). All bathroom, toilet rooms, and kitchen fans shall exhaust to the exterior (either through the

roof or a gable wall), be mechanically fastened, sealed with duct mastic, insulated to R-6, and have a mechanical damper. Flashing shall be installed to provide a positive drainage plain. Flex duct terminating at a gable vent is prohibited.

(A) Bathroom and Toilet Room Exhaust Fans. All bathrooms and toilet rooms must be ventilated by exhaust fans (vented to the outside) unless an operable window is present. If a continuous fan is installed, it shall be greater than or equal to 20 cfm. Intermittent fans shall be greater than or equal to 50 cfm. Neither shall exceed 1.5 sones. Bathroom exhaust fans shall be installed on a dedicated GFCI protected circuit. Light kit, night light, and/or a heating element may be included with exhaust fans. Combustion appliances venting to the exterior shall not be located in bathrooms.

(B) Kitchen Exhaust Fans. Kitchens require mechanical exhaust fan(s) (e.g. kitchen range hoods) be installed unless adequately ventilated by an existing and operational exhaust fan (vented to the outside). If a continuous fan is installed, it shall be greater than or equal to 5 cfm. Intermittent fans shall be greater than or equal to 100 cfm.

(C) Garage Exhaust Fans. If a garage is attached to a Unit (e.g. sharing a common wall), then a UL listed exhaust fan shall be installed in the garage and connected to the operation of the garage door. The exhaust fan must at least turn on when the door is opened and off after 20 minutes.

(2) Supply Air. If supply air is installed and connected to the return plenum, subparagraphs (A) - (D) of this paragraph shall apply, which requires:

(A) Supply air inlets must not be located within 10 linear feet from known contamination sources such as stacks, vents, exhaust hood, or vehicle exhaust;

(B) Rodent and insect screens must be installed;

(C) Ventilation must come directly from the outdoors and not from adjacent dwelling units, garages, crawlspaces, or attics; and

(D) The duct must be mechanically fastened, sealed with duct mastic, insulated to R-6, and shall have a mechanical damper.

Mandatory Development and Unit Standards

Health and Safety

NHTF-assisted housing must be free of all health and safety defects, must meet minimum standards of habitability and functionality, and all inspected items with an observed deficiency must be corrected. Additionally, NHTF-assisted housing is subject to the requirements in 24 CFR §93.301(b)(1)(i) regarding identifying life-threatening deficiencies, which must be addressed immediately if the housing is occupied at the time of rehabilitation.

Lead-Based Paint

NHTF-assisted housing is subject to the regulations at 24 CFR Part 35, subparts A, B, J, K, and R regarding lead-based paint poisoning prevention in residential structures. Applicants, developers, and builders of any project requiring the rehabilitation of structures built prior to 1978 must read, fully understand, and comply with 24 CFR Part 35, subparts A, B, J, K, and R. Inspection and testing for lead-based paint must be completed prior to determination of the scope of rehabilitation, a copy of the inspection and testing report must be provided as part of the work write-up.

Accessibility & Visitability

NHTF-assisted housing must meet the accessibility requirements of 24 CFR Part 8 (implementing Section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act (implemented at 28 CFR Parts 35 and 36), as applicable. “Covered multifamily dwellings”, as defined at 24 CFR §100.201, must also meet applicable design and construction requirements at 24 CFR §100.205 (implementing Fair Housing Act). Other required accessibility and visitability features are further described in 10 TAC Chapter 1, Subchapter B, and 10 TAC §11.101(b)(8).

Disaster Mitigation

Where relevant, NHTF-assisted housing must be improved to mitigate the impact of potential disasters, in accordance with applicable State and local codes, ordinances, and requirements, in addition to the Uniform Physical Condition Standards or other requirements established by HUD.

Broadband Infrastructure

HTF-assisted housing must provide for the installation of broadband infrastructure to be completed in accordance with 24 CFR §93.301(b)(2)(vi) and at no charge to the residents. 10 TAC §11.101(b)(4)(A).

Environmental Requirements

HTF-assisted housing must meet the minimum environmental requirements in 24 CFR §93.301(f)(2).

Development and Unit Amenities

Housing improvements beyond those described in these Standards must include all applicable amenities and energy and water efficiency features in accordance with 10 §TAC 11.101(b)(4), (5), and (6), as amended.

Inspections, Construction Documents, & Compliance (24 CFR §93.301(b)(2)-(3))

Inspections

All NHTF-assisted rehabilitation projects must comply with TDHCA written inspection procedures. TDHCA will conduct initial, mid-progress, and final inspections during construction to identify any deficiencies that must be addressed and ensure that all work is in accordance with approved standards, as applicable. *See*, 24 CFR §93.301(b)(3). TDHCA is responsible for initial and ongoing on-site inspections for rental housing during the affordability period. *See*, 24 CFR §§93.301(b)(3) and 93.301(e); *see also*, 10 TAC §13.11(Post-Award Requirements).

Work Write-Ups

Each repair should be detailed as required through the use of plans, drawings, specifications (conforming to the MasterFormat work write-ups). At a minimum each repair should be detailed in a work write up that specifies the location, required demolition, and methods and materials with enough detail to determine the desired outcome or finished product. Work-write ups can reference plans and specifications as needed but must be detailed enough to complete repairs. Moreover, work write-ups must comply with State and local codes, ordinances, requirements, and TDHCA standards.

Cost Estimates

Written Cost Estimates are required for all NHTF-assisted rehabilitation projects. Cost estimates must be reasonably prepared and submitted to the Department for approval in accordance with Title 10, Part 1, Chapter 10 of the Texas Administrative Code and these Standards. *See*, 24 CFR 93.301(b)(2) and (3); *see also,* 10 TAC §13.11(Post-Award Requirements)(regarding documents that must be submitted to the Department for review and approval prior to loan closing).

NHTF Annual Auditing, Recordkeeping, and Certifications

NHTF-assisted housing must comply with the auditing, recordkeeping, and cost certification requirements of 24 CFR §93.406 and 24 CFR §93.406.

Scope of Work and Post-Rehabilitation Standards

National Standards for the Physical Inspection of Real Estate (NSPIRE)

All Developments funded by the Department must be decent, safe, sanitary, in good repair, and suitable for occupancy throughout the entire Affordability Period. 10 TAC §10.621; To ensure that all residents live in safe, habitable dwellings, the items and components located inside the building, outside the building, and within the units are functionally adequate, operable, and free of health and safety hazards.24 CFR §5.703.

At a minimum, NHTF-assisted housing must comply with HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE)], as found in 24 CFR §5.705 and further provided for in 24 CFR §5.703. Developments must also comply with all local health, safety, and building codes; ordinances; and zoning requirements. Developments in jurisdictions without applicable State or local building codes must adhere to the International Existing Building Code (IEBC), and where the International Building Code (IBC)) of the International Code Council in addition to the UCPS. Refer to **Appendix A: National Standards for the Physical Inspection of Real Estate (NSPIRE)** for additional details.

AND

Scope and Cost Review (SCR)

This report is required for NHTF-assisted Rehabilitation Developments. The SCR Report must be prepared in accordance with 10 TAC §11.306 (relating to Scope and Cost Review Guidelines) and submitted as required under 10 TAC §11.205(3)(relating to Scope and Cost Review (SCR)). Importantly, the report must be accompanied by the Department's SCR Supplement in the form of an excel workbook as published on the Department's website. Refer to **Appendix B: Scope and Cost Review (SCR)** for additional details.

AND

Capital Needs Assessment (CNA)

All NHTF-assisted Rehabilitation Developments must also submit a capital needs assessment (CNA) estimating the useful life of each major system. 10 TAC §11.205(3). The CNA shall determine the work to be performed and identify the long-term physical needs of the project. 24 CFR §93.301(b)(1)(ii). Moreover, the assessment must include a comparison between the local building code and no earlier than the 2015 version of the IEBC of the International Code Council. 10 TAC §11.205(3). If the remaining useful life of one or more major system is less than the applicable period of affordability, a replacement reserve must be established with adequate monthly payments made to repair or replace the systems as needed. See, 24 CFR §93.301(b)(1)(ii); *see also*, 10 TAC §10.404 (Reserve Accounts).

In addition to the minimum CNA requirements, the Report must be accompanied by the Department's SCR Supplement in the form of an excel workbook as published on the Department's website. 10 TAC §11.205(3)(relating to Scope and Cost Review(SCR)). Refer to **Appendix C: Capital Needs Assessment (CNA)** for additional details.

APPENDIX TO
2026 NHTF MINIMUM REHABILITATION STANDARDS

APPENDIX A: National Standards for the Physical Inspection of Real Estate (NSPIRE)

Introduction

All Developments funded by the Department must be decent, safe, sanitary, in good repair, and suitable for occupancy throughout the entire Affordability Period. 10 TAC §10.621; To ensure that all residents live in safe, habitable dwellings, the items and components located inside the building, outside the building, and within the units are functionally adequate, operable, and free of health and safety hazards. 24 CFR §5.703. This requires that, at a minimum, NHTF-assisted housing comply with HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE) provided in 24 CFR Part 5, Subpart G.

Importantly, the NSPIRE is a minimum threshold requirement for NHTF-assisted housing. Developments are still responsible for complying with applicable local health, safety, and building codes; ordinances; and zoning requirements. Even Developments in jurisdictions without applicable State or local building codes must still comply with the 2012 International Existing Building Code (IEBC) in addition to the NSPIRE.

NSPIRE Compliance Inspections

The Department's Compliance Division or its Affiliate(s) is responsible for conducting NSPIRE inspections of NHTF-assisted multifamily developments. *See* §200.853. Inspection frequency will be determined using the scoring and ranking methodology of HUD's Real Estate Assessment Center (REAC). *See* §200.857(a) – (b). Unless otherwise determined by the Department, NSPIRE Inspections will be conducted once every three years during the Affordability Period.

During an Inspection, observable deficiencies for inspectable items will be identified for all major areas of NHTF-assisted rehabilitated housing, including the **(1) Inside; (2) Outside; (3) Units; and (4) Health and Safety Considerations**. Correcting deficiencies is an important part of the Applicant/Borrower's ongoing responsibility to maintain the physical state of the Development so that it is decent, safe, sanitary, and in good repair. This responsibility must be maintained throughout the entire Affordability Period.

Depending on the type of Deficiency identified, the responsibility to address and remedy Deficiencies may either be (1) immediate or (2) completed with the project's scope of work.

1. **Severe and Life Threatening Deficiencies (LTD)** are identified in the Exigent Health and Safety Report(s) and require immediate attention or remedy. **For projects involving the acquisition or rehabilitation of occupied housing, Severe and Life Threatening Deficiencies MUST be immediately addressed AND remedied**. Severe and Life Threatening Deficiencies include, but not are limited to, the following (categorized by Severe and Life-Threatening deficiencies):
    - **Life-Threatening:** Call-for-aid system is blocked, or pull cord is higher than 6 inches off the floor
    - Call-for-aid system does not function properly
    - Carbon monoxide alarm is missing, not installed, or not installed in a proper location
    - Carbon monoxide alarm is obstructed
    - Carbon monoxide alarm does not produce an audio or visual alarm when tested
    - Chimney exhibits signs of structural failure

- Chimney is incomplete or damaged such that it may not safely contain fire and convey smoke to the exterior
- Electric dryer exhaust ventilation system has restricted airflow
- Gas dryer exhaust ventilation system has restricted airflow
- Electric dryer transition duct is detached or missing
- Gas dryer transition duct is detached or missing
- Electric dryer exhaust ventilation system has restricted airflow
- Dryer transition duct is constructed of unsuitable material
- Entry door is missing
- Fire labeled door is missing
- Obstructed means of egress
- Sleeping room is located on the 3rd floor or below and has an obstructed rescue opening
- Outlet or switch is damaged
- Exposed electrical conductor
- Water is currently in contact with an electrical conductor
- The overcurrent protection device is damaged
- Exit sign is damaged, missing, obstructed, or not adequately illuminated
- Fire escape component is damaged or missing
- Fire extinguisher pressure gauge reads over or under-charged
- Fire extinguisher service tag is missing, illegible, or expired

Severe:

- Fire extinguisher is damaged or missing
- Flammable or combustible item is on or within 3 feet of an appliance that provides heat or a fuel-burning water heater OR Improperly stored chemicals
- Guardrail is missing or not installed
- Guardrail is not functionally adequate
- Unvented space heater that burns gas, oil, or kerosene is present
- Combustion chamber cover or gas shutoff valve is missing from a fuel burning heating appliance
- Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing
- The inspection date is on or between October 1 and March 31 and the permanently installed heating source is not working or the permanently installed heating source is working and the interior temperature is below 64 degrees Fahrenheit
- Unvented space heater that burns gas, oil, or kerosene is present
- Combustion chamber cover or gas shutoff valve is missing from a fuel burning heating appliance
- Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing
- Natural gas, propane, or oil leak
- Presence of mold-like substance at extremely high levels is observed visually
- Smoke alarm is not installed where required
- Smoke alarm does not produce an audio or visual alarm when tested
- Smoke alarm is obstructed

- Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head
- Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance
- Sprinkler assembly has evidence of corrosion
- Sprinkler assembly has evidence of foreign material that is detrimental to performance
- Structural system exhibits signs of serious failure
- Only 1 toilet was installed, and it is missing
- Chimney or flue piping is blocked, misaligned, or missing
- Gas shutoff valve is damaged, missing, or not installed
- Only 1 bathtub or shower is present and it is inoperable or does not drain
- Ceiling component(s) is not functionally adequate
- Cooking range, cooktop, or oven does not ignite or produce heat
- A microwave is the primary cooking appliance and it is damaged
- Entry door is missing
- Entry door will not close
- Entry door cannot be secured
- Fire labeled door does not open
- Fire labeled door does not close and latch or the self-closing hardware is damaged or missing such that the door does not self-close and latch
- Fire labeled door assembly has a hole of any size or is damaged such that its integrity may be compromised
- Fire labeled door seal or gasket is damaged or missing
- An object is present that may prevent the fire labeled door from closing and latching or self-closing and latching
- Fire labeled door cannot be secured
- Three prong outlet not properly wired or grounded
- Outlet does not have visible damaged and testing indicates it is not energized
- Testing indicates a three-pronged outlet is not properly wired or grounded
- GFCI outlet or GFCI breaker is not visibly damaged and the test or reset button is inoperable
- AFCI outlet or AFCI breaker is not visibly damaged and the test or reset button is inoperable
- An unprotected outlet is present within six feet of a water source
- The overcurrent protection device is contaminated
- Heating system or device safety shield is damaged or missing
- The inspection date is on or between October 1 and March 31 and the permanently installed heating source is working and the interior temperature is 64 to 67.9 degrees Fahrenheit
- Heating system or device safety shield is damaged or missing
- Extensive rat infestation
- Extensive cockroach infestation
- Extensive bedbug infestation
- Extensive mouse infestation
- Extensive rat infestation
- Blocked sewage system

- Leak in sewage system
- Auxiliary lighting is damaged, missing, or fails to illuminate when tested
- Presence of mold-like substance at high levels is observed visually

2. **Moderate and Low Deficiencies** generally include all other observable deficiencies. Any and all Moderate and Low Deficiencies must be completed with a project's scope of work and thus corrected prior to project completion. Moderate and Low Deficiencies include but are not limited to those listed as "Mod" or "Low Deficiencies" in ***Attachment A – TDHCA National Standards for the Physical Inspection of Real Estate (NSPIRE Checklist)***.

Required Documentation

All NHTF-assisted multifamily housing must complete and timely submit the ***TDHCA National Standards for the Physical Inspection of Real Estate (NSPIRE Checklist))*** to the Department for review and approval.

APPENDIX B: Scope and Cost Review (SCR)
(10 TAC §11.205(3); 10 TAC §11.306)

Introduction

All NHTF-assisted Developments (excluding Reconstruction) must submit a Scope and Cost Review (SCR) Report. The SCR must meet the minimum requirements provided in 10 TAC §11.306 (relating to Scope and Cost Review Guidelines) and 10 TAC §11.205(3)(relating to Required Third Party Reports: Scope and Cost Review). Pursuant to 10 TAC §11.306(a), the objective of the SCR is to provide a self-contained report that comprehensively details and evaluates the current conditions of the Development, and identifies a scope of work for the proposed repairs, replacements, and improvements to an existing multifamily property.

Scope and Cost Review Guidelines

The SCR author must evaluate the sufficiency of the Applicant's scope of work and provide an independent review of the Applicant's proposed costs. It is the Applicant's responsibility to ensure the scope of work and cost estimates (including the Development Cost Schedule) submitted in the Application are provided to the author, as these must also be included in the SCR Report. Importantly, the report should be in sufficient detail for the Underwriter to fully understand all current conditions, scope of work and cost estimates. The report must also include the following statement, "any person signing this Report acknowledges that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law." 10 TAC §11.306(a).

Under 10 TAC §11.306(b), the SCR must include analysis in conformity with the American Society for Testing and Materials (ASTM) "Standard Guide for Property Condition Assessments. Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018)," unless the exceptions in 10 TAC §11.306(f) or (g) apply. Moreover, 10 TAC §11.306(c) requires good quality color photographs of the subject Real Estate (front, rear, and side elevations, on-site amenities, interior of the structure) be included. Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables must also be included.

Discussion and analysis must be provided for 10 TAC §11.306(d)(1) – (8). This includes, but is not limited to, discussion and analysis of:

(1) Descriptions of Current Conditions;
(2) Descriptions of Scope of Work;
(3) Useful Life Estimates;
(4) Code Compliance;
(5) Program Rules;
(6) Accessibility Requirements;
(7) Reconciliation of Scope of Work and Costs; and
(8) Cost Estimates.

Any costs not identified and discussed in sufficient detail in the SCR as part of 10 TAC §11.306(d)(6), (d)(8)(A), and (d)(8)(B) will not be included in the underwritten Total Development Cost in the Report.

Third Party, Unrelated, and Nonaffiliated Author(s)

The SCR shall be conducted by a Third Party at the expense of the Applicant, and addressed to Texas Department of Housing and Community Affairs as the client. Copies of reports provided to the Department which were commissioned by other financial institutions should address the Texas Department of Housing and Community Affairs as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to the Texas Department of Housing and Community Affairs. 10 TAC §11.306(h).

The SCR report must also include a statement that the individual and/or company preparing the SCR report will not materially benefit from the Development in any other way than receiving a fee for performing the SCR. Because of the Department's heavy reliance on the independent cost information, the provider must not be a Related Party to or an Affiliate of any other Development Team member. The SCR report must contain a statement indicating the report preparer has read and understood the requirements of 10 TAC §11.306 (esp., §11.306(i)).

Health and Safety Recommendations

Any recommendations made in the SCR regarding health and safety, life expectancy of major systems (structural support; roofing; cladding and waterproofing; plumbing; electrical; and heating, ventilation, and air conditioning) must be implemented. 10 TAC §13.9(1); 24 CFR §93.301(b)(1)(ix) (requiring an estimate (based on age and condition) of the remaining useful life of these systems be conducted upon project completion of each major system). If the remaining useful life of one or more major system is less than the applicable period of affordability, a replacement reserve must provide adequate monthly payments, so as to repair or replace the systems as needed. 24 CFR §93.301(b)(1)(ix).

For properties originally constructed prior to 1978, the SCR and rehabilitation scope of work must be provided to the party conducting the lead-based paint and/or asbestos testing. 10 TAC §13.9(2). The rehabilitation must implement the mitigation recommendations of the testing report. 10 TAC §13.9(2).

Required Documentation

Attachment B – TDHCA Scope and Cost Review (SCR Supplement)

The SCR must include the Department's Scope and Cost Review Supplement (SCR Supplement) in the excel form published on the Departments website (and attached for reference purposes). The purpose of the SCR Supplement is to consolidate and show reconciliation of the scope of work and costs of the immediate physical needs identified by the SCR author with the Applicant's scope of work and costs provided in the Application. The consolidated scope of work and costs shown on the SCR Supplement will be used by the Underwriter in the analysis, as it details the projected repairs and replacements through at least thirty (30) years.

APPENDIX C: Capital Needs Assessment (CNA)
(24 CFR §93.301(b)(1)(ii))

Introduction

All NHTF-assisted Rehabilitation Developments must also submit a capital needs assessment that estimates the useful life of each major system. The CNA will determine the work to be performed and identify the long-term physical needs of the project. 24 CFR §93.301(b)(1)(ii). If the remaining useful life of one or more major system is less than the applicable period of affordability, a replacement reserve must be established with adequate monthly payments made to repair or replace the systems as needed. 24 CFR §93.301(b)(1)(ii).

Importantly, the CNA must adhere to all applicable requirements of 10 TAC §11.205(3)(relating to Required Third Party Reports), including being accompanied by the Department's SCR Supplement in the excel form published on the TDHCA website (and attached to these Standards for reference purposes).

Capital Needs Assessment Guidelines

The CNA must be completed by an independent, Third Party engineer or architect approved by the Department. The performing engineer or architect must:

- conduct an interview with the appropriate onsite Development personnel (e.g. property management, maintenance personnel) to assess prior, ongoing or chronic repairs, maintenance issues, and deficiencies;

- complete an onsite visit and physical inspection of both the interior and exterior units and structures on the property;

- analyze and provide recommendations regarding the presence of environmental hazards and potential efficiency or other mitigation considerations, in accordance with these standards;

- analyze and provide recommendations as to the reasonability of the proposed budget as it relates to the work to be performed, including but not limited to an analysis of the: (1) Development Site; (2) Structural Systems; (3) Interior Systems; and (4) Mechanical, Plumbing, Electrical, HVAC, and Safety (e.g. fire protection, elevator requirements, safety lighting) Systems and related requirements; and

- depending on the aforementioned determinations, the assessment must assess and provide recommendations regarding the proposed budget as it relates to the conclusions of the assessment. Moreover, any and all components of major systems reaching the end of their useful life or otherwise bearing critical conditions, must be identified. If the remaining useful life of any major system is less than 50% of the expected useful life, immediate rehabilitation (replacement or repair, as appropriate) is required. If the remaining useful life of any component of the major systems is less than the term of the affordability period, replacement reserves with adequate payments being made as required to finance future repair(s) or replacement(s) is required.

Required Documentation

Attachment B – TDHCA Scope and Cost Review (SCR Supplement)(as detailed in APPENDIX B).

ATTACHMENTS TO
2026 NHTF MINIMUM REHABILITATION STANDARDS

ATTACHMENT A: National Standards for the Physical Inspection of Real Estate (NSPIRE Checklist) (available as posted on the TDHCA website at https://www.tdhca.texas.gov/physical-inspections and as may be amended from time to time.

ATTACHMENT B: Scope and Cost Review Cost Schedule (SCR Supplement)(available as posted on the TDHCA website at https://www.tdhca.texas.gov/real-estate-analysis and as may be amended from time to time.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1381 **Agenda Date:** 4/9/2026 **Agenda #:** 36.

Presentation, discussion, and possible action on the 2026 Department of Energy Weatherization Assistance Program State Plan and Awards

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) develops and submits a State Plan to the U.S. Department of Energy (DOE) each year to administer the Weatherization Assistance Program (WAP);

WHEREAS, the draft 2026 DOE WAP State Plan (the Plan) was approved for release for public comment at the Board meeting of February 5, 2026;

WHEREAS, the public comment period was open from February 20, 2026, to March 17, 2026, and no public comment was received;

WHEREAS, consistent with DOE requirements (10 CFR §440.17) and as permitted by Tex. Gov't Code §2110.005 and 10 TAC §6.408, the Weatherization Assistance Program Policy Advisory Council met on March 18, 2026, and upon review and discussion, recommended in favor of the Plan with no revisions;

WHEREAS, the Department has prepared the final Plan including a list of the subgrantees to be awarded funds and the proposed award amounts based on the formula contained in 10 TAC §6.404, Distribution of WAP Funds for submission to DOE; and

WHEREAS, the Department expects to receive 2026 DOE WAP funds in the approximate amount of $10,000,000;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to submit the Plan to DOE and upon DOE approval of such Plan to contract for the awards represented in the Plan and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other writings such as anticipated grant guidance on development of the Plan from DOE or to make such non-substantive technical corrections as they or any of them may deem necessary or advisable to effectuate the foregoing.

BACKGROUND

DOE weatherization funding provides for the installation of weatherization measures to increase energy efficiency of a home including caulking, weather-stripping, adding ceiling, wall, and floor insulation, patching holes in the building envelope, duct work, and repair or replacement of energy inefficient heating and cooling systems. Additionally, the funds allow for subgrantees to complete financial audits, household energy audits, outreach and engagement activities, and program administration. Weatherization Readiness Funds are also provided which reduce the number of deferred homes that require other services which are outside the scope of weatherization, before weatherization measures can be installed. Further, DOE funding provides for state administration and state training and technical assistance activities.

A draft of the Plan was approved at the Board meeting of February 5, 2026, for release for public comment. The draft Plan and announcement of a public comment period and public hearing was made available on the Department's website and by listserv email distribution, on February 9, 2026, in addition to being announced in the *Texas Register* issue dated February 20, 2026. The Department conducted a public hearing on March 11, 2026. The public comment period closed at 5:00 p.m. Central time on March 17, 2026. There was no public comment received.

DOE regulations also require a Weatherization Assistance Program Policy Advisory Council (WAP PAC) be designated in the Plan in order to provide guidance and comment on the Plan. The WAP PAC members are appointed by the Department and broadly represent organizations and agencies throughout the State that represent low-income persons. The WAP PAC meeting occurred on March 18, 2026, at the conclusion of the public comment period. The WAP PAC members reviewed and discussed the Plan with Department staff, and all PAC members expressed support for the Plan and recommended no revisions. The Plan is being recommended to the Board without revisions from the prior version presented to the Board.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) requires a review of the DOE WAP awards prior to contract execution. The review has been performed and the subgrantees listed in Attachment A have been recommended for award through the Previous Participation Review and Approval Process.

ATTACHMENT A: LIST OF SUBGRANTEES AND ALLOCATIONS

2026 DOE WAP ALLOCATIONS

Contract Period: July 1, 2026 – June 30, 2027

	SUBRECIPIENT	ALLOCATION	WRF
1	Alamo Area Council of Government	$741,226	$68,083
2	BakerRipley	$1,310,197	$124,125
3	Brazos Valley Community Action Programs	$281,332	$25,248
4	City of Fort Worth Neighborhood Services Department	$473,047	$41,669
5	Combined Community Action, Inc.	$246,971	$21,863
6	Community Action Corporation of South Texas	$1,106,844	$104,096
7	Community Council of South Central Texas, Inc.	$298,838	$24,794
8	Concho Valley Community Action Agency	$145,939	$11,912
9	Crossroads Community Action	$223,254	$19,527
10	Dallas County Health and Human Services	$731,693	$67,145
11	Economic Opportunities Advancement Corporation of Planning Region XI	$228,902	$20,084
12	El Paso Community Action Program-Project BRAVO	$377,776	$32,285
13	Greater East Texas Community Action Program	$737,601	$67,726
14	Hill Country Community Action Association, Inc.	$254,650	$22,620
15	Nueces County Community Action Agency	$139,795	$11,307
16	Panhandle Community Services	$226,884	$19,885
17	Rolling Plains Management Corporation	$307,688	$27,844
18	South Plains Community Action Association, Inc.	$219,836	$19,191
19	Texoma Council Of Governments	$493,488	$43,682
20	Travis County Health and Human Services	$265,648	$23,703
21	West Texas Opportunities, Inc.	$187,549	$16,011
	TOTAL	**$8,999,158**	**$812,800**

WRF=Weatherization Readiness Funds

NOTE: The numbers contained within this table are reflective of PY2025 appropriations and will be adjusted to align with PY2026 appropriations when issued by DOE.

OMB Number: 4040-0004
Expiration Date: 11/30/2025

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

1. Type of Submission:
- [ ] Preapplication
- [x] Application
- [ ] Changed/Corrected Application

2. Type of Application:
- [x] New
- [ ] Continuation
- [ ] Revision

If Revision, select appropriate letter(s)

Other (specify):

3. Date Received
05/01/2026

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:
DE-SE0001853

State Use Only:

6. Date Received by State: 03/16/2026

7. State Application Identifier: TX-W-200

8. APPLICANT INFORMATION:

a. Legal Name: Texas Department of Housing and Community Affairs

b. Employer/Taxpayer Identification Number (EIN/TIN):
742610542

c. UEI:
MNGDPFC1X5E4

d. Address:

Street 1: P.O. BOX 13941

Street 2:

City: Austin

County: TRAVIS County

State: TX

Province:

Country: U.S.A.

Zip / Postal Code: 787113941

e. Organizational Unit:

Department Name:
Texas Department of Housing and Community Affairs

Division Name:
Community Affairs Division

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr

First Name: Michael

Middle Name:

Last Name: DeYoung

Suffix:

Title: Community Affairs Division Director

Organizational Affiliation: Texas Dept. of Housing and Community Affairs

Telephone Number: 5124752125

Fax Number: 5124753935

Email: michael.deyoung@tdhca.state.tx.us

OMB Number: 4040-0004
Expiration Date: 11/30/2025

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

9. Type of Applicant:

A State Government

10. Name of Federal Agency:

U. S. Department of Energy

11. Catalog of Federal Domestic Assistance Number:

81.042

CFDA Title:

Weatherization Assistance Program

12. Funding Opportunity Number:

DE-WAP-0002026

Title:

2026 Weatherization Assistance Program (WAP) Funding

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Statewide

15. Descriptive Title of Applicant's Project:

Provide Statewide Weatherization Assistance for Low Income Persons in the State of TX

OMB Number: 4040-0004
Expiration Date: 11/30/2025

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

16.Congressional District Of:

a. Applicant: Texas Congressional District 25

b. Program/Project: TX-Statewide

Attach an additional list of Program/Project Congressional Districts if needed:

17. Proposed Project:

a. Start Date: 07/01/2026

b. End Date: 06/30/2027

18. Estimated Funding ($):

a. Federal	10,528,334.00
b. Applicant	0.00
c. State	0.00
d. Local	0.00
e. Other	0.00
f. Program Income	0.00
g. TOTAL	10,528,334.00

19. Is Application subject to Review By State Under Executive Order 12372 Process?:

[ ] a. This application was made available to the State under the Executive Order 12372 Process for review

[ ] b. Program is subject to E.O. 12372 but has not been selected by the State for review.

[X] c. Program is not covered by E.O. 12372

20. Is the applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation)

No

21. By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to**

[X] I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency

Authorized Representative:

Prefix: Mr

First Name: Bobby

Middle Name:

Last Name: Wilkinson

Suffix:

Title: Executive Director

Telephone Number: 5124753296

Fax Number:

Email: bobby.wilkinson@tdhca.state.tx.us

Signature of Authorized Representative: Signed Electronically

Date Signed: 05/01/2026

OMB Number: 4040-0006
Expiration Date: 06/30/2028

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No.	2. Program/Project Title
SE0001853	Weatherization Assistance Program

3. Name and Address	Texas Department of Housing and Community Affairs P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date	07/01/2026
		5. Completion Date	06/30/2027

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. DOE WAP Formula Funds	81.042	$ 0.00		$ 10,528,334.00		$ 10,528,334.00
2.						
3.						
4.						
5. TOTAL		$ 0.00	$ 0.00	$ 10,528,334.00	$ 0.00	$ 10,528,334.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total
	(1) GRANTEE ADMINISTRATION	(2) SUBGRANTEE ADMINISTRATION	(3) GRANTEE	(4) SUBGRANTEE T&TA	(5)
a. Personnel	$ 306,679.00	$ 0.00	$ 56,061.00	$ 0.00	$ 362,740.00
b. Fringe Benefits	$ 106,724.00	$ 0.00	$ 19,509.00	$ 0.00	$ 126,233.00
c. Travel	$ 0.00	$ 0.00	$ 31,320.00	$ 0.00	$ 31,320.00
d. Equipment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
e. Supplies	$ 4,461.00	$ 0.00	$ 554.00	$ 0.00	$ 5,015.00
f. Contract	$ 0.00	$ 897,696.00	$ 14,225.00	$ 725,000.00	$ 9,804,067.00
g. Construction	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
h. Other Direct Costs	$ 35,996.00	$ 0.00	$ 3,720.00	$ 0.00	$ 39,716.00
i. Total Direct Charges	$ 453,860.00	$ 897,696.00	$ 125,389.00	$ 725,000.00	$ 10,369,091.00
j. Indirect Costs	$ 134,632.00	$ 0.00	$ 24,611.00	$ 0.00	$ 159,243.00
k. Totals	$ 588,492.00	$ 897,696.00	$ 150,000.00	$ 725,000.00	$ 10,528,334.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Number: 4040-0006
Expiration Date: 06/30/2028

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. SE0001853	2. Program/Project Title Weatherization Assistance Program	
3. Name and Address	Texas Department of Housing and Community Affairs P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date 07/01/2026 5. Completion Date 06/30/2027

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. TOTAL		$ 0.00	$ 0.00	$ 10,528,334.00	$ 0.00	$ 10,528,334.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1) PROGRAM OPERATIONS	(2) HEALTH AND SAFETY	(3) LIABILITY INSURANCE	(4) FINANCIAL AUDITS	
a. Personnel	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 362,740.00
b. Fringe Benefits	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 126,233.00
c. Travel	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 31,320.00
d. Equipment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
e. Supplies	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 5,015.00
f. Contract	$ 6,124,717.00	$ 1,080,832.00	$ 127,797.00	$ 21,000.00	$ 9,804,067.00
g. Construction	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
h. Other Direct Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 39,716.00
i. Total Direct Charges	$ 6,124,717.00	$ 1,080,832.00	$ 127,797.00	$ 21,000.00	$ 10,369,091.00
j. Indirect Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 159,243.00
k. Totals	$ 6,124,717.00	$ 1,080,832.00	$ 127,797.00	$ 21,000.00	$ 10,528,334.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Number: 4040-0006
Expiration Date: 06/30/2028

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. SE0001853	2. Program/Project Title Weatherization Assistance Program	
3. Name and Address	Texas Department of Housing and Community Affairs P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date 07/01/2026 5. Completion Date 06/30/2027

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. TOTAL		$ 0.00	$ 0.00	$ 10,528,334.00	$ 0.00	$ 10,528,334.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1) Weatherization Readiness	(2)	(3)	(4)	
a. Personnel	$ 0.00				$ 362,740.00
b. Fringe Benefits	$ 0.00				$ 126,233.00
c. Travel	$ 0.00				$ 31,320.00
d. Equipment	$ 0.00				$ 0.00
e. Supplies	$ 0.00				$ 5,015.00
f. Contract	$ 812,800.00				$ 9,804,067.00
g. Construction	$ 0.00				$ 0.00
h. Other Direct Costs	$ 0.00				$ 39,716.00
i. Total Direct Charges	$ 812,800.00				$ 10,369,091.00
j. Indirect Costs	$ 0.00				$ 159,243.00
k. Totals	$ 812,800.00				$ 10,528,334.00
7. Program Income	$ 0.00				$ 0.00

U.S. Department of Energy

Weatherization Assistance Program (WAP)

BUDGET INFORMATION REMARKS

Grant Number: SE0001853, **State:** TX

Recipient: State of Texas

Remarks

As of the drafting of this Plan, DOE WAP is currently operating under a Continuing Resolution for Fiscal Year 2026. DOE is unable to issue TDHCA its allocation until a budget is passed by Congress and signed by the President. For planning purposes, TDHCA will use the budget for Fiscal year 2025 in this Plan. Once a budget is passed and signed by the President, DOE will issue the Department its allocation of DOE WAP funds and this budget will be updated to reflect the new allocation.

OMB Control No: 1910-5127
Expiration Date: 04/30/2027

U.S. Department of Energy

Weatherization Assistance Program (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

Grant Number: SE0001853, **State:** TX, **Program Year:** 2026

Recipient: State of Texas

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Alamo Area Council of Governments (San Antonio)	$809,309.00 62
BakerRipley (Houston)	$1,434,322.00 113
Brazos Valley Community Action Program (College Station)	$306,580.00 21
Combined Community Action, Inc. (Giddings)	$268,834.00 18
Community Action Committee of Victoria Texas (Victoria)	$242,781.00 16
Community Action Corporation of South Texas (Alice)	$1,210,940.00 95
Community Council of South Central Texas, Inc (Seguin)	$301,516.00 21
Concho Valley Community Action Agency (San Angelo)	$157,851.00 10
Dallas County Health & Human Services (Dallas)	$798,838.00 61
Economic Opportunities Advancement Corporation (Waco)	$248,986.00 17
El Paso Community Action Program, Project Bravo (El Paso)	$410,061.00 29
Fort Worth, City of (Fort Worth)	$514,716.00 38
Greater East Texas Community Action Program (Nacogdoches)	$805,327.00 61
Hill Country Community Action Association, Inc. (San Saba)	$277,270.00 19
Nueces County Community Action Agency (Corpus Christi)	$151,102.00 9
Panhandle Community Services (Amarillo)	$246,769.00 16
Rolling Plains Management Corporation (Crowell)	$335,532.00 23
South Plains Community Action Association, Inc. (Levelland)	$239,027.00 16
Texoma Council of Governments (Sherman)	$537,170.00 39
Travis County Health and Human Services and Veterans Services (Austin)	$289,351.00 20
West Texas Opportunities (Lamesa)	$203,560.00 13
Total:	**$9,789,842.00** **717**

OMB Control No: 1910-5127
Expiration Date: 04/30/2027

U.S. Department of Energy

Weatherization Assistance Program (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

Grant Number: SE0001853, **State:** TX, **Program Year:** 2026

Recipient: State of Texas

IV.2 WAP Production Schedule

Weatherization Plans	Units
Total Units (excluding reweatherized)	717
Reweatherized Units	0

Average Unit Costs, Units subject to DOE Project Rules		
VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)		
A	Total Vehicles & Equipment ($5,000 or more) Budget	$0.00
B	Total Units Weatherized	717
C	Total Units Reweatherized	0
D	Total Dwelling Units to be Weatherized and Reweatherized (B + C)	717
E	Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	$0.00
AVERAGE COST PER DWELLING UNIT (DOE RULES)		
F	Total Funds for Program Operations	$6,124,717.00
G	Total Dwelling Units to be Weatherized and Reweatherized (from line D)	717
H	Average Program Operations Costs per Unit (F divided by G)	$8,542.14
I	Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	$0.00
J	Total Average Cost per Dwelling (H plus I)	$8,542.14

IV.3 Energy Savings

Method used to calculate savings: ✓ WAP algorithm Other (describe below)

	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	717	29.3	21008
Prior Year Estimate	806	29.3	23616
Prior Year Actual	719	29.3	21067

Method used to calculate savings description: NA

IV.4 DOE-Funded Leveraging Activities

N/A

IV.5 Policy Advisory Council Members

Check if an existing state council or commision serves in this category and add name below

Combined Community Action Inc.	Type of organization: Non-profit (not a financial institution) Contact Name: Kelly Franke Phone: (979)540-2985 Email: KJFranke@ccaction.com
Greater East Texas Community Action Program	Type of organization: Non-profit (not a financial institution) Contact Name: Karen Swenson, Executive Director Phone: 9365642491 Email: kswenson@get-cap.org
Health and Human Services Commission	Type of organization: Unit of State Government Contact Name: Keely Lee Phone: 5126478824 Email: keely.lee@hhs.texas.gov
Ysleta Del Sur Pueblo-tigua Indian Reservation	Type of organization: Indian Tribe Contact Name: Albert Alvidrez Phone: 9158344925 Email: albert.alvidrez@tdhca.texas.gov

U.S. Department of Energy
Weatherization Assistance Program (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2026
Recipient: State of Texas

IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)

Date Held	Newspapers that publicized the hearings and the dates the notice ran
02/05/2026	TDHCA Board of Directors authorizes release of draft State Plan for public comment.
02/06/2026	Draft State Plan and notice of public hearing posted on the TDHCA website; public listserv announcement sent announcing availability of draft State Plan and public hearing details.
02/20/2026	Announcement of public hearing for draft State Plan published in Texas Register. Public comment period for draft State Plan begins.
03/11/2026	Public Hearing for the DOE State Plan. Conducted virtually.
03/17/2026	Comment period for the DOE State Plan ends at 5:00 pm (CST).
03/18/2026	WAPAC meeting regarding DOE State Plan.
04/09/2026	Final DOE State Plan and list of awardees to be presented at TDHCA Board of Directors meeting for approval. The meeting also serves as a Public Hearing.
05/01/2026	Final DOE State Plan submitted to DOE.

IV.7 Miscellaneous

Recipient Business Officer
Michael De Young
Michael.deyoung@tdhca.texas.gov
221 East 11th Street
Austin, Texas 78701
(512) 475-2125

Recipient Principal Investigator
Gavin Reid
gavin.reid@tdhca.texas.gov
221 East 11th Street
Austin, Texas 78701
(512) 936-7828

Policy Advisory Council
The Weatherization Assistance Program Policy Advisory Council (PAC) currently has four slots and is representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including weatherization and energy conservation problems. The PAC meets annually at the end of the public hearing period to discuss the DOE plan and comments received.

Two of the slots, filled by the PAC members from Combined Community Action and the Greater East Texas Community Action Program, represent the low-income, elderly, and disabled population. The third slot, filled by the PAC member from the Texas Health and Human Services Commission, represents the low-income, elderly and persons with disabilities. A fourth slot representing Native Americans is occupied by a member of the Ysleta Del Sur Pueblo-Tigua Indian Reservation.

Liability Insurance
The liability insurance separate line item includes pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for potential effects of many health and safety measures, such as lead disturbances and other pollution occurrence items. The Department strongly recommends the Subgrantees require their contractors to carry pollution occurrence insurance to avoid liability for any mistakes the contractors may make. Each Subgrantee should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

U.S. Department of Energy

Weatherization Assistance Program (WAP)

STATE PLAN / MASTER FILE WORKSHEET

Grant Number: SE0001853, **State:** TX, **Program Year:** 2026

Recipient: State of Texas

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

Eligibility for program assistance is determined under the Federal Poverty Income Guidelines and calculated as described in 10 TAC §6.4. TDHCA conforms to WPN 25-3.

Describe what household eligibility basis will be used in the Program

During the application process, households will be screened for DOE Weatherization benefits and determined eligible if their income is at or below 200% of the Federal Poverty Income Guidelines. Categorical eligibility exists when at least one person in the household receives assistance payments under Title IV or XVI of the Social Security Act at any time during the 12-month period preceding the determination of eligibility. An applicant is also categorically eligible if the applicant at the time of certification meets the Department of Housing and Urban Development (HUD) and the United States Department of Agriculture (USDA) criteria outlined within WPN 22-5, WPN 25-4, and WAP Memorandum 109. Application eligibility expires 12 months from certification of eligibility date if work on dwelling unit has not been initiated per 10 TAC §6.5(c).

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

The Welfare Reform Act, officially referred to as the Personal Responsibility and Work Opportunity Act of 1996, H.R. 3734, placed specific restrictions on the eligibility of aliens for "Federal means-tested public benefits" for a period of five years. As defined in a Federal Register notice dated August 26, 1997 (62 FR 45256) the Department of Health and Human Services (HHS) is interpreting "Federal means-tested public benefits" to include only those benefits provided under Federal means-tested, mandatory spending programs. HHS Information Memorandum LIHEAP-IM-25 dated August 28, 1997, states that all qualified aliens, regardless of when they entered the U.S., continue to be eligible to receive assistance and services under the Low-Income Home Energy Assistance Program (LIHEAP) if they meet other program requirements.

To ensure program continuity between LIHEAP and DOE Weatherization for all Subgrantees operating both programs, the DOE Weatherization Assistance Program will follow the interpretation as adopted by HHS. The Department uses the Systematic Alien Verification for Entitlements (SAVE) to determine whether an alien is qualified or unqualified for this program. The Department has provided training and will continue to provide training to Subgrantees who use the SAVE system to verify legal status.

The DOE and LIHEAP WAP are in compliance with LIHEAP-IM-99-10, issued June 15, 1999, which states that weatherization in a multifamily building is not a covered activity for status verification.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

TDHCA and subgrantees conform to WPN 25-3. Dwelling Units that can be weatherized include a house, stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. For DOE WAP, a Household is an individual or group of individuals, excluding unborn children, who are living together as one economic unit in a Dwelling Unit. A Household whose total combined annual income is at or below 200% of the Federal Poverty Income guidelines, or a Household who is Categorically Eligible, as described in V.1.1 above, is considered to be eligible. It is the subgrantee's responsibility to establish Dwelling Unit ownership through collected documentation at time of application and determine applicant income eligibility according to 10 TAC §6.4 (Income Determination) and 10 TAC §6.406 (Subrecipients Requirements for Establishing Household Eligibility and Priority Criteria).

For multifamily/shelter applications, it is a subgrantee requirement to apply the additional eligibility requirements for multifamily dwelling units and shelters according to 10 TAC §6.414 (Eligibility for Multifamily Dwelling Units and Shelters) as well as apply categorical eligibility requirements according to WPN 22-5, WPN 24-5, and WAP Memorandum 109.

Subgrantees maintain a client file for each unit weatherized, including documented proof that the Dwelling Unit is an eligible Dwelling Unit as defined above. The Department verifies that subgrantees have taken the proper steps to ensure that weatherized units are eligible and review the documentation during their annual monitoring reviews.

Describe Reweatherization compliance

Texas permits reweatherization of a unit if 15 years have passed from the unit's previous weatherization completion date in accordance with the Consolidated Appropriations Act of 2021 stated below. Otherwise, a unit may only be re-weatherized if such dwelling unit has been damaged by fire, flood, or an act of God and repair of the damage to weatherization materials is not paid for by insurance, per 10 CFR §440.18(f)(2)(ii).

Language from the Consolidated Appropriations Act of 2021:

AMENDING RE-WEATHERIZATION DATE. Paragraph (2) of section 415(c) of the Energy Conservation and Production Act (42 U.S.C. 6865(c)) is amended to read as follows:

(2) Dwelling units weatherized (including dwelling units partially weatherized) under this part, or under other Federal programs (in this paragraph referred to as 'previous weatherization'), may not receive further financial assistance for weatherization under this part until the date that is 15 years after the date such previous weatherization was completed. This paragraph does not preclude dwelling units that have received previous weatherization from receiving assistance and services (including the provision of information and education to assist with energy management and evaluation of the effectiveness of installed weatherization materials) other than weatherization under this part or under other Federal programs, or from receiving non-Federal assistance for weatherization.''

Previously Weatherized Home Tracking Procedure

Previously weatherized homes and their completion dates are recorded and tracked in the TDHCA Community Affairs Contract System's Previously Weatherized Database by subgrantees and verified by TDHCA through monitoring.

Describe what structures are eligible for weatherization

10 TAC §6.2 and §6.403 includes the following definitions which describe structures eligible for weatherization:

Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. (This is the same as the definition for Dwelling Unit in 10 CFR §440.3 Definitions)

Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit.

Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit.

Shelter--A Dwelling Unit or Units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

Single Family Dwelling Unit--A structure containing no more than one Dwelling Unit.

Buildings with more than one Dwelling Unit under one roof must follow 10 TAC §6.414, Eligibility for Multifamily Dwelling Units and Shelters.

TDHCA and subgrantees adhere to the requirements and restrictions of historic preservation and Section 106 of the National Historic Preservation Act through its DOE executed Programmatic Agreement, executed on October 5, 2020, and valid through December 31, 2030.

Subgrantees must ensure that all weatherization activities are allowable.

Describe how Rental Units/Multifamily Buildings will be addressed

In accordance with 10 CFR §440.22(b)(3), the Department requires that Subgrantees keep on file procedures that address protection of renters' rights, to ensure:

- Written permission of the building owner or his agent is obtained before commencing work.
- Cash/in-kind contribution from building owner when feasible.

- Benefits of the services accrued primarily to the low-income tenants residing in such units.
- For 12 months, the household will not be subjected to rent increases (unless those increases are demonstrably related to other matters other than the weatherization work performed).
    - There are adequate procedures whereby the Grantee can receive tenant complaints and owners can appeal, should rental increases occur.
- No undue or excessive enhancement shall occur to the value of the Dwelling Unit

The Department will abide by 10 CFR §440.22 to ensure that not less than 66% of the eligible building units (50% for duplexes and four-unit buildings, and certain eligible types of large multifamily buildings) are dwelling units occupied by low-income households, or will become occupied by low-income households, within 180 days under a Federal, State or local government program for rehabilitating the building or making similar improvements. "Certain eligible types of large multifamily buildings" are those buildings for which an investment of DOE funds would result in a significant energy-efficiency improvement because of the upgrades to equipment, energy systems, common space, or the building shell. "Significant energy improvement" is based on specific criteria for the building and must be assessed using existing conditions to determine the threshold to achieve significant energy improvements.

WPN 22-5, WPN 25-4 and WAP Memorandum 109 provide guidance on the review and verification required for HUD and USDA. Assessments and client file documentation for rental units and multifamily units are also detailed in the Multifamily Weatherization Best Practice posted on the Department's website at: https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance

In order to weatherize large multifamily buildings containing 25 or more dwelling units or those with shared central heating (e.g., boilers) and/or shared cooling plants (e.g., cooling tower that use water as the coolant) regardless of the number of dwelling units, Subgrantees must obtain prior written approval through the Department (TDHCA). When necessary, the Department will seek DOE approval.

Subgrantees must submit to the Department a request for approval to weatherize large multifamily buildings. Request for permission must include evidence of significant energy savings because of upgrades to equipment, energy systems, common space, or the building shell. A significant energy savings is defined as having an SIR of 1.0 or greater in the energy audit.

Describe the deferral Process

Deferral of a Dwelling Unit can occur when a Dwelling Unit has certain occupant issues or dwelling characteristics that are beyond the scope of the weatherization program. Deferred Dwelling Units cannot receive weatherization services. Subgrantees will track their unit deferrals using the "TDHCA Deferrals Classification Guide and Tracker Form" located on the Department website. Alternatively, subgrantees may choose to use an internal tracking system with the same functionality as the department adopted form. A Dwelling Unit shall not be weatherized when there is a potentially harmful situation that may adversely affect the occupants or the Subgrantee's weatherization crew and staff, or when a Dwelling Unit is found to have structural concerns that render the Dwelling Unit unable to benefit from weatherization. The Subgrantee must declare their intent to defer weatherization on an eligible unit on the assessment form. The assessment form must include the client's name and address, dates of the assessment, and the date on which the client was informed of the issue in writing. A written notice is required to be given to the client and must include a clear description of the issue(s) causing deferral, conditions under which weatherization could continue, the responsibility of all parties involved, any rights or options the client has (e.g., appeals process), and the process by which the client may re-apply upon requalification for weatherization. A copy of the notice must be signed by the Subgrantee and placed in the client application file while documenting the date it was sent/provided to the client. Only after the issue has been corrected to the satisfaction of the Subgrantee shall weatherization work begin. Subgrantees shall maintain a deferral tracking list which documents all deferrals and their status within the respective service area.

If structural concerns or health and safety issues identified (which would be exacerbated by any weatherization work performed) on an individual unit cannot be abated within program rules or within the allowable WAP limits, the unit exceeds the scope of this program.

Crewmembers or contractors who work on a unit that could or should be a deferral or walk-away, do so at their own risk.

Weatherization Readiness Funds (WRF)

WRFs are to be used by Subgrantees in addressing structural and health and safety issues to reduce the number of deferred homes that require other services which are outside the scope of weatherization, before weatherization measures can be installed. WRFs are distributed to the 21 Subgrantees per the distribution formula in §6.404. Households will be prioritized according to 10 TAC §6.406(c) wherein Subgrantees must establish a written procedure to serve Households that have a Vulnerable Population household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subgrantee must maintain documentation of the use of the criteria.

The maximum amount of WRFs to be used per home is $12,000. The $12,000 maximum shall not be exceeded without prior approval from the Department. WRFs will be tracked for each dwelling unit and at a minimum capture measures/repairs and associated costs as well as the information listed below:

-Avoided Deferrals - the # of dwelling units made weatherization ready with WRF, and for each building or unit;

-Year Built;

-Housing Type (site-built single family, manufactured housing, multifamily);

-Nature of repairs needed which prohibited weatherization;

-WRF expenditure per unit and building; and

-Leveraged fund expenditure per unit and building (i.e., LIHEAP, HUD, non-federal, etc. braided with WRF to make a building weatherization ready)

The Department's Subrecipient Monitoring Division will monitor these funds as part of the Grantee's annual monitoring of Subgrantees, ensuring the WRFs are expended according to the policy written by the subgrantee.

Examples of repairs can include: roof repair, wall repair (exterior or interior), ceiling repair, floor repair, foundation or subspace repair, exterior drainage repair, plumbing repairs, electrical repairs, clean-up beyond scope of weatherization.

WRFs are allowed to be utilized on both annual formula funded and BIL funded weatherization projects. All WRF expenditures must be compliant with WPN 24-9 or a later adopted version. WRFs must ultimately be expended by the end of the final year in a grant cycle. Subgrantees typically complete WRF repairs prior to retrofit work, but it is acceptable for subgrantees to complete WRF repairs concurrently with retrofit work.

A reasonable amount of time for a particular project to be completed using WRFs is approximately 90 days.

V.1.3 Definition of Children

Definition of children (below age): **19**

V.1.4 Approach to Tribal Organizations

Recommend tribal organization(s) be treated as local applicant?
If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

The 70th Texas Legislature created the Native American Restitutionary Program (Oil Overcharge Restitutionary Act, Texas Government Code, Chapter 2305) for the purposes of providing oil overcharge restitution to Texas Native Americans. In the Texas WAP, the Native-American Indian population is treated and served in the same manner as other applicants. Low income members of a Tribe will receive benefits equivalent to the assistance provided to other low income persons within Texas.

V.2 Selection of Areas to Be Served

The Texas WAP is available to eligible low-income households in all 254 counties of the state. Subgrantees are held responsible for all intake, eligibility, and weatherization activities. If the Subgrantee's performance record is satisfactory according to both state and federal regulations, then the Department may offer to renew the contract if the Subgrantee so desires. The Department's award committee may decline to recommend an award or place conditions on an award based upon its previous participation review as outlined in 10 TAC §1.302.

New or additional DOE Subgrantees for counties that become unserved by the DOE WAP will be selected according to DOE regulations found in 10 CFR§440.15 and 10 TAC §1.302. If the Department determines it is necessary to permanently reassign a service area to a new organization, the entity will be chosen in accordance with 10 CFR §440.15 and 10 TAC §1.411. A new or additional Subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a Department-funded Weatherization Assistance Program. All counties are served by 21 Subgrantees. To ensure there is not a break in weatherization services provided in any county during the subgrantee selection process, a transition plan is developed by the Department and an existing subgrantee, along with the new subgrantee (once selected), to continuously provide weatherization services in the area. For further details on the reassignment of a service area, see V.8.1 Overview and Organizations.

The Department may deobligate all or part of the funds provided under this contract as outlined in 10 TAC §6.405 and 10 TAC §1.411. A Subgrantee's failure to expend the funds provided under this State plan in a timely manner may also result in the Subgrantee's ineligibility to receive additional funding during

the program year.

Formula Distribution
The Department updates the budget allocation proportion by county and Subgrantee based on poverty income, elderly poverty, median household income (from the most recent decennial U.S. Census data), and climate data (from the National Climatic Data Center, Climate Normals), as outlined in 10 TAC §6.404.

The Department allocates funds to Subgrantees by applying a formula based upon the DOE allocation for program year; or if the allocation amount is not known, based on an assumption of level funding from the previous program year. Once the allocation amount is known, the formula is re-run. The allocation formulas reflect the most recent decennial U.S. Census data. If any carryover funds are available, they will be distributed by allocation formula and used to increase the number of units to be weatherized. The Department will adjust guidance to reflect the adjusted average expenditure limit per unit for the program year.

The fund allocations for individual service areas are determined by a 5-factor distribution formula as outlined in 10 TAC §6.404:
(1) Number of non-elderly poverty households per county;
(2) Number of elderly poverty households per county;
(3) Median income variance per county;
(4) Inverse poverty household density ratio per county; and
(5) County Weather Factor (Heating/Cooling Degree days per county) as a portion of State County Weather.

V.3 Priorities

The Department will ensure by contract that its Subgrantees give priority to weatherizing dwellings owned or occupied by low-income persons who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Applicants from these groups must be placed at the top of a Subgrantee's waiting list. The Department ensures that Subgrantees give proper attention to these requirements through monitoring/evaluation of the Subgrantee.

Definitions:

High Energy Burden--A Household whose energy burden exceeds 11% of their Gross Annual Income, determined by dividing a Household's annual home energy costs by the Household's Gross Annual Income.

High Energy Consumption--A Household that is billed more than $1000 annually for related fuel costs for heating and cooling their Dwelling Unit.

The Department trains the network of Subgrantees on the hierarchy of priorities and requires that any Subgrantees utilizing priorities other than the five listed in 10 CFR 440.16(b) do so in a manner that ensures no additional subgrantee priorities preempt the five listed in regulation. Any other additional categories shall be used as a tiebreaker once priority has been established, respectively.

V.4 Climatic Conditions

The climatic conditions for the State of Texas are imbedded in the algorithms of the Weatherization Assistant (WA) energy audit software developed by the Oak Ridge National Laboratory for the Department of Energy. As part of the energy audit modeling, the Department requires the Subgrantee network to select the nearest weather station to the dwelling units. The Weather files imbedded in the WA contains data of Heating and Cooling degree days for each weather station.

As described in the report prepared by the Pacific Northwest National Laboratory for the Department of Energy, the state of Texas has several IECC climate zones. https://www.energy.gov/sites/prod/files/2015/10/f27/ba_climate_region_guide_7.3.pdf

These climate zones are used as an aid in helping Subgrantees to identify the appropriate climate designation for the counties in which they are providing WAP services. In addition to prescribing appropriate mechanical equipment (example of climate specific measures would be evaporative cooling which may be prescribed in the Hot Dry climate of Texas and not in the Mixed Humid part of Texas) the IRC prescriptive thermal envelope of measures are different. The

climate zones found in Texas are as follows:

1. Hot-Humid

A hot-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation and where one or both of the following occur:

- A 67°F (19.5°C) or higher wet bulb temperature for 3,000 or more hours during the warmest six consecutive months of the year; or
- A 73°F (23°C) or higher wet bulb temperature for 1,500 or more hours during the warmest six consecutive months of the year.

IRC Prescriptive Thermal Envelope Measures:

Zone 2A		**Zone 3A**
Ceiling	R 38	R38
Windows	U 0.40	U 0.35
Walls	R13	R13 + 5
Floors	R13	R19
SHGC	0.25	0.25

2. Hot-Dry

A hot-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation and where the monthly average outdoor temperature remains above 45°F (7°C) throughout the year.

IRC Prescriptive Thermal Envelope Measures:

Zone 3B	
Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.25

3. Mixed-Humid

A mixed-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (65°F basis) or fewer, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 3A	
Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.25

4. Mixed-Dry

A mixed-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (50°F basis) or less, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 4	
Ceiling	R49
Windows	U 0.35

Walls	R13 + 5
Floors	R19
SHGC	0.40

In addition to the 2015 IRC adopted by the State of Texas, several individual cities have adopted amendments to the code. The adoption and amendments to the 2015 IRC impact the WA energy audits in that cities are required to evaluate user defined measures to meet the codes adopted by each individual city.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

Technical Guides and Materials
All technical guides (for all single family, mobile home, and multifamily buildings) and materials meet the specifications, objectives and desired outcomes outlined in the Standard Work Specifications (SWS). Provided below is an electronic link to all the current, DOE approved field guides and/or standards for single family, mobile homes, and multifamily buildings as well as all other relevant program guidance materials. These materials are available to all Subgrantees and contractors at any time.

https://www.tdhca.texas.gov/sites/default/files/community-affairs/wap/docs/21-SWS-TX-FieldGuide.pdf

The department has multiple WAP Cheat Sheets and Q&A documents that are always available to the network. They contain multiple references and are based upon sound building science principles. They have proved highly effective in multiple ways: increased compliance, improved understanding on how to assess and proceed, increased consistency across the Network, and reduced the number of calls for repetitive issues.

Materials and Work Standards

The following will be included in all Subgrantee contracts and subcontracts:

A. Subgrantee shall weatherize eligible dwelling units using only weatherization materials which meet or exceed the standards prescribed by DOE in Appendix A of 10 CFR Part 440, Standard Work Specifications (SWS), and added approved materials noted in WPN 23-6.

B. All weatherization measures installed shall meet or exceed the standards prescribed by DOE in WPN 22-4 regarding Standard Work Specifications, as detailed in the Department's Standard Work Specifications. All Subgrantee agreements and vendor contracts contain language which clearly documents the SWS specifications for work quality outlined in WPN 22-4, Section 2. A signed contract shall confirm that the organization understands and agrees to these expectations.

C. All weatherization work must be performed in accordance to the DOE approved energy audit procedures, 10 CFR Part 440 Appendix A, SWS, State of Texas adopted International Residential Code (or that of jurisdictions authorized by State law to adopt later editions).

D. Subgrantees are responsible for reviewing online NEPA and Historic Preservation PowerPoint trainings at www.energy.gov/node/4816816 prior to initiating projects and contacting NEPA with any questions at GONEPA@ee.doe.gov.

The Department is exploring the potential benefits of allocating/diverting WAP funds for a rooftop solar pilot program. This matter is preliminary and, if it occurs, will follow the guidance provided in WPN 23-6.

Field guide types approval dates

Single-Family: 6/8/2021
Manufactured Housing: 6/8/2021
Multi-Family:

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family

Audit Name: Other (specify)
NEAT: On October 20, 2020, DOE approved June 2, 2021 to June 2, 2026.
Approval Date: 6/2/2021

Audit Procedure: Manufactured Housing
Audit Name: Other (specify)
MHEA: On October 20, 2020, DOE approved June 2, 2021 to June 2, 2026.
Approval Date: 6/2/2021

Audit Procedure: Multi-Family
Audit Name:
Approval Date:

Comments

Because less than 20% of TDHCA's reported completed units are multifamily dwelling units, TDHCA does not have a DOE approved multifamily energy audit tool/procedure. The approach taken by TDHCA to ensure eligible occupants of multifamily dwellings receive appropriate, cost-effective weatherization services is described in V.1.2 "Describe how Rental Units/Multifamily Unit Buildings will be Addressed", above.

On October 20, 2020, TDHCA received DOE approval for the State of Texas Energy Audit Procedures (i.e., the National Energy Audit Tool (NEAT) and Manufactured Home Energy Audit (MHEA) for Site-Built Single Family, Manufactured, and Small Multifamily Housing for the WAP, effective June 2, 2021 and expiring June 2, 2026. Additionally, TDHCA received approval to utilize Refrigerators and General Heat Waste Measures (i.e., Low Faucet aerators (1.0 gpm or less), Furnace/Air Conditioner Filters, Hot Water Tank and Pipe Insulation) which were not listed in 10 CFR Part 440 Appendix A. TDHCA had already received approval on July 1, 2016 to utilize LEDs which were not listed in 10 CFR Part 440 Appendix A.

To comply with the requirement outlined in WAP Memorandum 113, TDHCA notified Oakridge National Laboratories (ORNL) and the DOE Project Officer and received approval to transition to Weatherization Assistant (WAweb) on July 1, 2024.

On July 22, 2022, TDHCA received DOE approval to use the DOE Priority Lists for the Hot and Moderate Climate Zones. The Priority Lists, along with complete Priority List policies and procedures, are available on the Department website. The Priority List(s), or the Energy Audit, are the two options available to Subgrantees to justify the weatherization measures installed in the dwelling units.

V.5.3 Final Inspection

The Department has provided Subgrantees with sufficient T&TA funding to obtain and/or maintain required QCI and MF-QCI certifications by an IREC certified training provider. The Department tracks Subgrantee compliance with unit inspection requirements of WPN 22-4.

The Department has five certified QCI staff who maintain their certifications, three of which conduct monitoring at the Grantee level (copies of QCI certifications are attached to the SF424). The Department annually requires all Subgrantees to report the following for determining the number of units that the Department will inspect for compliance at each agency:

Option 1 (at minimum 5% compliance final inspection required): The Subgrantee will NOT allow the QCI staff member (or third party QCI) who conducts the Final Inspection on any DOE funded/reported unit to perform any other aspect(s) associated with that same unit. E.g., Initial Assessment, NEAT Audit/Priority List, Work Order, etc.

Option 2 (10% compliance final inspection required): The Subgrantee will have a QCI staff member conduct the Final Inspection on every DOE funded/reported unit AND will also perform other aspect(s) associated with that same unit. E.g., Initial Assessment, NEAT Audit/Priority List, Work Order, etc.

NOTE: As scheduling permits, compliance will conduct 10% final inspections on completed units for Option 1 as well.

TDHCA surveys the WAP network annually to determine which option is appropriate for each Subgrantee while developing the monitoring schedule. Prior to conducting an onsite monitoring, the option will be verified to ensure an adequate number of units are inspected.

All units are inspected by a certified QCI. The inspecting QCI must not have performed weatherization work on the home prior to the final inspection. In addition to

final inspections, a completed QCI Final Inspection Certification Form is required. The form can be found at:

https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance

Subgrantees are required to follow work standards as per the SWS guidelines. This requirement is within Subgrantee contracts, and the SWS guide is posted on the Department's WAP Program Guidance Webpage at

https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance

All units are required to be in compliance with DOE/SWS guidelines and successfully pass a local QCI inspection which includes an assessment of the energy audit or priority list to confirm the accuracy of the field site data collection, energy audit software inputs (when applicable), and ensure that measures called for on the work order were appropriate and in accordance with TDHCA's energy audit/priority list procedures and protocols approved by DOE. If a local QCI fails to adequately inspect a unit to meet the most recent DOE/SWS guidelines, the Subgrantee would be out of compliance and reported to the TDHCA Compliance Department for the appropriate action. Any unit that fails to be brought into compliance with current DOE/SWS requirements and/or successfully pass a QCI inspection will require TDHCA to disallow the unit and associated costs. A report will be generated issuing the Subgrantee a finding(s) for the reason(s) of the disallowed cost. In severe or repetitive cases the local QCI will be reported to the certifying agency for further action. In less severe or isolated cases the local QCI would be provided individualized T&TA or a referral to the appropriate Comprehensive training provider.

V.6 Weatherization Analysis of Effectiveness

Pursuant to 10 TAC, Chapter 1, Subchapter C, §1.302, a review of a Subgrantee's compliance history in Department programs must be approved through the Department's Previous Participation Review and Approval Process (PPRAP) and provided to the Department's Board of Directors in order that the Board may consider the compliance history and make and document its award decisions with full knowledge of these matters. Prior to the award of DOE funds to any

Subgrantee, PPRAP reviews:

1. Deficiencies, Findings and Concerns identified during the last three years;

2. Any changes in debarment status;

3. Complaint history of the applicant; and

4. If the Subgrantee is subject to the requirement of an annual single audit, its Single Audit status, any findings noted in the Single Audit, and the recommendation of the Single Audit Committee.

The Compliance Division submits the results of the information noted above to the PPRAP. If the PPRAP finds that a Subgrantee has outstanding monitoring or Single Audit issues, their WAP award may be subject to conditions intended to avoid future noncompliance, and limit disallowed costs.

Additionally and in a separate process, T&TA staff are copied on all monitoring reports and/or a staff meeting is held for monitors to debrief T&TA staff after each visit. In those meetings, monitoring staff relay issues found related to the Subgrantee as well as overall trends identified. Following the monitoring report, T&TA staff provide an initial email to the Subgrantee to provide resources for identified issues. T&TA staff applies this debrief information when determining the needs for agency wide specific T&TA and to plan the training curriculum. When circumstances warrant, due to a high amount or degree of monitoring findings and concerns related to energy audit procedures, focused and intensive T&TA from a Weatherization Trainer will take place.

Further, Subgrantee performance is reviewed periodically and at the end of the program year. The Department tracks subgrantee performance over time by reviewing their monthly production and expenditure reports. Subgrantees are required to submit a Production Report on the 15th of each month. If staff determines that a benchmark is missed or a Subgrantee is falling behind on expenditure and/or production, a letter is issued from the Department and the subgrantee is required to submit a written Mitigation Action Plan according to 10 TAC §6.405.

Additionally, based upon monthly submitted production and expenditure reports, individualized T&TA is provided to ensure full expenditure and an adequate rate of production. T&TA staff analyze the reports submitted by subgrantees and provide T&TA when necessary. Such T&TA may include a course on production oriented management, proper reporting, procurement, and/or other relevant topics.

Analysis of reports includes the following:

- Number of homes completed;
- Number of applications pending;

- Number of homes in progress;
- Contract amount;
- Total funds expended;
- Balance of funds; and
- Special comments

The Department enforces the Deobligation/Reobligation of Awarded Funds rule as laid out in 10 TAC §6.405. While the Department's performance review process may not achieve full expenditure of funds each Program Year (e.g., PY 2017 due to Hurricane Harvey), the Department continuously assesses its processes and researches potential modifications in order to improve. For example, as mentioned previously, the Department oversees the performance and expenditure report and production schedule process and provides technical assistance to individual subgrantees who are on a pathway to non-expenditure of the full amount of their allocation.

V.7 Health and Safety

Attached to SF-424

V.8 Program Management

V.8.1 Overview and Organization

The Department is the state's lead agency responsible for affordable housing and community assistance programs. The Department annually administers funds derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

In 1991, the 72nd Texas Legislature created the Department. The Department's enabling legislation combined programs from the Texas Housing Agency, the Community Development Block Grant Program from the Texas Department of Commerce, and the Texas Department of Community Affairs.

On September 1, 1992, two programs were transferred to the Department from the Texas Department of Human Services: the Low Income Home Energy Assistance Program and the Emergency Nutrition and Temporary Emergency Relief Program. Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services Programs were transferred to the newly created Office of Rural Community Affairs. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA. As a state agency, the Department is under the authority of the Governor of the State of Texas.

The Department's services are offered through three program categories: Single Family Programs, Multifamily Finance Production, and Community Affairs, which administers the WAP.

The Department subcontracts with a network of Subgrantees that provide WAP services. The network is comprised of community action agencies (CAAs), regional Councils of Government (COGs), and organizations in the other public or private nonprofit entity category.

All network Subgrantees are provided a draft copy of the yearly weatherization state plan and a notice of the state public hearing. The public and all Subgrantees are invited and encouraged to participate in the public comment process.

Historically, the regular weatherization program year ran from April through March. Starting PY 2015, the weatherization program year has run from July through June.

The Department will continue to administer the program through Subgrantees in accordance with 10 CFR §440.15 provisions and State regulations. If existing Subgrantees are successfully administering the Program, the Department will offer to renew the contract if the Subgrantee so desires and if grant funds are available. When the Department determines that an organization is not administering the program satisfactorily, it may take the following action:

-Correction of the problem(s) with training or technical assistance;
-Reassignment of the service area (or service area portion) to another existing Subgrantee; or,
-Solicitation or selection of a new or additional Subgrantee in accordance with 10 CFR §440.15 provisions.

A new or additional Subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a DOE Weatherization Assistance Program.

Consolidation/downsizing: Any downsizing will occur through normal attrition through a Subgrantee's determination that it can no longer administer the program efficiently/effectively, or through the Department's determination that a Subgrantee can no longer administer the program efficiently/effectively.

Reassignment of service areas for just cause: In the event that a service area can no longer be served by a Subgrantee, the Department reserves the right to reassign service areas. If it appears necessary to permanently reassign the service area, a new Subgrantee may be chosen in an open, competitive solicitation process in accordance with 10 CFR §440.15. The solicitation process begins with authorization by the Department's Governing Board to release a Request for Applications (RFA). The RFA packet includes a narrative portion describing the application and selection procedure, submission instructions, eligibility requirements, evaluation process, required certifications and attachments as well as the scoring items. Scoring items are based on Prior Experience, Prior Performance, Audit Findings, Disallowed Costs, Prior WAP Expenditures, Board Governance, and an applicant's Proposed Service Plan. Once applications are received, Department staff review and score the applications to determine the highest scorer. The applicant with the highest score undergoes a Previous Participation Review and is then approved by the Board for an Award and Contract.

V.8.2 Administrative Expenditure Limits

The Department may keep up to 7.5% of its grant funds for state administration. An additional 7.5% will be distributed for local WAP field operations under contract. Contract funds are intended for local administration, liability insurance coverage, local fiscal audit, materials, labor, program support and health and safety measures. To help ensure that Subgrantees comply with the full and proper use of all the contract funds, written definitions are provided to Subgrantees on budget categories as deemed necessary. The Department has elected to provide the maximum allowable funds for Subgrantee administration to Subgrantees receiving less than $350,000, so it has not included procedures for deciding which Subgrantees will receive additional funds. This decision is based on the following factors:

- Subgrantees often have to rely on other programs for WAP outreach and other administrative support;
- Subgrantees have had to adjust budgeting to keep pace with cost-of-living increases -- staff salaries, fringe benefits, rent, postage, travel, etc.;
- The State of Texas is 877 miles from Northern to Southern tips, 834 miles from Eastern to Western tips, and is comprised of a total of 266,807 square miles. The extra geography that Subgrantees have to cover to serve all the area's clients equitably requires additional staff, staff time, postage and phone costs, and vehicle wear and maintenance. (Source of Mileage Data: Texas Department of Transportation);
- Salaries, space, utilities, telephone, and similar costs associated with program support personnel should be charged to program support; and
- The increasing cost of maintaining appropriate qualified staff is challenging.

For Subgrantees receiving over $350,000, the administrative allowance will be at least 7.5% of each subgrant. For Subgrantees receiving less than $350,000, the administrative allowance may be increased up to an additional 5% for each subgrant.

V.8.3 Monitoring Activities

The Department will monitor the Weatherization Assistance Program (WAP), in accordance with WPN 24-4, with the Monitoring staff included in the budget. Subgrantee is defined as an organization with whom the Department contracts and provides WAP funds, including a statewide or regional WAP provider(s). Names and credentials of Department staff dedicated to monitoring DOE activities are:

- Robert Moore – 15+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Energy Auditor, Lead certified, OSHA 30 and attended DOE sponsored conferences.
- Ben Rose – 13+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Energy Auditor and Lead certified.
- Robert Kunze - 14+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Building Analyst Technician, BPI Energy Auditor, Lead certified, OSHA 10, EPA 608, and attended DOE sponsored conferences.

All staff listed above conduct fiscal/administrative and inspection monitoring activities and are paid for out of the T&TA (40%) budget category.

Compliance Subrecipient Monitoring is staffed with 10 additional monitors not dedicated to weatherization. All of these qualified monitors may be tasked with fiscal and programmatic activities through funds provided by this State plan.

The Department will attempt to monitor each of the DOE Subgrantees during the program period. Many of the DOE Subgrantees also receive funds through the Department of Health and Human Services Community Service Block Grant, Low Income Home Energy Assistance Program, Housing and Urban

Development HOME Program and Housing and Urban Development Emergency Solutions Grant Program. Whenever possible, all programs that are funded by the Department will be monitored during one visit to the Subgrantee; this may result in a monitoring outside of the regular DOE contract period.

(See Tentative Monitoring Schedule attached to SF-424)

The Department understands DOE's expectation and will conduct at least one on-site visit annually to each Subrecipient for technical and fiscal/administrative monitoring.

Financial and Administrative monitoring will include, at minimum, a review of the Subgrantee's General Ledgers and policies and procedures (including procurement) as well as support documentation for reported expenditures. These documents will be reviewed to ensure compliance with DOE, Department and other applicable rules and regulations. The Department will monitor for eligibility through sampled client file reviews. Through sampled unit inspections, Department staff will monitor for installed measures that are allowable and meet or exceed DOE requirements. The Department will review whether charged measures were installed properly and determine compliance with health and safety procedures, client eligibility, energy audit procedures, client education procedures and compliance with the SWS.

The Department will inspect 5-10% of all completed weatherized units. In order to achieve the 5-10% inspection rate and comply with the requirements of WPN 24-4, the Department is requesting that Subgrantees with a QCI on staff do not have that staff member involved with the weatherized unit prior to final inspection. The Department defines prior involvement as performing the audit, creating the work order or performing any weatherization work on the weatherized unit. The Department has created a QCI Final Inspection Form for Subgrantees which will allow TDHCA to determine if a QCI employed by the Subgrantee had prior involvement with that unit. The Department will review each sampled QCI final inspection document to ensure compliance with the requirement to inspect 5% and will increase the required inspections if necessary.

The Department recognizes that there may be a need to perform additional unit inspections towards the end of the contract period to comply with the requirements of WPN 22-4 if there were not enough units available to sample during the full monitoring review.

More frequent monitoring visits (Fiscal/Administrative and/or Technical) may be conducted for Subgrantees with significant identified risk.

Monitors will complete evaluation instruments to determine a Subgrantee's compliance. The instruments cover Financial and Administrative requirements, health and safety procedures, client eligibility, energy audit procedures, client education procedures, and compliance with the SWS. Compliance Monitors also review the hard copy of the NEAT or MHEA audit which is required to be in the client file to assure that the scope of the work was directed by the audit. Monitors scan documents as support if findings are noted. TDHCA monitors inventory with dedicated review procedures and an inventory testing tool.

The following list provides additional monitoring details that may occur during the monitoring review:

- Monitors may request copies of fiscal records/support documentation and perform a desk review to gauge the fiscal condition of the Subgrantee prior to onsite monitoring.
- As needed, monitors may perform a desk review of records requested but not provided during the onsite review and records requested to clarify issues identified during the onsite monitoring visit. The Department recognizes the requirement to issue the monitoring letter within 30 days of the review. The Department does not consider the review complete until receipt of information needed to ascertain compliance. Monitoring letters will be issued within 30 days of receipt of all necessary information.
- Monitors may test that weatherization activities including but not limited to: energy audits, energy conservation measures, incidental repair measures and health and safety measures are only performed by properly trained Retrofit Installer/Technicians, Crew Leaders, and Energy Auditors that have received comprehensive training (not necessarily certification) that is aligned with DOE's Job Task Analysis for the position in which the weatherization worker is employed.
- Subrecipient failure to provide/maintain support documentation sufficient enough to support activities will result in a recordkeeping finding in accordance with 2 CFR Part 200 and Texas Administrative Code §1.409 Record Retention requirements.

The Department will issue monitoring reports within 30 days of completion of the review. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction. On a case by case basis, the Department may grant an extension to respond to the report if there is good cause and the request is made during the corrective action period. The Department will review each response and determine if the Subgrantee has resolved the compliance issue. If the Department determines the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) until the compliance issue is resolved. In certain circumstances, the Department may "close" a compliance issue when there remains no additional actions that can be taken to resolve the issue. At the conclusion of this process, any unresolved compliance issues will be reported to DOE, as will any noncompliance that appears in two consecutive monitoring reports. Instances of suspected fraud, waste, or program abuse will be reported immediately to DOE and the Texas State Auditors Office.

The Department will review the annual Single Audits of each Subgrantee agency. The Department requires each Subgrantee to complete an Audit Certification

form within 60 days of the end of the entity's fiscal year. This is used to determine if a Single Audit is required. All single audits must be uploaded to the Federal Clearinghouse within nine months of the Subgrantee's fiscal year end or within 30 days of completion. Upon receipt of the Single Audit, a review is completed to determine if the packet submitted is complete and all opinions are provided. If the audit contains findings for Department issued funds, they are reviewed and discussed by the Director of Internal Audit, the Director of Subrecipient Monitoring, the Director for Community Affairs and staff to determine the appropriate steps to ensure the entity addresses the concerns identified in the audit report or management letter. The Department issues correspondence to the entity, identifying what the entity must address, what support documentation is needed and the corrective action measures that must be performed. The entity is provided a time frame to complete the corrective action and to respond to the correspondence.

The Department's Compliance Monitor(s) keep abreast of the required timeframe for the entity to complete the corrective action and to provide the response. When the response is received, the Department reviews the documentation to determine if the corrective action requirements have been met and whether or not to refer the matter to the Department's Enforcement Committee in accordance with Department rules and standard operating procedures. During the next monitoring visit to the entity, the Department will determine if the selection of expenditures or materials reviewed reflect compliance with the respective requirement.

If it is determined that the Subgrantee is not able to administer the weatherization program, the Department will follow the requirements in 10 TAC §2.202 Contract Closeout.

Compliance Subrecipient Monitoring (CMSM) is tasked with monitoring monies passed-through to subrecipients as documented in the Annual Monitoring Plan, Monitoring Procedures, Single Audit SOP and PPR SOP. Short narratives for fiscal review, single audit and previous participation are as follows:

Disbursements - Expenditures are sampled from the subrecipients general ledger and tested against the requirements of Texas Grant Management Standards, Texas Administrative Code and 2 CFR Part 200.

Procurement - Procured contracts are sampled and tested against the requirements of Texas Grant Management Standards, Texas Administrative Code and 2 CFR Part 200. The subrecipient general ledger is reviewed for aggregate expenditures that may warrant procurement.

Reconciliations - Expenditures recorded in the subrecipient's general ledger are reviewed and reconciled to reported Monthly Expenditure Reports.

Single Audit – Subrecipients are required to submit an Audit Certification Form (ACF) within 2 months of the entities' fiscal year end. The ACF is a legal certification indicating if an entity has expended to the federal single audit (SA) threshold of $1,000,000. If the federal SA threshold is met or exceeded, subrecipients are required to upload a 2 CFR Part 200 compliant single audit to the Federal Audit Clearinghouse (FAC) within 9 months of the entity's fiscal year end and notify the Department once the audit has been accepted by the FAC. The Department's Subrecipient Monitoring Administrator tracks ACF and SA compliance in a Microsoft Access database. Audits are reviewed by the administrator. If findings are identified, the materiality of the findings to Department passed-through funding is assessed by the Director of Subrecipient Monitoring, the Deputy Director of Program Controls and Oversight, the Department's legal counsel, the Director of Internal Audit and any program directors of funds passed-through for that fiscal period. If the findings are material to Department funding, a management decision letter with required follow-up is issued. Failure by the subrecipient to comply with ACF or SA requirements; or failure to adequately address management decision follow-up may impact the entity's ability to receive further funding through the Department's Previous Participation Review and Approval Process.

Previous Participation – It is the policy of the Compliance Division (CD) and the Compliance Administration Section (CMAD) to conduct a Previous Participation Review (Review) of Administrators, Sub-recipients, Affiliated Parties, Persons, Entities, and Responsible Parties to minimize the risks associated with providing Texas Department of Housing and Community Affairs' (Department) awards or assistance to non-performing Development Owners, Sub-Recipients, Non-Profits, and For-Profit Organizations. The Department's funds will not be awarded, or assistance provided, without the completion of a Review, as identified in the Texas Administrative Code, Title 10, Chapter 1, Subchapter C. Subrecipient Monitoring checks compliance status for Single Family and Community Affairs applicants as well as single audit compliance. Results are provided during previous participation review in order to inform any Compliance recommendations to the PPRAP.

Virtual Monitoring Overview

In light of the continued health concerns surrounding Coronavirus (COVID-19) and to promote the safety of our citizens, the Department developed a virtual monitoring inspection plan and received approval from DOE to move forward with virtual inspections according to the virtual monitoring inspection plan. While the Department has returned to onsite monitoring visits, the Department requests to retain approval for the virtual monitoring inspection plan if needed. DOE-approval will be sought prior to the re-implementation of virtual monitoring and that periodic re-evaluations of the necessity and collaboration with DOE will occur during the usage of virtual monitoring.

Virtual (video) monitoring inspections, being similar to on-site inspections, will be performed to minimize contact and exposure. This type of monitoring encompasses current comprehensive desk review procedures of all digitized client file documentation from intake to the final Subgrantee inspection as well as review of fiscal support documentation. During the desk review continued focus will include eligibility, complete whole house assessment leading to audit measures and needed health and safety measures. Any issue(s) identified will be noted on monitoring report for further follow-up and verification during the

remote virtual (video) inspection.

Identified discrepancies, serious and/or questionable health and safety concerns will trigger intensified corrective action or possible onsite examination and confirmation.

Virtual Unit Inspection Technical Monitoring Procedures

Continue utilizing Texas State Plan Monitoring Process inserting virtual unit inspections in lieu of onsite physical inspections.

1. TDHCA issues Subgrantee Technical Monitoring Review Notification Letter.

2. TDHCA communicates with Subgrantee selecting specific weatherized unit to be reviewed.

3. Subgrantee submits selected specific weatherized units client file documentation, final inspection pictures and video recording through TDHCA secure file transfer system.

4. Comprehensive client file desk review completed.

a. Performed with evaluation instruments to determine a Subgrantee's compliance, with all questions or concerns noted.

5. Virtual Unit Inspection Technical Monitoring

a. Standard final Subgrantee QCI inspections to be completed and videoed

b. Schedule virtual instruction training with each Subgrantee to ensure understanding of required photographic and video records of final inspection.

c. Conducted by QCI certified TDHCA Staff for units completed and reported.

d. Requires Subgrantee's final inspection video recording, pictures and documentation.

e. TDHCA Monitor reviews video for completion and SWS and IRC compliance.

1. If video contains required inspection support, no additional visit is necessary.

2. If video doesn't adequately address all applicable QCI requirements, then TDHCA requests/schedules an additional Subgrantee visit as a final inspection, that would be interactive (smart phone face time, zoom, etc.) for measures testing missed in the original video.

f. Video begins at the street view and continue around entire unit allowing clear observation of all exterior surfaces.

g. Continued tour of the unit's interior allowing survey of general condition.

1. Close-up (zoomed) view of specific areas of work performed and compared against work scope, SWS, and Texas Administrative Code (TAC) standards.

h. Subgrantee videos diagnostic testing set up, staff performing tests and final test results.

i. Required items to be provided by Subgrantee:

- Blower Door
- CAZ Testing (if applicable)
- ZPD Documentation
- Exhaust Flow
- Pressure Pans (if applicable)
- Installed Measures
- Duct Blaster (if applicable)

j. Compliance Monitor develops summary notes on testing processes and final test results based on Standard Work Specifications, DOE approved Field Guide, current Weatherization Program Notices, and Texas Administrative Code.

k. Subgrantee required to address any identified Health and Safety issues immediately with appropriate notice to the affected household and to the Department.

l. Subgrantee afforded the opportunity to address any additional non H&S identified issues prior to required monitoring review report release.

6. DEPARTMENT ISSUED MONITORING REPORT

a. The Department will issue monitoring reports within 30 days of completion of the review.

b. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction.

c. The Department will review each response and determine if the Subgrantee has resolved the compliance issue.

d. If the Department determines the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) within 30 days. Failure to resolve findings may result in disallowed costs.

**TDHCA will seek approval prior to the implementation of virtual monitoring and that periodic re-evaluation of necessity and coloration with DOE will occur during the usage of virtual monitoring. **

V.8.4 Training and Technical Assistance Approach and Activities

(Also see TTA Plan attached to SF-424)

TDHCA ensures all provided trainings are in compliance with the Quality Work Specification and provides Subgrantees with sufficient T&TA funding to:

- Obtain and/or maintain required certifications such as: QCI, Energy Auditor, Lead Safe Renovator, Lead Safe Worker, OSHA 10/30, etc.
- Receive Comprehensive training on a regular basis for occupation-specific training to train on curriculum aligned with the topics within the job task analyses (JTAs). All Comprehensive trainings are administered either by or in cooperation with IREC accredited facilities.
- Receive Specific training to address single-issue, short-term training to address technical skills/knowledge gaps, attend conference trainings, or attend trainings not aligned with a Home Energy Professional (HEP) job task analyses (JTAs). Specific trainings are conducted by Department training and technical staff or a Department approved designee with the exception of training conferences.
- When applicable, Subgrantees are given the opportunity to utilize T&TA funds to conduct in-house training by their current staff with their new/applicable staff. TDHCA T&TA staff will review and provide potential approval, on a case-by-case basis, for the training activities based on applicable parameters for the desired in-house training. Examples of potential parameters to be considered: qualification/certification of staff leading/conducting the training, expenditure rates, lack of monitoring findings/concerns, estimated timeline, estimated T&TA expenditures, etc.
- In October 2025, the Department implemented a learning management system (LMS) available to the Subgrantee network, with extensive WAP content, sourced through Everblue, an IREC accredited training provider. Video content covers building science principles, common WAP topics, JTAs, and WAP badges. The intent of the LMS is to have consumable and actionable content available to the Subgrantee network at all times, accessible from anywhere with internet access.

Training needs are determined and based upon the following:

- Individual Subgrantee Training Needs Assessments (TNA)
  - TDHCA implemented a requirement that requires each Subgrantee to complete DOE's WAP T&TA Planning & Reporting Template to identify each Subgrantee's specific training needs. The initial report is required to be submitted within sixty (60) days of the contract execution and is reviewed by TDHCA training staff to ensure each Subgrantee is planning to receive training in needed areas. Throughout the contract terms TDHCA staff monitor for training expenditures to ensure Subgrantee is obtaining needed trainings. Upon the completion of the contract a final version is required to be submitted to document and support training assistance received.
- Grant Requirements or as directed by DOE monitoring or audit reports.
- Subgrantee Request. The Department has an online request system named Wufoo, with a T&TA menu list, or section for the Subgrantee to make a specific request or ask specific questions. The Department will contact the requestor and customize training to meet the need. https://tdhca.wufoo.com/forms/request-for-ca- program-assistance/
  - In addition, submitted questions or requests are reviewed for creating Best Practices/FAQs or to identify topics for regional trainings, workshops, webinars or individualized training.
- Monitoring Reports. The Department's compliance team shares monitoring issues with the training team. The training team will initially provide resources and guides to address any findings, and follow up with T&TA as required.
- Subgrantee expenditure performance
  - TDHCA utilizes an online contract system to collect expenditure and performance data from Subgrantees and compares that data to a production tool at minimum on the third, fifth, and seventh program reporting deadline as identified within 10 TAC §6.405.

- Trends across the network are addressed in regional trainings, workshops, webinars or quarterly webinar calls with the network.
- Management Request. Management may make a specific request and dictate the type of training needed.

- Grantee identified needs
  - Areas of special focus are as follows:
    - Quality work through initial assessments
    - Accurate Energy Audit Modeling
    - Accurate implementation of DOE-Approved Priority List
    - Verifying applicable completed work meeting minimum Standard Work Specification (SWS) requirements.

The Department has five certified EA/QCI staff who monitor and/or train weatherization Subgrantees on quality weatherization work, proper diagnostics, documentation, and compliance. The Department continues to provide T&TA to assist Subgrantees in preparing for and obtaining required certifications. The Department created an online Web page dedicated to Quality Work Plan requirements that contains guidance and resources.

https://www.tdhca.texas.gov/weatherization-assistance-program-quality-work-plan

NOTE: IREC approved training providers sometimes partner with local Subgrantees to provide Comprehensive training courses in Texas including MFQCI and Energy Auditor.

Comprehensive Training:

Comprehensive trainings are defined as occupation–specific trainings which is part of an overall curriculum aligned with the topics within the given JTA being trained and will be administered by or in cooperation with accredited IREC training providers credentialed for the JTA being taught. Additionally, all required certification testing will be conducted by BPI certified proctors.

The current focus for Comprehensive training will include the following:

- Ensuring all twenty-one (21) Subgrantees have staff (or subcontractors as applicable) certified and trained in the profession in which the worker is employed.
  - Employment categories include: Energy Auditor (EA), Quality Control Inspector (QCI), Retrofit Installer (RI) and Crew Leader (CL).
  - As a prerequisite to BPI advanced certifications, TDHCA recommends successful training and completion of an appropriate BPI core certification such as Building Analyst Technician and Building Analyst Professional.
- Ensuring all twenty-one (21) Subgrantees continue to receive Comprehensive training on a regular basis for occupation-specific topics within the prospective job task analyses (JTAs) the worker is employed.
- Ensuring all twenty-one (21) Subgrantees receive Priority List related training to address any identified monitoring concerns with the implemented DOE Approved Priority List.
- Ensuring all twenty-one (21) Subgrantees receive Energy Audit Weatherization Assistant (WAweb) Modeling or Assessment related training to address identified monitoring concerns.

In compliance with Section 2 of WPN 22-4, the Department will perform a training needs assessment (TNA) to ensure comprehensive training for each category listed above is planned for and that required certifications are maintained as applicable. Whereas it is the responsibility of the Department to provide funds for training through or in conjunction with IREC training providers, it is the responsibility of the Subgrantee to ensure training is completed by staff and/or subcontractors. Subgrantees are responsible, when applicable, for securing a retention agreement to promote continued employment with the WAP program for a defined period, ensuring that T&TA funds are used effectively and maximized. The Department will monitor Subgrantee training plan progress and track credentials. Weatherization staff that do not meet the requirements outlined within WPN 22-4 may not function unsupervised until training and/or certification requirements are met.

Specific Training:

Specific trainings are defined as training for single-issue, short-term training to address technical skills or knowledge gaps. Conference trainings and any training not aligned with a Home Energy Professional JTA are included in this category. Specific training will be provided by Department training and technical assistance staff or a designee with the exception of training conferences. With experience as Subgrantee Program Managers, State Program Officers, Trainers, and Compliance Monitors, the staff has experience in Subgrantee monitoring, unit assessments, audits, materials installation, inspections, and the training and technical assistance that support each. The staff consists of:

- Kevin Glienke - 16+ years in WAP as a monitor/trainer, BPI Building Analyst Professional, BPI QCI, BPI EA, and attended DOE and TACAA sponsored conferences.
- Evan Brown - 11+ years of WAP experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, BPI IDL, OSHA 30 & 10 certified, Lead certified, and attended DOE and TACAA sponsored conferences.
- Robert Moore – 15+ years of weatherization experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, Lead certified, OSHA 30 and attended DOE and TACAA sponsored conferences.
- Ben Rose – 13+ years of weatherization experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, Lead

certified, and attended DOE and TACAA sponsored conferences.

- Robert Kunze - 14+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Energy Auditor, BPI Building Analyst Technician, BPI Building Analyst Professional, Lead certified, OSHA 10, EPA 608, and attended DOE sponsored conferences.

The focus for Specific trainings will include the following:

- New manager training
  - New manager training is required within three months of being hired and may be requested through the online training request system. Training includes a broad overview of the program history, applicable rules, reporting requirements, and available resources.
- Monitoring report based training
  - Another form of specific trainings are trainings that arise out of necessity due to monitoring issues. Subgrantees are monitored as described in V.8.3 Monitoring Activities of this Plan and results of those monitoring visits are shared with T&TA staff. Any issues as a result of a monitoring visit are analyzed by T&TA staff to determine how best to train the Subgrantee to resolve the issue(s).
  - While the majority of monitoring issues are addressed through the Comprehensive training approach, T&TA staff often provide short-term training to address technical skills or knowledge gaps through the Specific approach. Additionally, T&TA staff help Subgrantees review their monitoring report to develop a training plan and to identify Comprehensive training(s) needs. After Comprehensive training(s) are performed a follow-up is performed by T&TA staff to ensure comprehension. If necessary, T&TA staff provide one on one assistance to ensure the issue(s) are fully addressed/resolved.
- One-on-one technical assistance request for WAP Subgrantees.
  - T&TA staff are available daily to answer specific T&TA requests, discuss/provide options for encountered scenarios, help locate applicable program guidance, etc.
  - Grantee/subgrantee knowledge and understanding of virtual platforms has increased capacity in this area tremendously.
- Administrative/Fiscal Technical Assistance & Training.
  - To assist subgrantees address monitoring findings or concerns in the area of fiscal and cost allocation, the Department contracts with a fiscal consultant with expertise in financial systems and cost allocation.
  - To provide targeted in-depth technical assistance and training services in a variety of areas to include risk management, financial systems, budgeting, internal controls, process mapping, compliance with federal and state requirements, operations, outreach, systems analysis, strategic planning, procurement and weatherization production, the Department contracts with a Training & Technical Assistance provider to address subgrantee monitoring findings, concerns and areas of needed improvement.
- Quarterly Network Calls
  - Quarterly Network Webinar Call will cover topics based upon need and identified areas of concern. Topics typically include:
    - Program Requirements and Updates
    - Expenditures/Production
    - Monitoring Concerns
    - Technical Issues
    - Health & Safety Concerns
    - Upcoming Training Dates
    - Resources
- WAP E-Newsletter
  - A WAP newsletter will be emailed to the network on an as needed basis (i.e., as information becomes available) to provide WAP related information to the network (e.g., program and technical requirements, updates, training opportunities).

For formal specific trainings requested by the Subgrantee, a report will be produced indicating Subgrantee staff present, materials and documents presented to the Subgrantee, and expected outcomes.

Ramifications for Noncompliance with Training Requirements

Ramifications for noncompliance with Comprehensive training and/or Specific training can contain condition(s) which the noncompliant Subgrantee must comply with in order to receive funding. Conditions can be minor (e.g., submittal of a credential to the Department) or severe (e.g., closely supervised final QCIs by Department training staff to determine quality of weatherization measures installed).

Subgrantee Evaluation of Training Activities

Subgrantees will be given the opportunity to provide feedback through online training evaluations. These evaluations are reviewed to make improvements to future T&TA. Training staff will conduct periodic surveys to solicit input from Subgrantees and will evaluate pass rates for certification testing. In order to evaluate compliance with the Quality Work Specifications and the efficacy of its training activities, the training staff will review a Subgrantee's training activities at least annually and compare those to the Subgrantee's monitoring reports. Department staff evaluate T&TA activities through ongoing review of Subgrantees' projected training plans and monthly monitoring of T&TA expenditure rates. Staff work directly with subgrantees to identify appropriate training opportunities for all WAP field staff based on completed certifications at each agency. To support continued skill development, Subgrantees are provided access to a learning management platform that includes all available BPI courses for refresher training at any time. When projected T&TA plans are not progressing as expected, Department staff require participation in targeted training as part of a required action identified in the Subgrantee's

monitoring report to ensure compliance with program requirements and effective use of T&TA funds.

Client Education

The Department requires Subgrantees to provide client education to each client. Subgrantees are required to provide (at a minimum) educational materials in verbal and written format. Client education may include written and verbal education, energy savings materials, and instructions for equipment operation and/or maintenance.

Percent of overall trainings

Comprehensive Trainings:	60.0
Specific Trainings:	40.0

Breakdown of T&TA training budget

Percent of budget allocated to Auditor/QCI trainings:	50.0
Percent of budget allocated to Crew/Installer trainings:	30.0
Percent of budget allocated to Management/Financial trainings:	20.0

V.9 Energy Crisis and Disaster Plan

At this time, no DOE funding will be utilized for Disaster Recovery activities.

Weatherization Grantee Health and Safety (H&S) Plan- *Optional Template*

Texas Department of Housing and Community Affairs

1.0 – General Information

Additional information that does not fit neatly in one of the other sections of this document.

Allowable Department of Energy (DOE) related health and safety (H&S) actions and expenditures are those necessary to maintain the physical well-being of both the occupants and/or weatherization workers where:

- Costs are reasonable as determined by The Department of Energy (DOE) in accordance with this approved Plan;
- The actions must be taken to effectively perform weatherization; or
- The actions are necessary as a result of weatherization work.

This plan will provide guidance to the Texas Weatherization Network. Health and Safety issues will be identified by Program Assessors during the initial assessment. Weatherization Crews (either subcontracted or in house) will perform the task(s) identified in the initial assessment and listed in the work order(s). Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks.

This health and safety plan is taken from a DOE approved template. Much of the text in this template is DOE prescribed boilerplate language and may not always apply to activities described in TDHCA's DOE plan.

2.0 – Budgeting

Grantees are encouraged to budget H&S costs as a separate category and, thereby, exclude such costs from the Average Cost Per Unit (ACPU) cost limitation. This separate category also allows these costs to be isolated from energy efficiency costs in program evaluations. H&S costs that are budgeted and reported under the Program Operations category rather than the H&S category, the related H&S costs must be included in the calculation of the ACPU and cost-justified through the Grantee's Department of Energy (DOE)-approved energy audit tool.

Select which option used below.

Separate H&S Budget ☑	Contained in Program Operations ☐

3.0 – H&S Expenditure Limits

Pursuant to 10 CFR 440.16(h), Grantees must establish H&S expenditure limits for their Program and provide justification for those limits by explaining the basis and related historical H&S expenditures. DOE acknowledges that it may be necessary for Grantees to deviate from historical expenditures when certain circumstances arise (e.g., funding source changes).

10 CFR 440.16(h)(2) dictates that these limits must be expressed as a percentage of the ACPU. To calculate this percentage, use the following formula:

$$Total\ Average\ H\&S\ Cost\ per\ Unit = \frac{H\&S\ budget\ amount}{Program\ Operations\ budget\ amount}$$

For example, if the ACPU is $5,000 and a Grantee's Program expends an average of $750 per dwelling on energy-related H&S measures, the Total Average H&S Cost per Unit would equal 15 percent. DOE acknowledges that this percentage may vary significantly between Grantees due to different geographical areas and depending upon the availability of other funding sources, resource availability, etc. Low percentages should include a statement of what other funding supports H&S costs, while larger percentages will require greater justification and relevant historical support.

15 percent is not a maximum limit on H&S expenditures. DOE will conduct a secondary level of review on H&S Plans with a Grantee request of more than 15 percent of Program Operations used for H&S purposes. ***DOE strongly encourages using the table below in developing justification for the requested H&S budget amount.*** *In accordance with 10 CFR 440.18(d)(15), these funds are to be expended by the Program in direct weatherization activities, "of which is necessary before, or because of, installation of weatherization materials." This same section of the regulation excludes the H&S costs from the ACPU limitation if H&S costs are budgeted separately.*

DOE recommends reviewing recent budget requests and compare those to actual H&S expenditures to see if previous budget estimates have been accurate. The resulting Total Average H&S Cost per Unit multiplied by the Grantee's production estimate in the Annual File should correlate to the H&S budget amount listed in the Grantee's annual plan.

H&S expenditure limits and justification explaining the basis for setting the limits.

A thorough review of historical H&S expenditure data along with network provided feedback to aid in the completion of the H&S Measures Matrix is analyzed annually to determine the H&S expenditure limit requested.
Cost Controls: The Department has built-in contract and reporting validations that do not allow any Subgrantee to report or request over the allowable H&S %. The validations are built into the budgeting system from a total overall statewide % as well. Furthermore, unless current/historical expenditure data support an increase and the increase is approved by DOE, TDHCA will limit H&S expenditures to the DOE identified 15% of Program Operations as identified within WPN 22-7.

Utilizing the spreadsheet embedded below, provide a full list of H&S measures using historical data from your program, including average cost, and frequency rate. If installing more than a single instance of one measure in a unit (e.g. multiple CO alarms), Grantees may aggregate costs so that frequency does not exceed 100%, or enter a justification into the measure column, which explains why that measure has a frequency rate of over 100%. The spreadsheet will auto calculate your expected Total Average H&S Cost per Unit.

Instructions: Double-click icon directly below to open, view and edit Measure Matrix Spreadsheet. Complete the spreadsheet by entering the required information. To save, close the spreadsheet and it will save to this document.

Measure Matrix Final.xlsx

4.0 – Incidental Repair Measures

Any measures that could potentially be identified as H&S, but the Grantee chooses to instead identify and treat those measures as incidental repair measures (IRMs), must be implemented consistently throughout the Grantee's weatherization program. The measure must fit the regulatory definition of an IRM and be cost justified along with the associated energy conservation measure and/or package of measures. 10 CFR 440.3 defines Incidental Repairs as, "those repairs necessary for the effective performance or preservation of weatherization materials."

H&S measures identified and treated as IRMs within your Program.

N/A-TDHCA strives to limit IRMs and H&S measures when feasible in an effort to maintain program focus/intent of energy efficiency.

5.0 – Occupant Pre-Existing or Potential Health Conditions and Hazard Identification and Notification Form(s)

Grantees must develop a written policy that includes, at a minimum, the following documentation relating to H&S Plan implementation and maintain signed copies in each client file. Each notification must include the occupant(s) (and landlord if applicable) name and address, be signed and dated by the occupant (and landlord if applicable) indicating that they understand and have been informed of their rights and options and signed by the Subgrantee personnel collecting the information.
Required topics are:

- ***Occupant Pre-existing or Potential Health Condition Screening***
  - *Provides documentation that allows occupant(s) to self-report known or suspected health concerns as part of initial application for weatherization, during the energy audit, or other part of the weatherization process as specified. Must minimally contain the following:*
    - *Any known risks associated with the measures and materials being installed*
    - *Subgrantee point of contact information for occupant(s)*
    - *Date of screening*
- ***Hazard Identification Notification***
  - *Provides documentation that the occupant and landlord (if applicable), have been informed of any potential hazards identified during the energy audit or intake process. Must minimally contain the following:*
    - *Date(s) of the energy audit/assessment and when the occupant(s) (and landlord, if applicable) was informed of a potential H&S issue*
    - *A clear description of the problem, including any testing results*
    - *A statement indicating if, or when weatherization could continue*

Radon Informed Consent Form

- *Provides documentation that the occupant(s) (and landlord if applicable) have been informed of any potential hazards associated with radon in weatherized dwellings. The form must minimally contain the following:*
  - *An explanation on the potential small risk of increasing radon levels when building tightness is improved. This is based on the results of the Buildings Assessment of Radon Reduction Interventions with Energy retrofits Expansion Study (The BEX Study)*
  - *A list of precautionary measures WAP will install based on EPA Healthy Indoor Environment Protocols.*
  - *Some of the benefits of Weatherization including energy savings, energy cost savings, improved home comfort, and increased safety.*

Procedure for soliciting occupants' health and safety concerns related to components of their homes

A Signed Health & Safety Requirements Form has been developed by the Department to aid Subgrantees with screening occupants for known or suspected health concerns and to identify H&S concerns related to components of their homes. Obtained information

must be taken into consideration when determining the units work scope to ensure occupant safety. The Signed Health & Safety Requirements Form is located on the Department's website under "Weatherization Assistance Program (WAP) Program Guidance" at https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance and clicking on "Program Forms
The Signed Health & Safety Requirements Form aligns with DOE's template form to ensure clients are informed of any potential hazards associated with radon in weatherized dwellings.

Procedure for determining whether occupants suffer from health conditions which may be negatively impacted by the act of weatherizing their dwelling

Subgrantee must discuss information obtained from the Signed Health & Safety Requirements Form with clients and identify potential measures being considered for installation to determine if any measures could have an effect on the occupant's health. Precautions taken to avoid client health and/or safety should be well documented in the client file.

Procedure for addressing potential health concerns including pre-existing health conditions when they are identified

Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks. In cases where an occupant's health is fragile, or an occupant has been identified to have a health condition, and/or the crew work activities would themselves constitute a health and/or safety hazard, the occupant(s) at risk shall be required to leave during the performance of the work activities. In cases where specific weatherization material(s) present an occupant health concern, crews/contractors may substitute a comparable alternative material that meets DOE specifications. If no safe alternative material meeting DOE standards is available, Subgrantees should receive case by case guidance from Department training staff. Precautions taken to avoid client health and/or safety should be well documented in the client file.

Location where forms have been uploaded/submitted

Separate attachment to SF424 ☑	Separate attachment to H&S Plan ☐

6.0 – Health and Safety Categories

For each of the following H&S categories identified by DOE in the following tables, follow the directions below.

- Any section that is "Required" below must be explicitly detailed in the H&S Plan regardless of funding source used. If the Grantee checks the box for "Concurrence with DOE Guidance" the contents of the box may be left as it exists or reference the section/location within Grantee Policy and Procedure manual that contains language or insert Grantee specific language. If the "Alternative Guidance" box is checked, the Grantee must provide that alternative guidance in the box.
  - If a Grantee is proposing an alternative action/allowability for a "Required" item, the alternative requires comprehensive explanation of how it meets the intent of the DOE program notice.
  - If a "Required" item/category will not be addressed with any funding source and will always result in deferral, the H&S Plan must state that.
- Any section that is "Allowable" below must be detailed only if DOE WAP funds are used to implement the measures. If the Grantee uses DOE funds for any "Allowable" activities from the Table of Issues then they must be described here in detail, including defining "minor", "major", "limited", "case-by-case", and "at-risk" if the term is applied. If you only check the box "Allowed with Alternative Funds" then no additional information is required.
- Any section that is "Prohibited" below may not be addressed with DOE WAP H&S funds and does not need to be specifically addressed in the H&S Plan. The Grantee simply needs to check the "Concur with DOE guidance" box and indicate if the condition will result in deferral/referral.
- The Grantee H&S Plan may address additional H&S hazards specific to their program that are not included in the Table of Issues. If a Grantee chooses to include additional measures as DOE WAP funded H&S costs, the H&S Plan must include details pertaining to the measures allowed, testing required, and client education for these specific hazards.

- All required “Testing/Inspection” related items must be documented in the client file to verify completion and results.

6.1 – Air-Conditioning, Heating Systems, and Combustion Appliances

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Replace, repair, or install primary heating systems when existing primary heating systems are unsafe, inoperable, or nonexistent. No home may be left without a safe primary heating system after weatherization where climate conditions require heating (i.e., all climate zones except zone 1 as defined by ASHRAE). If unable to meet this requirement, deferral is required.
- No DOE-funded weatherization work is permitted if the completed dwelling unit will be heated with an unvented combustion space heater as the primary heat source. The primary heat source must be replaced with a vented unit prior to or by weatherization. The replacement unit must be sized to heat the entire dwelling unit.
- Unsafe secondary units, including space heaters, must be repaired, or removed and disposed of, or deferral is required. Secondary unvented space heaters are considered unsafe if they:
  - are not listed and labeled as meeting ANSI Z21.11.2;
  - have an input rating of more than 40,000 BTU/hour;
  - are in a bedroom and have an input rating of more than 10,000 BTU/hour;
  - are in a bathroom and have an input rating of more than 6,000 BTU/hour;
  - are operating in an unsafe manner (e.g., high carbon monoxide (CO) readings, too close to combustible materials, lack sufficient combustion air volume);
  - or are not permitted by the Authority Having Jurisdiction (AHJ).
- DOE WAP Grantees must comply with the Manufactured Home Construction and Safety Standards which mandates that:
  - All fuel-burning appliances in manufactured homes except ranges, ovens, illuminating appliances, clothes dryers, solid fuel-burning fireplaces and solid fuel-burning stoves, must be installed to provide for the complete separation of the combustion system from the interior atmosphere of the manufactured home (i.e., to draw their combustion air from outside), and be vented to outside the dwelling.
  - All appliances installed by or left in place after weatherization in manufactured homes must meet these standards, including secondary heating sources. If an occupant will not allow the removal of an unsafe combustion appliance from the home, deferral is required.
  - Repair or replace combustion gas venting to ensure proper combustion gas venting to outside the dwelling for all combustion appliances, including but not limited to gas dryers and refrigerators, furnaces, vented space heaters, and water heaters.
- If weatherization installs an appliance that is vented into a masonry chimney, the chimney must be lined in compliance with the International Fuel Gas Code (IFGC) or local AHJ if more stringent.
- Install adequate combustion air for all combustion appliances left after weatherization.
- If permits are required for heating/cooling system work, they must be secured and are a program operation cost if the installation is an ECM or may be included in the H&S cost if installed as a H&S measure.
- If unsafe conditions relating to existing combustion appliances require remediation to safely perform weatherization and cannot be remedied by repair or tuning, replacement is an allowable H&S measure unless prevented by other guidance herein.
- Documentation justifying the replacement with a cost comparison between replacement and repair must be maintained in the client file.

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Replace, repair, or install primary air conditioning in homes where current occupants meet Grantee's definition of "at-risk"
  - TDHCA's defines an "at-risk" as a household containing at least one member that would meet the definition of Vulnerable Populations. Vulnerable Populations are elderly persons (60 or older), persons with a disability, and households with a child at or below the age of five.
- Repair or removal of primary and secondary solid fuel heating appliances.
- Replacement of unsafe primary solid fuel heating appliances.

Prohibited Actions
Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for replacement or installation of secondary heat sources is prohibited.

Required Testing/Inspection	
Concur with DOE Guidance ☑	Alternative Guidance ☐

- Verify that primary heating systems are present, operable, and performing correctly.
- Conduct combustion appliance testing and visual inspection of all combustion appliances and their related venting.
- Depressurization and spillage testing is required for all Category 1 appliances pre- and post-weatherization and before leaving the home on any day when work has been done that could affect draft (e.g., air or duct sealing, adding exhaust ventilation).
- CO testing is required for all combustion appliances, regardless of venting type.
- Verify proper clearances for all combustion venting types
- Visually inspect the entirety of solid fuel-fired appliance installations (e.g., wood stoves, coal stoves, pellet stoves, fireplaces) including the venting system to ensure it adheres to the applicable code or local authority having jurisdiction. Appliances must be inspected pre- and post-weatherization.
- Conduct pre- and post- weatherization worst case CAZ depressurization testing in spaces having a fireplace or woodstove. Since there is no consensus method for verifying safe operation of fireplaces and woodstoves, Grantees can propose testing policies and limits. If the Grantee does not propose a policy and fireplaces or woodstoves are left operational, the vent must meet national or local codes, or the home cannot be weatherized.
- Safety inspections related to space heaters, fireplaces, and woodstoves must include, but not be limited to, verification of adequate floor protection, and code-compliant clearances to walls and other combustible materials.

Grantee Combustion Testing Action Levels

TDHCA has adopted **ANSI/BPI-1200-S-2017** combustion testing standards and action levels with the following exception:

- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted **International Residential Code** (**IRC)** Range Top Burner CO threshold. Current threshold is ***25ppm as measured (per burner)***.

All combustion testing processes must meet the requirements detailed in ANSI/BPI-1200-S-2017 standards.

Depressurization and Spillage assessment action levels shall be based on the following criteria:

- Spillage assessed at 2 minutes of main burner operation for warm vent applications and domestic water heaters *(utilize appropriate action outlined in TABLE D.1.A)*
- Spillage assessed at 5 minutes of main burner operation for cold vent except domestic water heaters *(utilize appropriate action outlined in TABLE D.1.A)*

TABLE D.1.A ACTION LEVELS FOR SPILLAGE IN COMBUSTION APPLIANCES
The following actions shall be taken when spillage occurs under the specific circumstances detailed below.

TEST RESULT	ACTION REQUIRED
Greatest CAZ depressurization occurs with the air handler on*	Conduct further analysis of the distribution system to determine if leaky ducts or other HVAC-induced imbalances are the cause of the spillage. If so, recommend distribution system repairs that will reduce or eliminate the CAZ depressurization.
Greatest CAZ depressurization occurs with door to CAZ closed, but is alleviated when door to CAZ is open*	Recommend measures to improve air transfer between the CAZ and the core of the house
The cause of spillage has been traced to excessive exhaust** independent of CAZ door position, air handler, or a problem with the flue†	Verify that sufficient combustion air is available per *ANSI Z223.1/NFPA 54* for gas-fired appliances and *NFPA 31* for oil-fired appliances or recommend verification by a qualified professional and/or Recommend further evaluation/service by a qualified professional to address the venting/combustion air issues

*In the case where both spillage and excessive CO are present, in addition to the specific recommendations above, recommend that the appliance be shut down until it can be serviced by a qualified professional.
** Refers to exhaust caused by mechanical ventilation and/or other means of exfiltration.
†When a recommendation to replace atmospherically-vented combustion equipment inside the pressure boundary is made, and when cost-effective, recommend replacement with direct-vented, or power-vented equipment (or non-combustion equipment, such as a heat pump), which is ENERGY STAR®-labeled.

Ambient CO and Lower Explosive Limit (LEL) assessment action levels shall be based on the following criteria:

- Ambient CO and LEL shall be monitored at all times while in the work enviroment utilizing a designated ambient monitor.
    - If the monitor indicates an ambient CO level of 70 ppm or greater, the auditor shall immediately terminate the inspection and notify the homeowner/occupant of the need for all building occupants to evacuate the building. The auditor shall immediately leave the building and the appropriate emergency services shall be notified from outside the home.
    - If the monitor indicates an ambient CO reading in the range of 36 ppm to 69 ppm, the auditor shall advise the homeowner/occupant that elevated levels of ambient CO have been detected. Windows and doors shall be opened. The auditor shall recommend that all possible sources of CO be turned off immediately. Where it appears that the source of CO is a permanently installed appliance, the auditor shall recommend that the appliance be turned off, and the homeowner/occupant shall be advised to contact a qualified professional.
    - If the monitor indicates an ambient CO reading in the range of 9 ppm to 35 ppm, the auditor shall advise the homeowner/occupant that CO has been detected and recommend that all possible sources of CO be checked, and windows and doors opened. Where it appears that the source of CO is a permanently installed appliance, the homeowner/occupant shall be advised to contact a qualified professional.

- If any measured concentrations of combustible fuel gas exceed 10% of the LEL, the auditor shall inform the homeowner/occupants of the unsafe condition and advise evacuation of the home. The auditor shall leave the home, and the appropriate emergency services and fuel gas providers shall be notified from outside the home.

CO measurement result action levels shall be based on the following criteria:

- CO measured at 5 minutes of main burner operation;
- CO level at or below threshold in ***Section 7.9.5, Table 1*** for the appliance being tested is ACCEPTABLE ***(utilize appropriate action outlined in TABLE D.1.B);***
- CO level exceeding threshold in ***Section 7.9.5, Table 1*** for the appliance being tested is UNACCEPTABLE ***(utilize appropriate action outlined in TABLE D.1.B)*; and**
- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted IRC Range Top Burner CO threshold. ***(utilize appropriate action outlined in TABLE D.1.B),***
  - Current **IRC Range Top Burner CO threshold** is ***25ppm as measured (per burner)***.

7.9.5 Table 1: CO Thresholds for Fossil Fuel-Fired Combustion Appliances

Table 1
CO Thresholds for Fossil-Fuel Fired Combustion Appliances

Appliance	Threshold Limit
Central Furnace (all categories)	400 ppm air free[4]
Boiler	400 ppm air free
Floor Furnace	400 ppm air free
Gravity Furnace	400 ppm air free
Wall Furnace (BIV)	200 ppm air free
Wall Furnace (Direct Vent)	400 ppm air free
Vented Room Heater	200 ppm air free
Unvented Room Heater	200 ppm air free
Water Heater	200 ppm air free
Oven/Broiler	225 ppm as measured
Clothes Dryer	400 ppm air free
Refrigerator	25 ppm as measured
Gas Log (gas fireplace)	25 ppm as measured in vent
Gas Log (installed in wood burning fireplace)	400 ppm air free in firebox

Note-Carbon Monoxide (CO) Air Free Air free emission levels are based on a mathematical equation (involving carbon monoxide and oxygen or carbon dioxide readings) to convert an actual diluted flue gas carbon monoxide testing sample to an undiluted air free flue gas carbon monoxide level utilized in the appliance certification standards. For natural gas or LP gas, using as-measured CO ppm and O2 percentage:

$CO\ AF\ ppm = (20.9/20.9\text{-}O2) \times CO\ ppm$

Where:

- COAF ppm = Carbon monoxide, air-free ppm
- CO ppm = As-measured combustion gas carbon monoxide ppm
- O2 = Percentage of oxygen in combustion gas, as a percentage

TABLE D.1 B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES	
TEST RESULT	ACTION REQUIRED
Unacceptable CO level	Advise the homeowner/occupant that the appliance should be serviced immediately by a qualified professional Note: If ambient CO levels do not exceed 70 ppm, testing of other appliances and other audit procedures may continue at the discretion of the auditor
Acceptable CO level	No action required

Grantee Woodstove & Fireplace inspection/testing policy including actions/limits

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Fireplace or woodstove venting that is left operational after weatherization must meet current local or national standards or the home must be deferred.
  - A fireplace is considered operational if it is capable of being used for its intended purpose, meaning producing heat without requiring permanent alteration or removal of key components.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Appropriate use and maintenance of units.
- Provide all paperwork and manuals for any equipment installed by weatherization.
- Discuss and provide information on proper disposal of bulk fuel tanks when not removed as part of the weatherization work.
- Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.

6.2 – Asbestos (Confirmed and/or Presumed Asbestos Containing Material)

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- When suspected friable Asbestos Containing Materials (ACM) are present, including vermiculite, assume they contain asbestos and take precautionary measures to prevent disturbing it during the audit and work unless testing determines otherwise.
- Grantees must have written policy included in their H&S plan for:
  - Identifying and managing suspected ACM that provides for reasonable and necessary precautions to prevent asbestos contamination in the home.
  - Addressing blower door testing where suspected friable ACM is present (as defined by EPA), including vermiculite.

Grantee ACM policy

If asbestos containing material (ACM) is suspected within the components of the structure, the Subgrantee must determine if the material is friable, if there would be a disturbance of that material during the weatherization process, and determine the size of the area affected.

- Where suspected ACM will not be disturbed during the weatherization process, is not creating a hazard due to being friable, or vermiculite is not present, weatherization work may proceed at the Subgrantee's discretion. If the Subgrantee proceeds with providing weatherization services, they must ensure of the following during the weatherization process:
    - All reasonable and necessary precautions are taken to prevent asbestos contamination in the home
    - Suspected ACM will not be cut, drilled, sanded, scraped, or otherwise disturbed
    - Measures taken to prevent suspected ACM disturbance and precautions taken to ensure of occupant/worker safety are documented/retained
- Where suspected ACM is present on small surfaces (pipes, ductwork, furnaces, other small covered surfaces, etc.) and must be addressed to safely weatherize the dwelling, limited encapsulation or removal of suspected ACM materials can be allowed by an appropriately trained asbestos control professional at the Subgrantee's discretion.
    - Documentation that the hazard has been eliminated through remediation or encapsulation from the certified asbestos professional must be maintained in the client file.
    - Limited encapsulation or removal cost of suspected ACM material does not exceed $1,000.
- Where suspected ACM will be disturbed during the weatherization process, prevent a major measure installation, the suspected ACM is creating a hazard due to being friable, or vermiculite is present, weatherization services must be deferred. Before the weatherization process can proceed, the client must provide documentation that a certified asbestos professional has certified the suspected ACM is free of asbestos, encapsulated, or the asbestos hazard has been remediated. A copy of the documentation must be kept in the client file.
    - An exception to this guidance is removal of suspected ACM siding in good condition for wall insulation installation where insulation cannot be installed from the interior of the structure. This exception is at the Subgrantee's discretion and would require the following precautions:
        - All reasonable and necessary precautions are taken to prevent asbestos contamination in the home;
        - Siding will only be removed where necessary to install wall insulation;
        - Siding will not be cut, drilled, sanded, scraped, etc; and
        - Precautions are taken to not damage the siding during the removal and reinstallation process.

Grantee Blower Door Testing Policy When Suspected ACM Exists

Suspected ACM's overall condition and potential for disturbing the suspected material through blower door testing will be evaluated.

- Blower door testing ***allowed*** where suspected ACM will not be disturbed during blower door testing process, is intact and not creating a hazard due to being friable, and/or vermiculite is not present.
- Blower door testing ***not allowed*** where suspected ACM may be disturbed during the blower door testing process, the suspected ACM is not intact and creating a hazard due to being friable, and/or vermiculite is present. Unit must be deferred until a certified asbestos professional has certified the suspected ACM is free of asbestos, encapsulated, asbestos hazard has been remediated, and blower door testing can proceed.

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Temporary removal and reinstallation of ACM siding to perform an ECM (e.g., wall insulation).
- Limited encapsulation or removal of suspected ACM on small surfaces (pipes, ductwork, furnaces, other small, covered surfaces, etc.) by an appropriately trained asbestos control professional if necessary to safely weatherize the dwelling as defined by the Grantee's H&S Plan.
    - TDHCA defines "Limited" as an encapsulation or removal of suspected ACM material that does not exceed $1,000.

Prohibited Actions		
Concur with DOE Guidance ☑		
• Using DOE WAP H&S funds for general abatement/removal/or replacement of asbestos siding, thermal system insulation (TSI) or Transite, or vermiculite is prohibited.		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
• Visually inspect all surfaces (i.e., walls, floors, ceilings, roofs) for suspected ACM prior to drilling or cutting. • Assume asbestos is present in suspect materials unless testing reveals otherwise.		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐	
• Other than the required testing/inspection of suspected ACM, additional testing will not be allowed with H&S funding.		
Required Occupant Education		
Concur with DOE Guidance ☑	Alternative Guidance ☐	
• Formally notify the occupant, and landlord if applicable, in writing: o of suspected ACMs that are present and what precautions will be taken to ensure the occupants' and workers' safety during weatherization; o of results if testing was performed; o not to disturb suspected ACM; o When deferral is necessary due to asbestos, occupant, or landlord if applicable, must provide documentation that a certified professional performed the remediation before work continues.		

6.3 – Biologicals and Unsanitary Conditions

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
• Deferral where conditions (odors, bacteria, raw sewage, rotting wood, etc.) in the home pose a health risk to occupants and/or weatherization workers or may be worsened by weatherization activities (e.g., air sealing) and will not be resolved by weatherization.		
Allowed Actions		
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐	
• Limited remediation of conditions that may lead to or promote biological concerns and unsanitary conditions (e.g., repairing leaking sewage pipes, minor plumbing repairs, areas of water intrusion, etc.) as defined in the Grantee's H&S Plan o TDHCA defines "Limited" as a remediation that does not exceed $2,000. • Limited cleaning of the workspace to protect the health and safety of workers and occupants as defined in the Grantee's H&S Plan o TDHCA defines "Limited" as cleaning that does not exceed $2,000. o If removal of biological and unsanitary conditions exceeds the cost limits, the home will be deferred.		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
• Sensory inspection of interior, exterior, attics, and subspaces of the dwelling.		
Prohibited Testing/Inspection		
Concur with DOE Guidance ☑		

- DOE WAP H&S funds may not be used for testing of materials for biological contaminants.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of observed biological and unsanitary conditions.

6.4 – Building Structure and Roofing (e.g., roofing, wall, foundation)

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Minor repairs to building structure or roofs as defined by the Grantee's H&S plan.
  - Minor repairs are defined as repairs that are necessary for weatherization work to proceed and determined allowable by guidance outlined within WPN 19-5. All repairs invoiced to the H&S category must meet the following criteria:
    - Meet the definition of Health and Safety (H&S) measure as defined within WPN 19-5
    - Directed to be installed as a H&S measure by the guidance outlined within *Attachment 1 - WPN 19-5 Definition Flow Chart*

  Roof, Door, or Window repairs are only allowed to be invoiced as an H&S measure if the repair resolves a bulk water intrusion issue that is the cause of visible biological and cost shall not exceed $2,000.

Prohibited Actions

Concur with DOE Guidance ☑

Using DOE WAP H&S funds for major repairs as defined by Grantee's H&S Plan.

- Using DOE WAP H&S funds for building rehabilitation.

Define "major" repairs

- Major repairs are defined as home repairs that would generally be classified as building rehabilitation, does not meet the definition of incidental repair measure (IRM) as defined within WPN 19-5, and/or would normally be considered beyond the scope of weatherization. Examples of major repairs include roof replacement, foundation repair, extensive siding repair, major structural repair, etc.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Visual inspection of building structure and roofing for damages that compromise building durability and to verify that portions of the home where weatherization will occur are safe for entry and performance of assessments, work, and inspections.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than required testing/inspection of building structure and roofing, additional testing will not be allowed with H&S funding

Prohibited Testing/Inspection

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for any testing/evaluation of structural materials by a third-party is prohibited.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Notify occupant in writing of structurally compromised areas.

6.5 – Code Compliance

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Correction of preexisting code compliance issues triggered by weatherization measures being installed in a specific room or area of the home. If the installation of a weatherization measure triggers the correction of a preexisting code compliance issue, and is paid for with WAP funds, the specific code requirements with reference to the weatherization measure(s) that triggered the code compliance issue must be documented in the occupant file.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for correction of preexisting code compliance issues not directly related to the installation of specific weatherization measures in the home is prohibited.
- Using DOE WAP funds for work on condemned properties and properties where H&S conditions exist that cannot be corrected under this guidance is prohibited

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Visual inspection.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Testing/Inspection cost associated with code compliance is only an allowable H&S cost when required by a code official within the authority having jurisdiction (AHJ) and must be triggered by the installation of a weatherization measure.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of observed code compliance issues when it results in a deferral.

6.6 – Electrical

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Provide sufficient over-current protection and damming prior to insulating building components containing knob and tube wiring, as required by the AHJ.

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Minor electrical repairs (e.g., junction box covers, improper splices, exposed electrical connections, damaged/non-working switches/receptacles, etc.) to protect the occupant or workers from electrical hazards within the living area or in the immediate area where weatherization activities will occur, as defined by the Grantee's H&S plan.
    - TDHCA defines minor electrical repairs as repairs to electrical hazards that do not exceed $2,000. In unforeseen limited instances, TDHCA reserves the right to provide case-by-case exceptions that will require prior written approval from TDHCA training staff. Training staff will factor in the reason for exception, reason of the additional cost, energy benefit provided by WAP services vs. non-energy benefit such as H&S/repair expenditures, and current reported Subgrantee H&S expenditure level in the approval/denial determination process. In cases the where excessive cost are determined to exceed the unit's energy benefit, are determined to be unreasonable, or the cost is prohibitive by available H&S funding within the Subgrantee H&S budget the unit will be deferred.

Prohibited Actions
Concur with DOE Guidance ☑
• Using DOE WAP H&S funds for ***major*** electrical repairs as defined by the Grantee's H&S plan is prohibited
Define "major" repairs
• Major electric repairs are defined as extensive repairs that affect a large area, generally be classified as rehabilitation, and/or normally be considered beyond the scope of weatherization due to being cost prohibitive. Examples of major electrical repairs include extensive wiring replacement due to age and condition, replacement of service panels, replacement of greater than three (3) electrical circuits, etc.

Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	
• Visual inspection for presence and condition of knob-and-tube wiring. • Evaluate knob-and-tube wiring for safety prior to work. • Check for alterations that may create an electrical hazard.		

Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Voltage drop and voltage detection testing.	

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐
• Provide occupant with written documentation of any electrical hazards identified that will not be addressed by weatherization • Provide information to occupant on over-current protection, overloading circuits, and basic electrical safety/risks if conditions warrant.	

6.7 – Fuel Leaks

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	
• When a gas leak is found on the utility side of service, the utility service must be contacted, work must be temporarily halted, and the leak must be repaired before work may proceed. • Fuel leaks that are the responsibility of the occupant (vs. the utility) must be repaired before installing weatherization measures in the home.		

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Replacement or repair of leaking bulk fuel tanks and/or lines if connected systems will remain after weatherization. • Replacement of flexible appliance gas connectors that are not compliant with current fuel gas codes. • Exposed gas lines will be inspected using an electronic combustion gas detector where gas lines are visible throughout the home. When a gas leak is found on the utility side of service, the client must contact the utility service before work may proceed & follow up with agency with a written report of resolved actions. Minor repairs to fix fuel leaks, that are the responsibility of the occupant, are an allowable expense. o TDHCA defines minor repairs to repair fuel leaks to not exceed $2,000. Examples may include tightening loose connections, replacing gaskets or seals, cleaning fuel lines, applying sealant, realigning pipes, or limit to gas line supplying the appliance, etc.	

Prohibited Actions

Concur with DOE Guidance ☑		
• Using DOE WAP H&S funds to repair leaks that are the responsibility of the utility to correct is prohibited. • Using DOE WAP H&S funds for environmental cleanup resulting from bulk fuel leaks is prohibited.		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑		Alternative Funds ☐
• Test all exposed gas lines, fittings, valves, and connections for fuel leaks from utility connection to the appliance throughout the home. • Test all gas appliances for fuel leaks at all connections, valves, fittings, and burners. • Conduct sensory inspection of all bulk fuels lines and storage tanks to determine if leaks exist.		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds ☑		Allowed with Alternative Funds ☐
• Pressurized leak testing of complete gas distribution system to determine if a leak is present should LEL levels exceed 10% or sensory inspection lead Subgrantee staff to believe a concealed gas leak is present.		
Prohibited Testing/Inspection		
Concur with DOE Guidance ☑		
• Using DOE WAP H&S funds for environmental testing of soil or water is prohibited.		
Required Occupant Education		
Concur with DOE Guidance ☑		Alternative Guidance ☐
• Inform occupants in writing of fuel leak testing results, including specific location if fuel leaks are detected.		

6.8 – Gas Ovens/Stovetops/Ranges		
Allowable Actions		
Allowed with DOE WAP H&S Funds ☑		Allowed with Alternative Funds ☐
• Limited cleaning or repair of ovens/ranges/stovetops as defined by the Grantee's H&S plan. ○ TDHCA defines "Limited" as cleaning or repair that does not exceed $400. • Limited replacement of unsafe gas ovens/ranges/stovetops as defined by the Grantee's H&S Plan. ○ TDHCA defines "Limited" as necessary replacements if Subgrantee staff's professional judgement determines cleaning or repair would not resolve the gas oven(s)/range(s)/stovetop(s) identified hazard. Documentation should be maintained in client file for future reference. If DOE WAP H&S Funds are used for any "allowable" actions, detail them here.		
Prohibited Actions		
Concur with DOE Guidance ☐		
• Use of H&S funds to electrify ovens/stovetops/ranges is prohibited.		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑		Alternative Funds ☐
• Test gas ovens for CO. • Grantee H&S plan must define action levels and resulting actions. • Visually inspect cooking burners and ovens for operability and flame quality.		
Define action levels for oven CO testing and resulting actions		

TDHCA has adopted **ANSI/BPI-1200-S-2017** combustion testing standards and action levels with the following exception:

- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted **International Residential Code** (**IRC)** Range Top Burner CO threshold. Current threshold is ***25 ppm as measured (per burner)***.
- Oven CO Thresholds 225 ppm as measured.
- Action Levels identified in Table D.1.B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES below:

TABLE D.1 B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES	
TEST RESULT	ACTION REQUIRED
Unacceptable CO level	Advise the homeowner/occupant that the appliance should be serviced immediately by a qualified professional Note: If ambient CO levels do not exceed 70 ppm, testing of other appliances and other audit procedures may continue at the discretion of the auditor
Acceptable CO level	No action required

Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required testing/inspection of ovens/ranges/stovetops, any additional testing will not be allowed with H&S funding.

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupants of the importance of using exhaust ventilation when cooking and the importance of keeping burners and broilers clean to limit the production of CO.

6.9 – Hazardous Materials

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Hazardous Waste Materials generated by weatherization work (e.g., refrigerant, asbestos, lead, mercury, CFL lighting bulb/ballasts, etc.) must be disposed of according to all local and federal laws, regulations, and guidelines, as applicable. Costs specifically related to disposal may be charged as a H&S expense.
- Subgrantees must document disposal requirements in contract language with the responsible party.
- ***Limited*** removal of pollutants that pose a risk to workers is required (e.g., flammable liquids, hazardous chemicals, and other air pollutants) as defined the Grantee's H&S Plan.
- If removal cannot be performed or is not allowed by the occupant, the unit must be deferred.

Define "limited" removal of pollutants

- Limited removal of pollutants is defined and limited to the hazardous waste materials generated by the weatherization activities (e.g., refrigerant, asbestos, lead, mercury, CFL lighting bulb/ballast, etc.) as listed in the required actions above. Limited removal of additional pollutants is not allowed by Subgrantee staff. Removal of pollutants must be done by the client or a contracted professional prior to weatherization work being performed. If pollutants pose a risk to workers and removal cannot be performed by a professional or the client refuses to remove the pollutants, the unit must be deferred.

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Limited removal of pollutants that pose a risk to the occupant as defined in the Grantee H&S Plan
  - See Define "limited" removal of pollutants guidance above.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for Lead, Asbestos, and Radon abatement is prohibited.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Sensory inspection.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required sensory inspection of hazardous materials, additional testing will not be allowed with H&S funding.

Prohibited Testing/Inspection

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for any testing for hazardous materials other than that specifically permitted in the asbestos, lead, and radon sections of this document is prohibited.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of hazards associated with hazardous waste materials being generated/handled in the home.
- Inform occupant in writing of observed hazardous condition and associated risks.
- Provide occupant written materials on safety issues and proper disposal of household pollutants.

6.10 - Injury Prevention of Occupants

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Minor repairs and installations (e.g., repairing stairs, replacing handrails, etc.) as defined by the Grantee's H&S plan.
  - TDHCA defines minor repairs as injury prevention of occupant repairs that do not exceed $2,000.
  - Identified repairs must be necessary to allow for safe access to areas necessary to complete the weatherization work.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for ***major*** repairs, as defined by the Grantee's H&S Plan is prohibited

Define "major" repairs

- Major injury prevention of occupant repairs is defined as repairs that would exceed $2,000. Example injury prevention of occupant repairs would include complete porch replacements, extensive repairs to walkways/porches/stair that exceed $2,000, etc.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Visually inspect for dangers that would prevent weatherization.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Other than the required visual inspection of dangers that would prevent weatherization, additional testing will not be allowed with H&S funding.

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐
• If identified hazardous conditions will not be corrected during weatherization, inform occupant in writing of observed hazards and associated risks utilizing the "Hazard Identification Notification Form" required by WPN 22-7.	

6.11 – Lead-Based Surface Coverings (Paint, Varnishes, Roofing, etc.)

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	
• Subgrantees must comply with EPA's Lead; Renovation, Repair and Painting Program (RRP) rules when working in pre-1978 housing unless testing confirms the work area to be lead free. This includes, but is not limited to: o Client file documentation including the Certified Renovator's certification; any training provided on-site; description of specific actions taken; lead testing and assessment documentation; and photos of site and containment set up. Include the location of photos referenced if not in file. o Certification and training requirements of the RRP rule. o Job site set up and cleaning verification by a Certified Renovator. • Only those costs directly associated with lead safe work practices for surfaces directly disturbed during weatherization activities are allowable WAP H&S expenses.		

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Only those costs directly associated with the testing and lead safe practices for surfaces directly disturbed during weatherization activities are allowable.	

Prohibited Actions
Concur with DOE Guidance ☑
• Using DOE WAP H&S funds for lead abatement is prohibited. • Using DOE WAP H&S funds for purchase, resourcing, or maintenance of X-ray Fluorescence (XRF) devices is prohibited.

Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Testing to determine the presence of lead on surfaces that will be disturbed by WAP measure installation is allowed with EPA-approved testing methods. • Alternatively, if EPA-approved testing is not conducted, the Subgrantee may assume lead is present and work in compliance with EPA RRP rule.	

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐

- Follow pre-renovation education requirements per EPA RRP rules.

6.12 – Mold and Moisture

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Limited water damage repairs that can be addressed by weatherization workers are allowed when necessary to weatherize the home and to ensure the long-term stability and durability of the measures as defined in the Grantee's H&S plan.
    - TDHCA defines limited water damage repairs as repairs that do not exceed $2,000.
- Source control (i.e., correction of moisture and mold creating conditions) when necessary, to weatherize the home and to ensure the long-term stability and durability of the measures. Source control is independent of latent damage and related repairs. Source control includes, but is not limited to site drainage, gutters, down spouts, extensions, flashing, sump pumps, dehumidifiers, landscape, leaking roofs, vapor retarders, moisture barriers, etc.
- Window and door repairs are allowed with H&S funds to resolve a bulk water intrusion issue that is the cause of visible biological growth and in compliance with the most current program notice (WPN 19-5 at the time of this writing).

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for mold cleanup is prohibited.
- Using DOE WAP H&S funds for window and door replacements is prohibited

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Visual assessment for moisture or mold damage including exterior drainage.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Diagnostics such as material moisture content, or relative humidity measurements at the audit and/or final inspection.

Prohibited Testing/Inspection

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for mold testing of any type is prohibited.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Provide occupant written notification of identified mold/moisture hazards and information regarding the associated hazard.

6.13 - Occupant Pre-existing or Potential Health Conditions

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- When a person's health may be at risk and/or WAP work activities could constitute an H&S hazard, the occupant is required to take appropriate action based on severity of risk.
- Deferral, if occupant risk cannot be mitigated.

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Occupant temporary relocation costs on a case-by-case basis.
- Grantee must define the allowable costs, relocations options, procedure for this case-by case determination, and what documentation is required from the client if DOE WAP funds are used for this purpose.
    - Allowable cost is defined as cost associated with relocation of occupant's whose health is fragile, or an occupant has been identified to have a health condition, and/or the crew work activities would themselves constitute a health and/or safety hazard to allow for weatherization services to proceed when no other reasonable solution(s) exist.
    - Relocation options shall be limited to providing at risk occupant temporary lodging to not exceed the current approved GSA lodging rate (cost must be paid to directly to the temporary lodging vendor).
    - Procedure for cases-by-case approval are as follows:
        - Subgrantee are required to contact TDHCA training staff for prior approval before proceeding with temporary location of occupants. Training staff will factor in the reason for client relocation, weatherization measure(s)/practice(s) requiring the relocation, available client documentation, energy benefit provided by WAP services vs. non-energy benefit such as H&S/repair expenditures, and current reported Subgrantee H&S expenditure level in the approval/denial determination process. In cases the where relocation cost are determined to exceed the unit's energy benefit, are determined to be unreasonable, or the Subgrantee does not have funding available to relocate the client within its existing H&S budget the unit will be deferred.
    - Required client documentation must be kept in client file and shall consist of the following:
        - Reason the client has to be relocated to include identification of the weatherization measure(s)/work practice(s) requiring the client to be relocated.
        - Documentation that a safe alternative material/work practice meeting DOE standards is not reasonably possible.
        - Any client volunteered support documents not violating HIPPA requirements from a certified medical professional.

Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Screen occupants for known or suspected health concerns either as part of initial application for weatherization, during the audit, or both.
- This is done utilizing the "Occupant Pre-existing or Potential Health Condition Screening Form" required by WPN 22-7.

Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Other than the required screening for known or suspected health concerns, additional screening/testing will not be allowed with H&S funding.

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of any known risks and provide pre-weatherization screening form.
- Provide occupant with Subgrantee point of contact information in writing.

6.14 – Pests

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Deferral of homes where infestation of pests cannot be reasonably removed or poses H&S concern for workers.

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Limited pest removal is allowed only where infestation would prevent weatherization as defined by Grantee's H&S Plan.
    - TDHCA defines limited pest removal as removal that does not exceed $400.
- Screening of windows and points of access and incorporating pest exclusion into air sealing practices to prevent intrusion.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Visual assessment of presence and degree of infestation and risk to worker.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of observed conditions and associated risks.

6.15 – Radon

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Cover exposed dirt floors within the pressure/thermal boundary with a sealed soil gas retarder
- Cover sump well/pits with airtight covers
- Implement ventilation as required by ASHRAE 62.2-2016

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- In homes where radon may be present, work scope may include additional precautionary measures based on EPA Healthy Indoor Environment Protocols for Home Energy Upgrades.
- Other precautions may include, but are not limited to, sealing any observed floor and/or foundation penetrations, isolating the basement from the conditioned space, and ensuring crawl space venting is installed and operable.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for radon mitigation is prohibited.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Testing is not authorized in Texas WAP. Texas has no areas of "Highest Potentials," according to the United States Environmental Protection Agency standards.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Provide all occupants EPA's A Citizen's Guide to Radon and inform them of radon related risks.
- Occupants must sign an informed consent form prior to receiving weatherization services.

6.16 – Safety Devices: Smoke and Carbon Monoxide Alarms, Fire Extinguishers

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Install CO alarms in every home where alarms are not present or are inoperable in compliance with ASHRAE 62.2-2016 which references NFPA 720 (note: NFPA 720 has been incorporated into NFPA 72).

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Install smoke alarms where the AHJ requires them if alarms are not present or are inoperable.
- Replace functional smoke alarms and carbon monoxide alarms if they are beyond the manufacturer's stated lifetime (usually 10 years).
- Replace functional smoke or CO alarms batteries if designed to be replaceable.
- Provide fire extinguishers where solid fuel burning equipment is present.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for replacement of functional smoke or CO alarms that are not beyond the manufacturer's stated lifetime is prohibited.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Verify operation and age of installed alarms.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Provide occupant with verbal and written information on use of newly installed devices and the potential risks of not properly maintaining these devices.

6.17 – Ventilation and Indoor Air Quality

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Install ventilation as required by ASHRAE 62.2 - 2016. If occupant refuses ventilation as required by ASHRAE 62.2, the home must be deferred.

Allowable Actions

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- N/A-Texas does not wish to request a variance to ASHRAE Implementation to the currently adopted ASHRAE 62.2-2016 version.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- ASHRAE 62.2 evaluation to determine required post-weatherization ventilation.
- Measure fan flow of existing fans and of installed equipment to verify performance.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Provide occupant with information on function, use, and maintenance (including location of service switch and cleaning instructions) of ventilation system and components.
- Provide occupant with equipment manuals for installed equipment.
- Include disclaimer that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality.

6.18 – Water Heaters

(see Combustion Appliances for combustion related requirements)

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Limited case-by-case replacement of water heaters if the water heater poses a life-safety risk to occupants (e.g., leaking primary tank, high CO measurements). Grantee must define "limited case-by-case" replacements if they utilize DOE H&S funds for this measure.
    - TDHCA defines limited case-by-case replacements of water heater as water heater replacements when the current appliance is creating moisture, combustion, and/or electrical related hazards that could impact occupant(s) Health and Safety. The Subgrantee may initially attempt to qualify the existing Water Heater as an ECM. If the Water Heater does not rank as an ECM, the Subgrantee may repair or replace the existing unit as a Health and Safety Measure with the caveat that there is a documented threat to the health and/or safety of the occupant(s).
- Minor safety repairs of water heaters (e.g., T&P valve piping, backflow prevention devices, expansion tanks) as defined by the Grantee's H&S plan.
    - TDHCA defines minor safety repairs as minor repairs needed to address an immediate threat to the occupants.
- Replace, repair, or install primary water heater when existing primary water heater is unsafe, inoperable, or nonexistent.
    - If Water Heater replacements are warranted, subgrantees must meet applicable SWS requirements or the standards of the Authority Having Jurisdiction (AHJ), and water heaters must be reasonably sized based on household size.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☑	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Visual inspection of all water heaters and related piping for safety and leaks
- See Combustion Appliances section for related combustion safety testing requirements.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Appropriate use and maintenance of units.
- Provide all paperwork and manuals for any installed equipment.
- Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.

6.19 – Worker Safety

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Adherence to all federal, state, and local worker safety regulations (e.g., OSHA, EPA).

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Minor repairs and installations (e.g., repairing stairs, replacing handrails, etc.) as defined by the Grantee's H&S Plan, are allowable when necessary to safely weatherize the dwelling. ○ TDHCA defines minor repairs as worker safety repairs that do not exceed $2,000. • Equipment purchases to protect the health and safety of the worker (e.g., Personal Protective Equipment (PPE), jobsite cleaning supplies).	
Prohibited Actions	
Concur with DOE Guidance ☑	
• Using DOE WAP H&S funds for ***major*** repairs as defined by the Grantee's H&S Plan is prohibited.	
Define "major" repairs	
• Major worker safety repairs are defined as repairs that would exceed $2,000. Example worker safety repairs are repairs to address/prevent falls, being stuck by objects, prevent dangers to electrical hazards, caught in-between hazards, extensive repairs to walkways/porches/stair that exceed $2,000.	
Allowable Testing	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Environmental and surveillance testing required by OSHA regulation.	

6.X – (Insert Additional H&S Items for Use of DOE WAP H&S funds)		
Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
Insert required item text		
Allowable Actions		
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐	
If DOE WAP H&S Funds are used for any "allowable" actions, detail them here.		
Prohibited Actions		
Concur with DOE Guidance ☐		
What is prohibited		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
Insert required item text		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐	
If DOE WAP H&S Funds are used for any "allowable" testing, detail them here.		
Prohibited Testing/Inspection		
Concur with DOE Guidance ☑		
What is prohibited		
Required Occupant Education		
Concur with DOE Guidance ☑	Alternative Guidance ☐	
Insert required item text		

H&S Measure Matrix			
Double Click To Open For Editing			
Cells This Shade Auto-Calculate			
Measure	Average Cost	Frequency Installed/Completed	Auto-Calculated Average Cost
ASHRAE Compliance	$972.11	100.0%	$972.11
Smoke Alarms	$139.97	100.0%	$139.97
CO Detectors	$126.09	98.0%	$123.56
Replace UVSH w/ VSH as primary	$3,826.28	10.0%	$382.63
Vulnerable HH Furnace Repair	$291.67	2.0%	$5.83
Vulnerable Furnace Replacement	$4,008.71	10.0%	$400.87
Vulnerable HH Cooling Repair	$301.58	5.0%	$15.08
Vulnerable HH Cooling Replacement	$5,227.38	10.0%	$522.74
Cook Stove Replacement	$1,062.82	1.0%	$10.63
CAZ Isolation/Combustion Make-up A	$998.30	40.0%	$399.32
Revent Improperly Vented Gas Applia	$275.62	3.0%	$8.27
Lead Safe Work	$576.00	1.0%	$5.76
Minor Plumbing Repairs	$286.84	5.0%	$14.34
PRV Valve/Drain Pan HWH	$258.33	60.0%	$155.00
Minor Fuel Leak Repairs	$225.52	1.0%	$2.26
Pest Removal	$133.68	1.0%	$1.34
Water Heater Replacement	$2,085.27	15.0%	$312.79
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
Total Average H&S Cost Per Unit			$3,472.50
Enter Estimated Production (Annual File: IV.2 WAP Production Schedule)			717
Enter Estimated Program Operations Budget (Annual File - Budget)			$6,124,717.00
H&S Budget (Total Average H&S Cost Per Units * Estimated Production)			$2,489,779.78
Suggested H&S Budget Request			40.651%

PY2026 Tentative Monitoring Schedule*			
June - August 2026	**September – November 2026**	**December 2026 - February 2027**	**March 2027 - May 2027**
Community Council of South Central Texas	Alamo Area Council of Governments	Community Action Corporation of South Texas	Rolling Plains Management Corp
Concho Valley Community Action Agency	Nueces County Community Action Agency	Travis County Health & Human Services	Texoma Council of Governments
Combined Community Action, Inc	Economic Opportunities Advancement Corporation of PR XI	City of Fort Worth	Crossroads Victoria, Tx
Hill Country Community Action Association, Inc.	Brazos Valley Community Action Programs	Dallas County Health & Human Services	BakerRipley
South Plains Community Action Agency	Panhandle Community Services, Inc.	El Paso Community Action Program, Project BRAVO	Greater East Texas Community Action Program (GETCAP)
		West Texas Opportunities, Inc	

* Schedule is subject to change based on production, contract extensions, and/or other unforeseen circumstances.

Fiscal/Administrative (F/A)

These reviews will typically start as a desk review. The F/A reviews will happen in the same month as the technical visit and will be issued as one WAP monitoring report. F/A reviews will be done by any available qualified compliance staff.

Technical/Inspections

These reviews will always be conducted onsite. Inspections will be conducted by state staff that are QCI certified. Full QCI inspections will be conducted on each unit reported as "inspected" by the state. Inspection percentages at each Subrecipient will be based off QCI staff and separation of assignments in accordance with WPN 15-4 (5 or 10%). TDHCA staff will also conduct LIHEAP inspections on the same trip to minimize visits to the Subrecipient, which is why trips begin so early in the DOE program year (LIHEAP program year ends December 31).

2026 TRAINING AND TECHNICAL ASSISTANCE (T&TA) PLAN

1.0 – GENERAL INFORMATION

COMMENTS THAT DO NOT GENERALLY FIT INTO THE AVAILABLE TABLES BELOW

TDHCA ensures Subgrantees have sufficient T&TA funding and direct TDHCA T&TA assistance available to maintain/improve Subgrantee performance and work quality. To address network training needs, TDHCA budgets T&TA funds both internally and directly to our Subgrantees.

T&TA needs are determined and based upon factors such as the following:

- Individual Subgrantee Training Needs Assessments (TNA)
    - TDHCA requires each Subgrantee to complete DOE's WAP T&TA Planning & Reporting Template to identify each Subgrantee's specific training needs.
        - The initial report is reviewed by TDHCA training staff to ensure each Subgrantee is planning to receive training in needed areas and for compliance with WPN 22-4 requirements.
        - Throughout the contract terms TDHCA staff monitor for training expenditures to ensure Subgrantee is obtaining needed trainings.
        - Upon the completion of the contract, a final version is required to be submitted to document and support the training assistance received.
- Grant Requirements or as directed by DOE monitor or audit reports.
- Subgrantee Request
    - The Department has an online request system, with a T&TA menu list, or section for the Subgrantee to make a specific request or ask specific questions.
        - https://tdhca.wufoo.com/forms/request-for-ca-program-assistance/
        - The Department will contact the requestor to answer the submitted question **OR**
        - Customize a training to meet the need or help to find a list of T&TA providers for the requested topic.
        - In addition, submitted questions or T&TA requests are reviewed for creating relevant Cheat Sheets /FAQs or to identify topics for regional trainings, workshops, webinars, or individualized training.
- Grantee Monitoring Reports.
    - The Department's compliance team shares monitoring issues with the training team. The training team will initially provide resources and guides to address any findings and follow up with T&TA as required.
- Subgrantee expenditure performance.
    - TDHCA utilizes an online contract system to collect expenditure and performance data from Subgrantees and compares that data to their production tool at minimum on the third, fifth, and seventh program reporting deadlines as identified within 10 TAC §6.405.
- Network Trends.
- Management Request.
    - Management may make a specific request and dictate the type of training needed.
- Grantee identified needs.
    - Key areas of a special focus are as follows:
        - Ensuring Subgrantee staff (or subcontractors as applicable) are certified and trained in the profession in which the worker is employed;
        - Ensuring all Subgrantees receive Priority List related training to address any identified monitoring concerns with the implemented DOE Approved Priority List; and
        - Ensuring Subgrantees receive Energy Audit Weatherization Assistant (WAweb) Modeling or Assessment related training to address identified monitoring concerns.

Internal T&TA funds are often limited unless determined otherwise by need and utilized to address individual, network-wide, or regional T&TA needs. Internal budgeted T&TA funds are utilized for T&TA activities such as the following:

- Internal Grantee staff training;
- TDHCA direct T&TA assistance;
- Develop and provide T&TA resources;
- Department provided specific trainings;
- Network-wide and Regional comprehensive trainings when determined feasible; and
- Establishing and maintaining the online learning management system that includes a high volume of WAP content, including building science principles, common WAP topics, JTAs, and WAP badges.

Subgrantees receive the majority of T&TA funds which are utilized to address Subgrantee specific T&TA needs. Historically, network-wide or regional T&TA activities often present unique challenges such as geographical challenges, multiple climate zones, network size, limited one-on-one engagement, differences of capacity levels noted within our network, etc. Specifics of the challenges include:

- Travel time, cost, and/or loss of production can often be prohibitive for centralized or even regional trainings.
- Mixed climate zones often require specific training to the location of the Subgrantee.
- Texas has twenty-one (21) Subgrantees that makeup our network and as a result often network-wide/regional trainings consist of large attendance numbers, which are often prohibitive of providing one-on-one engagement to gauge training comprehension.
- Different capacity levels noted within network often present challenges to facilitate a network-wide course that would be beneficial and appeal to a network-wide or regional audience.

TDHCA T&TA staff provide oversight on the use of Subgrantee budgeted T&TA funds by reviewing the Subgrantee TNA to ensure training is obtained for needed areas, projected T&TA activities are in compliance with WPN 22-4 requirements, and T&TA funding is expended in a timely manner. Additionally, TDHCA staff monitor training expenditures throughout the contract terms and contracts require Subgrantees to receive prior approval for all T&TA expenses to ensure T&TA activities remain focused on the Subgrantee's T&TA needs. Subgrantee T&TA funds are utilized for T&TA activities.

- Obtain and/or maintain required certifications such as QCI, Energy Auditor, Building Analyst Technician, Building Analyst Professional, Lead Safe Renovator, Lead Safe Worker, OSHA 10/30, etc.
- Receive Comprehensive training on a regular basis for occupation-specific training to train on curriculum aligned with the topics within the job task analyses (JTAs).
    - All Comprehensive trainings are administered either by or in cooperation with IREC accredited facilities.
- Receive Specific training to address single-issue, short-term training to address technical skills/knowledge gaps, attend conference trainings, or attend trainings beneficial to the program but not necessarily aligned with a Home Energy Professional (HEP) job task analyses (JTAs).
- When applicable, Subgrantees are given the opportunity to utilize T&TA funds to conduct in-house training by their current staff with their new/applicable staff. TDHCA T&TA staff will review and provide potential approval, on a case-by-case basis, for the training activities based on applicable parameters for the desired in-house training. Examples of potential parameters to be considered: qualification/certification of staff leading/conducting the training, expenditure rates, lack of monitoring findings/concerns, estimated timeline, estimated T&TA expenditures, etc.

2.0 – Overall T&TA Plan

YOUR OVERALL T&TA PLAN MUST INCORPORATE SUGGESTIONS AND FEEDBACK THE FOLLOWING ELEMENTS.

Feedback from internal and external reviews, examples include:

- Feedback from Department of Energy (DOE) Project Officer (PO) monitoring visits
- Internal state audits
- Grantee monitoring of the Subgrantees
- Office of Inspector General (OIG) reports
- American Customer Satisfaction Index feedback, and

- OTHER. EXAMPLES INCLUDE:
  - TRAINING FEEDBACK
  - TRAINING RETENTION ACTIVITIES

TDHCA incorporates the following suggestions and feedback when developing the statewide T&TA Plan:

- Subgrantees Training Needs Assessments (TNA);
- Grant requirements;
- Feedback from Department of Energy (DOE) Project Officers (PO) and monitoring reports;
- Grantee Monitoring Reports of the Subgrantees;
- Subgrantee submitted questions and training requests through the TDHCA WUFOO portal;
- Subgrantee feedback collected and provided through the Texas Association of Community Action Agencies (TACAA);
- Network trends;
- American Customer Satisfaction Index survey feedback;
- Internal State Audits;
- Office of Inspector General (OIG) Reports;
- Public Comment received during the Public Comment period for the DOE State Plan;
- WAP PAC feedback; and
- Grantee identified key topics of special focus to improve overall network performance.

EXISTING OR PLANNED ACCREDITED TRAINING CENTER PARTNERSHIP OR WORKING RELATIONSHIP.

TDHCA and Subgrantees have historically partnered with IREC accredited training providers, like Santa Fe Community College's EnergySmart Academy (SFCCEA) and Oklahoma Association of Community Action Agencies (OACAA) to provide comprehensive trainings. Additionally, SFCCEA has helped TDHCA with the development of current SWS field guides. TDHCA is not limited to only partnering with SFCCEA and can recommend additional IREC accredited providers to ensure the needs of the network are being met.

PREPARATIONS FOR FUTURE/UPCOMING PROGRAM REQUIREMENTS, EXAMPLES INCLUDE:

- **UPDATED STANDARD WORK SPECIFICATIONS (SWS)**
- **INCLUSION OF SPECIFIC LANGUAGE FROM WEATHERIZATION PROGRAM NOTICES (WPN)**

TDHCA is preparing for the following upcoming program requirements:

- Infrastructure Investment and Jobs Act increased funding and production levels;
- Inclusion of specific updated language from Weatherization Program Notices (WPN), on an as needed basis.

WHAT PROTOCOLS ARE IN PLACE WHICH ENSURE UNTRAINED STAFF ARE NOT LEFT WITHOUT SUPERVISIONS DURING FIELD OPERATIONS?

Per Title 10 Texas Administrative Code (TAC) Section 6.6 (e), Subgrantees are required, upon hiring of a new program coordinator, to contact the Department with written notification within 30 calendar days of hiring to receive new manager/coordinator T&TA. Non-coordinator staff are required to be supervised during their introductory period and initial training is conducted by Subgrantee staff utilizing training resources available on TDHCA's website until the staff has received the necessary comprehensive/specific training to function independently. On an as-needed basis, TDHCA training staff is available to assist with T&TA upon request and provide program oversight if associated risks warrant such an approach.

Partnerships with the statewide home performance industry on training issues; if applicable.

TDHCA does not currently partner with any statewide home performance industries.

HOW DOES ANALYSIS CONDUCTED, AS DETAILED IN SECTION V.6 OF THE ANNUAL APPLICATION, INFLUENCE THE DEVELOPMENT OF T&TA ACTIVITIES AND PRIORITIES?

A subgrantee's compliance history is reviewed through the Previous Participation Review and Approval Process (PPRAP) and monitored as described in V.6 of the Annual Application. Results of the PPRAP review and monitoring visit(s) are

shared with T&TA staff. Identified issue(s) as a result of the PPRAP review and/or monitoring visits are analyzed by T&TA staff to determine how to best resolve the issue(s) and address the Subgrantee's training needs. T&TA staff requires Subgrantees to update its TNA to reflect the required actions to resolve the identified issue(s) and provides follow-up activities to ensure the identified issue(s) are corrected in a timely fashion.

3.0 – Workforce Credentials

Describe the following aspects of your T&TA plan related to workforce credentials.

Federally Required Credentials. Examples Include:

- **Environmental Protection Agency Lead Renovation, Repair, and Painting Program**
- **Home Energy Professionals Quality Control Inspector Certification**

Federally Required Credentials:

- Environmental Protection Agency (EPA) Lead Renovator Certification;
- Environmental Protection Agency (EPA) Certified Firm Certification;
- Home Energy Professionals Quality Control Inspector (QCI) certification;
- Home Energy Professionals Energy Auditor (EA) certification; and
- AHERA or state certification to test, encapsulate, abate, etc., asbestos containing material (ACM) as outlined within WPN 22-7 and allowed within Texas's H&S plan.

Grantee/State Required Credentials. Examples Include:

- **Building Performance Institute Building Analyst**
- **Grantee-Developed Certifications**

TDHCA does not currently require any credentials outside of the Federal or Subgrantee/Local identified credentials for the Weatherization Assistance Program; however, TDHCA does strongly encourage the following as prerequisites to advanced Home Energy Professional Certifications:

- BPI Building Science Principles Certificate;
- BPI Building Analyst Technician; and
- BPI Building Analyst Professional.

Subgrantee/Local Required Credentials. Examples Include:

- **Contractor Licensing**

Subgrantee/Local required credentials:

- State Contractor Licensing for required services, i.e. HVAC, plumbing, electrical, etc.;
- OSHA 30 Construction Safety Course (for supervisors); and
- OSHA 10 Construction Safety Course (for crew members).

Industry Required Credentials. Examples include:

- **Equipment/Material Manufacture Certification**
- **Vendor Certification**
  (e.g. Equipment/Material Manufacture Certification, Vendor Certification)

Industry required credentials are as follows:

- Equipment/Material Manufacture Certification; and
- Vendor Certification (e.g. Equipment/Material Manufacture Certification, Vendor Certification).

Process For Maintaining Workforce Credentials

TDHCA has created an Internal Certification Tracking form to keep records of all workforce credentials. Subgrantees are required to complete, update, and upload this form whenever a new certification as it relates to the bullet points below, is obtained throughout the program year. This applies to both their WAP field staff and subcontractors and is used for grantee tracking purposes. TDHCA's compliance monitoring staff will review the form to ensure adherence to compliance standards

How Credentials Are Tracked

Subgrantees each have their own internal tracking process in place to ensure all workforce credentials are obtained and/or retained, which is tested by TDHCA compliance monitoring staff to ensure compliance. Additionally, Subgrantees

are required annually to update their agency contact information to TDHCA, which includes the reporting of the following certifications for Grantee tracking purposes:

- QCI;
- Energy Auditor;
- Retrofit Installer;
- Crew Leader;
- Lead Safe Renovator;
- OSHA 10; and
- OSHA 30.
- Building Analyst Technician;
- Building Analyst Professional;
- Trade specific licensing

4.0 – TRAINING

GRANTEES HAVE TWO OPTIONS TO DESCRIBE THEIR TRAINING.

A) USE THE EMBEDDED SPREADSHEET* TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBGRANTEE STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.
B) OR USE THE FIELDS BELOW TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBGRANTEE STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.

GRANTEE'S ARE TO INCLUDE THE FOLLOWING IN THEIR DESCRIPTIONS REGARDLESS OF WHAT OPTION IS BEING USED TO DESCRIBE THEIR TRAINING PLAN:

- SPECIFY WHETHER ATTENDANCE IS MANDATORY, AND THE RAMIFICATIONS FOR NON-COMPLIANCE.
- SPECIFY IF THE T&TA PLAN SPANS MULTIPLE PROGRAM YEARS (PY), INDICATE WHICH TRAININGS ARE INTENDED IN THE CURRENT PY AND WHICH ARE PLANNED FOR FUTURE PYS.

* THE EMBEDDED SPREADSHEET, IF COMPLETED AT THE END OF THE YEAR TO RECORD DELIVERED TRAINING, CAN BE USED AS DOCUMENTATION FOR THE REQUIRED ANNUAL T&TA REPORT. DOUBLE CLICK TO OPEN SPREADSHEET. ENTER INFORMATION AND CLOSE. IT WILL AUTOMATICALLY SAVE YOUR INFORMATION



TTA Planning and
Reporting Template F

PROGRAMMATIC/ADMINISTRATION TRAINING

- FINANCIAL (I.E. 2 CFR 200)
- MANAGEMENT (I.E. 10 CFR 440)

Programmatic/Administration training is available to each Subgrantee through the following:

- Financial (i.e. 2 CFR Part 200)
  - Onsite and/or virtual fiscal trainings are available through TDHCA training staff upon request or as deemed necessary by Grantee staff to address day to day needs such as procurement, rule clarifications/references, contractual requirements, reporting, expenditure allowability, etc.

- Intensive Subgrantee fiscal training is available upon request and provided by contracted consultants for complex needs such as cost allocation, budgeting, grant fund accounting, etc.
    - Peer-to-Peer training is available from recognized experienced WX network Subgrantees
    - Training conferences
- Management (i.e. 10 CFR Part 440)
    - New program coordinator trainings are available and required for all newly hired staff that cover WX timeline, program rules, available resources, reporting requirements, etc.
    - Onsite and/or virtual management trainings are available through TDHCA training staff upon request or as deemed necessary by Grantee staff to address management training needs.
    - Peer-to-Peer training from recognized experienced WX network Subgrantees.
    - Training conferences.

Additional Programmatic/Administration training is handled on an ongoing and as-needed basis as identified by network request, new/updated requirements, new staff hires, results of monitoring reports, or as deemed necessary by Grantee staff.

COMPREHENSIVE TECHNICAL TRAINING ALIGNED TO THE JOB TASK ANALYSIS (IDENTIFY AT WHAT INTERVALS WORKERS WILL RECEIVE REGULAR, COMPREHENSIVE TRAINING AS REQUIRED BY WEATHERIZATION PROGRAM NOTICE (WPN) 22-4)

- QUALITY CONTROL INSPECTOR
- ENERGY AUDITOR
- CREW LEAD
- RETROFIT INSTALLER/TECHNICIAN

TDHCA requires each of the professional certifications listed below to receive a refresher course and recertify every three years through an accredited IREC training provider:

- Quality Control Inspector
- Energy Auditor

In accordance with WPN 22-4, Subgrantees must plan and ensure all WAP field workers receive regular comprehensive training for the position in which the worker is employed. Additionally, the Subgrantee must identify all identified/planned/required comprehensive trainings within their TNA as outlined within WPN 22-4 and ensure the trainings are provided by an accredited IREC training facility certified in the occupation-specific Job Task Analysis (JTA) being taught. Training will be provided by the IREC training facility in a manner best suited for the situation and can be a hybrid of distance learning and/or in person training. Comprehensive trainings identified with the TNA will be prioritized based on compliance mandates, monitoring results, occupation specific JTA staff weaknesses, T&TA staff input, staff request, and fund availability. In the event a Subgrantee experiences unforeseen issues, and their training needs will exceed their normal allotted T&TA budget, TDHCA has set aside additional funding to be available on an as-needed basis. Examples of unforeseen issues include but are not limited to key staff turnover affecting program compliance/production, compliance/monitoring mandates, etc.

SPECIFIC TECHNICAL TRAINING

- TOPICS IDENTIFIED DURING MONITORING VISIT(S)
- ENERGY MODELING
- HEALTH & SAFETY. ALL H&S TOPICS IN WPN 22-7 REQUIRE SOME LEVEL OF TRAINING FOR ALL AFFECTED WORKERS, THE FREQUENCY OF THIS TRAINING IS A GRANTEE DECISION. EXAMPLES INCLUDE:
    - AIR CONDITIONING, HEATING SYSTEMS, AND COMBUSTION APPLIANCES
    - ASBESTOS
    - BIOLOGICALS AND UNSANITARY CONDITIONS
    - BUILDING STRUCTURE AND ROOFING
    - CODE COMPLIANCE
    - ELECTRICAL
    - FUEL LEAKS
    - GAS OVENS/STOVETOPS/RANGES
    - HAZARDOUS MATERIALS

- Injury Prevention of Occupants
- Lead Based Surface Coverings (Paint, Varnishes, Roofing, etc.)
  - EPA's Lead Renovation, Repair & Painting Program (RRP)Mold/Moisture
- Mold and Moisture
- Occupant Pre-existing or Potential Health Concerns
- Pests
- Radon
- Safety Devices
- Ventilation and Indoor Air Quality
  - American Society of Heating Refrigeration and Air-Conditioning Engineers (ASHRAE)
- Water Heaters
- Worker Safety
  - OSHA

- Client Education (training workers to conduct client education). Examples include:
  - Energy Savings strategies
  - Program-specific information. Examples include:
    - What to expect
    - Additional resources
  - Health & Safety issues

Specific Training offerings are available to all Subgrantees.

- Topics (s) identified during monitoring visit(s)
  - Feedback from Department of Energy (DOE) Project Officers (PO) and monitoring reports.
    - Feedback from Project Officers and DOE identified monitoring issues/network trends are addressed in network-wide training(s).
    - Subgrantee specific trainings are performed for all Subgrantees selected as part of the monitoring sample and training is performed to correct the specific areas of deficiency identified in the agency's DOE monitoring report.
    - TDHCA WAP monitors utilize the DOE monitoring report to adjust sampling and increase focus in the identified areas. Identified issues/network trends are addressed utilizing network-wide or Subgrantee specific trainings.
  - Grantee Monitoring Reports of the Subgrantees
    - TDHCA T&TA staff are copied on all monitoring reports and/or a staff meeting is held for monitors to debrief T&TA staff after each visit. In those meetings, monitoring staff relay issues found related to the Subgrantee as well as overall trends identified. Following the monitoring report, T&TA staff provide an initial email to the Subgrantee to provide resources for identified issues. T&TA staff applies this debrief information when determining the needs for Subgrantee specific T&TA and to plan any needed training curriculum.
- Whole House Assessment Process
  - Specific whole house assessment training/questions is readily available upon Subgrantee request or as determined necessary by Grantee staff.
- Energy Modeling
  - Specific energy audit training/questions in regard to energy audit modeling is readily available upon Subgrantee request or as determined necessary by Grantee staff.
- Priority List Criteria and Use.
  - Specific Priority List training/questions is readily available upon Subgrantee request or as determined necessary by Grantee staff.
  - TDHCA has a webinar, Priority List Policies and Procedures, and FAQs available for Subgrantees on demand through the TDHCA website.
- Health & Safety. All H&S topics in WPN 22-7 require some level of training for all affected workers, the frequency of these type trainings is based on workforce needs. All WAP H&S training include review of required, allowable, and prohibited activities listed within WPN 22-7. Additional topics covered in H&S trainings include the

following:

- Air Conditioning, Heating Systems, Combustion Appliances
  - WAP H&S Policy training on allowable activities
  - Licensing and/or certifications for HVAC installers as required by authority having jurisdiction
  - Testing and inspection training
  - Combustion Gases
- How to perform appropriate testing, determine when a building is excessively depressurized, and the difference between air free and as-measured CO action levels
- Asbestos (Confirmed and/or Presumed Asbestos Containing Material)
  - How to identify suspected ACM
  - Licensing/certification/training requirements
  - Safe work practices
- Biologicals and Unsanitary Conditions
  - How to recognize unsafe conditions and when to defer
  - Safe work practices when encountering such conditions
- Building Structure and Roofing
  - How to identify structural and roofing issues
- Code Compliance
  - How to determine what code compliance may be required
- Electrical
  - How to identify electrical hazards
  - Local or Authority Having Jurisdiction (AHJ)) code compliance
- Fuel Leaks
  - Fuel leak testing
- Gas Ovens/Stovetops/Ranges
  - Testing techniques
  - CO action levels
- Hazardous Materials
  - Appropriate Personal Protective Equipment (PPE) for working with hazardous waste materials
  - Disposal requirements and locations
  - Health and environmental risks related to hazardous materials
- Injury Prevention of Occupants and Weatherization Workers
  - Hazard identification
- Lead Based Surface Coverings (Paints, Varnishes, Roofing, etc.)
  - Lead Based Paint & EPA's Lead Renovation, Repair & Painting Program (RRP)
    - All employees and contractors working on pre-1978 homes must receive training to install measures in a lead-safe manner in accordance with the SWS and EPA protocols, and installation must be overseen by an EPA Certified Renovator
    - Grantee Monitors and Inspectors must be Certified Renovators
- Mold/Moisture
  - National curriculum on mold and moisture or equivalent
  - How to recognize drainage issues
- Occupant Pre-existing or Potential Health Conditions
  - How to assess occupant preexisting conditions and determine what action to take if the home is not deferred
  - Awareness of potential hazards
- Pests
  - How to assess presence and degree of infestation, associated risks, and deferral policy
- Radon
  - Auditors, assessors, and inspectors must have knowledge of radon, what it is and how it occurs, including what factors may make radon worse, and precautionary measures that may be helpful

        - Workers must be trained in proper vapor retarder installation
        - Provide zonal radon map resources
    - Safety Devices
        - Where to install alarms
        - Local code compliance
    - Ventilation and Indoor Air Quality
        - American Society of Heating Refrigeration and Air-Conditioning Engineers (ASHRAE) requirements
        - ASHRAE 62.2 training including proper sizing, evaluation of existing and new systems
        - If the grantee opts to adopt a new version of ASHRAE 62.2 then training and technical assistance should be planned to prepare crews to implement the new standard
    - Water Heater Replacement
        - Water temperature testing
        - How to identify if repair or replacement is warranted
    - Worker Safety
        - Use and importance of PPE
        - Safety training appropriate for job requirements. OSHA 30 for supervisors and OSHA 10 for crew members
        - Ongoing training as required in Hazard Communication Program
- Client Education (training workers to conduct client education). Examples include:
    - Importance of providing both written and verbal education for each client
    - How to review energy savings materials
    - Steps to properly educate clients on instructions for equipment operation and/or maintenance

Additional Specific Training is handled on an ongoing and as-needed basis as identified by network request, new/updated requirements, new staff hires, results of monitoring reports, or as deemed necessary by Grantee staff.

CONFERENCES. EXAMPLES INCLUDE:

- **ENERGY OUTWEST**
- **BUILDING PERFORMANCE ASSOCIATION**
- **NATIONAL ASSOCIATION FOR STATE AND COMMUNITY SERVICE PROVIDERS**
- **COMMUNITY ACTION PARTNERSHIP**

TDHCA relays all conference related Weatherization Memorandums/Notifications allowing use of training funds to Subgrantees. Conference attendance examples include:

- Energy OutWest;
- Building Performance Association;
- National Association for State and Community Service Providers, and
- Community Action Partnership.

OTHER, PLEASE SPECIFY:

TDHCA budgets T&TA funds for both the Grantee and Subgrantees which are utilized as described in Section 1.0 General Information of this plan.

5.0 – TECHNICAL ASSISTANCE

DESCRIBE THE TECHNICAL ASSISTANCE ACTIVITIES INCLUDED IN THE T&TA BUDGET CATEGORY.

PROGRAMMATIC/ADMINISTRATION SUPPORT

Programmatic/Administration technical assistance is readily available and provided to all Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: Submit a Program Question or Request T&TA.
- Virtual technical assistance is provided utilizing platforms such as GoTo Meeting, Microsoft® Teams, FaceTime, etc.

- Subgrantee onsite or network trainings.
- TDHCA website resources such as TDHCA developed Program Resources, Frequently Asked Questions, etc.
- An online learning management system (LMS) available to the Subgrantee network, with extensive WAP content, sourced through Everblue, an IREC accredited training provider. Video content covers building science principles, common WAP topics, JTAs, and WAP badges.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees.
- Activities in coordination with Texas Association of Community Action Agencies (TACAA).
- Quarterly Network Calls.
- WAP E-Newsletters.

Additional Programmatic/Administration technical assistance methods are created/utilized on an as-needed basis to improve program administration, effectiveness, and delivery of services.

TECHNICAL SUPPORT

Technical Support is readily available and provided to Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: Submit a Program Question or Request T&TA.
- Virtual support is provided utilizing platforms such as GoTo Meeting/Webinar, Microsoft® Teams, FaceTime, etc.
- Subgrantee onsite or network trainings.
- TDHCA website resources such as TDHCA developed Program Resources, Tools, and Frequently Asked Questions, etc.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees.
- Activities in coordination with TACAA.
- Quarterly Network Calls.
- TDHCA developed cheat sheets that address the most common WAP topics; more than 95 pages of more detailed guidance. These cheat sheets are available during every quarterly call.
- WAP E-Newsletters.

Additional technical support methods are created/utilized on an as-needed basis to improve program administration, effectiveness, and delivery of services.

HEALTH & SAFETY SUPPORT ACTIVITIES

H&S support is readily available and provided to Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: Submit a Program Question or Request T&TA;
- Virtual support is provided utilizing platforms such as GoTo Meeting/Webinar, Microsoft® Teams, FaceTime, etc.;
- Subgrantee onsite or network trainings;
- TDHCA website resources such as TDHCA developed Program Resources, Tools, and Frequently Asked Questions, etc. TDHCA developed cheat sheets that address the most common WAP H&S topics. These cheat sheets are available during every quarterly call.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees;
- Activities in coordination with TACAA;
- Quarterly Network Calls; and
- WAP E-Newsletters.

Additional H&S support methods are created/utilized on an as-needed basis to improve program administration, effectiveness, and delivery of services.

MONITORING

WHAT PERCENTAGE OF T&TA FUNDING IS ALLOCATED TO MONITORING? (IF DEFINED IN SECTION B OF THE BUDGET DETAILS WITHIN THE ANNUAL APPLICATION, INCLUDE THAT WITHIN YOUR DESCRIPTION BELOW.)

TDHCA WAP Monitoring staff who conduct fiscal/administrative and inspection monitoring activities are paid out of the T&TA (40%) budget category.

OTHER, PLEASE SPECIFY

TDHCA is very fortunate to have a Compliance Monitoring staff experienced in Subgrantee monitoring, unit assessments, audits, material installation, inspections, and the training and technical assistance that support each. TDHCA Compliance staff work in conjunction with Department Training staff to continuously improve our weatherization program.

6.0 CLIENT EDUCATION

DESCRIBE WHAT CURRENT AND PLANNED CLIENT EDUCATION MATERIALS AND/OR ACTIVITIES ARE INCLUDED IN THE T&TA BUDGET CATEGORY. ONLY THOSE PAID FOR WITH T&TA FUNDS NEED TO BE MENTIONED.

NOTE: THIS DOES NOT INCLUDE TRAINING WORKERS TO DELIVER CLIENT EDUCATION. THIS SHOULD BE DESCRIBED IN THE TRAINING SECTION, ABOVE.

CLIENT EDUCATION ACTIVITIES PRIOR TO, DURING AND AFTER WEATHERIZATION WHICH ADDRESS THE WEATHERIZATION PROCESS AND ENERGY SAVINGS DETAILS

The Department requires Subgrantees to provide (at minimum) educational materials in verbal or written format. Each Subgrantee must complete the Health & Safety Requirements form and provide educational materials, including the EPA's Renovate Right guide and specific information on energy savings. Additionally, Subgrantees will provide instructions for the operation and maintenance of any installed equipment as required in the Standard Work Specifications (SWS) and in Section 5.0 of the Health & Safety Plan. Compliance staff reviews materials and procedures during each Subgrantee's annual onsite monitoring.

CLIENT EDUCATION ACTIVITIES REGARDING H&S ISSUES AS INDICATED IN WPN 22-7

- AIR CONDITIONING, HEATING SYSTEMS, AND COMBUSTION APPLIANCES
- ASBESTOS – CONFIRMED AND/OR PRESUMED ASBESTOS CONTAINING MATERIAL
- BIOLOGICALS AND UNSANITARY CONDITIONS
- BUILDING STRUCTURE AND ROOFING
- CODE COMPLIANCE
- COMBUSTION GASES
- ELECTRICAL
- FUEL LEAKS
- GAS OVENS/STOVETOPS/RANGES
- HAZARDOUS MATERIALS
- INJURY PREVENTION OF OCCUPANTS
- LEAD BASED SURFACES (PAINTS, VARNISHES, ROOFING, ETC.)
- MOLD AND MOISTURE
- OCCUPANT PRE-EXISTING OR POTENTIAL HEALTH CONDITIONS
- PESTS
- RADON
- SAFETY DEVICES
- VENTILATION AND INDOOR AIR QUALITY
  - AMERICAN SOCIETY OF HEATING REFRIGERATION AND AIR-CONDITIONING ENGINEERS (ASHRAE)
- WATER HEATERS
- WORKER SAFETY
  - OSHA

- Additional topics as described in Health & Safety Plan

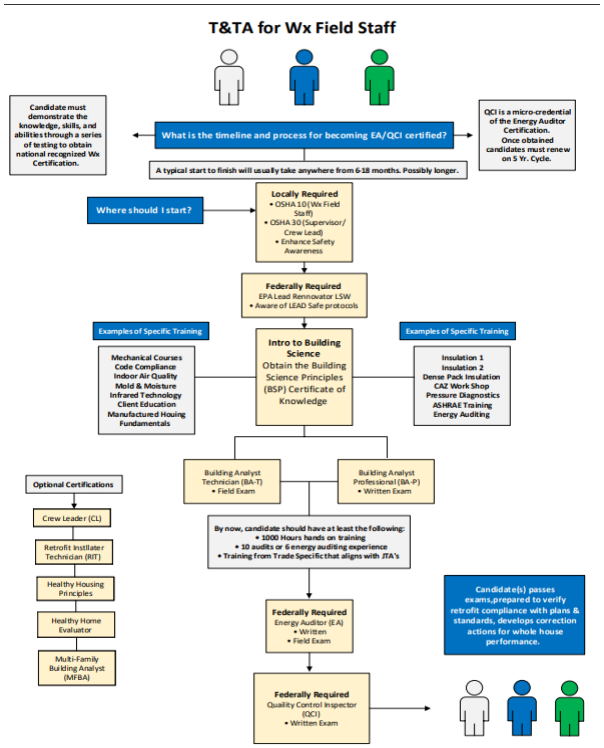
Client education activities/resources regarding H&S issues are provided by Subgrantees to ensure compliance with WPN 22-7 as follows:

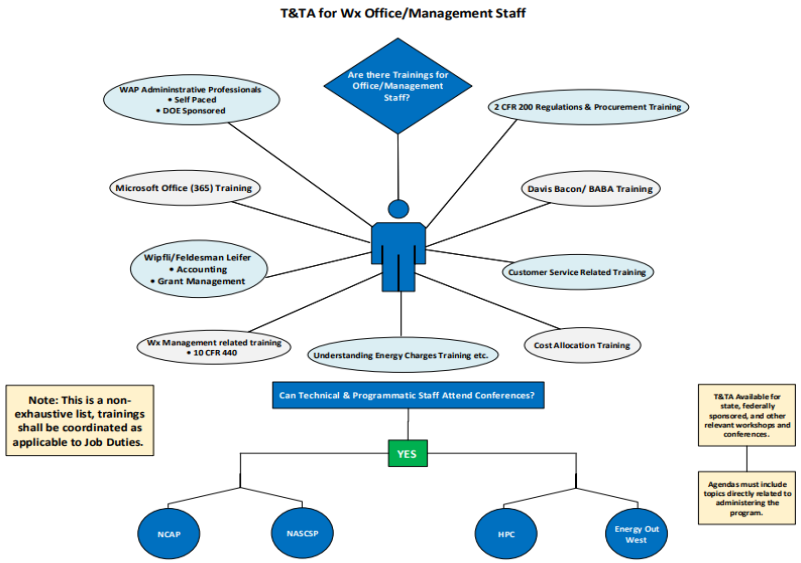
- A Client H&S Questionnaire is required to be completed by Subgrantees for each unit weatherized. Questionnaire can be located on the TDHCA website at the following link:
  - H&S Requirements Form
- When deferral is necessary, Subgrantees are required to provide information to the client, in writing, describing conditions that must be met in order for weatherization to commence and if applicable, include any of the additional specific information detailed below. A copy of the notification must also be retained within the client file.
  - Appropriate referral resources shall also be provided to the client.
- H&S client education resources can be located at the following links:
  - WPN 22-7 Additional Resources and References
  - TDHCA Program Guidance
- Air Conditioning, Heating Systems, and Combustion Appliances
  - Appropriate use and maintenance of units.
  - Provide all paperwork and manuals for any installed equipment.
  - Discuss and provide information on proper disposal of bulk fuel tanks when not removed as part of the weatherization work.
  - Where combustion equipment is present, provide combustion safety information, including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.
- Asbestos
  - Formally notify the occupant and landlord if applicable, in writing:
    - of suspected ACMs that are present and what precautions will be taken to ensure the occupants' and workers' safety during weatherization;
    - of results if testing was performed;
    - not to disturb suspected ACM;
    - When deferral is necessary due to asbestos, occupant, or landlord if applicable, must provide documentation before work continues.
- Biologicals and Unsanitary Conditions
  - Inform client, in writing, of observed conditions.
- Building Structure and Roofing
  - Notify client, in writing, of structurally compromised areas.
- Code Compliance
  - Inform client, in writing, of observed code compliance issues when it results in deferral.
- Electrical
  - Provide occupant with written documentation of any electrical hazards identified that will not be addressed by weatherization.
  - Provide information to occupant on over-current protection, overloading circuits, and basic electrical safety/risks if conditions warrant.
- Fuel Leaks
  - Inform clients in writing of fuel leak testing results, including specific location if fuel leaks are detected.
- Gas Ovens/Stovetops/Ranges
  - Inform clients of the importance of using exhaust ventilation when cooking and the importance of keeping burners clean to limit the production of CO.
- Hazardous Materials Disposal
  - Inform occupant in writing of hazards associated with hazardous waste materials being generated/handled in the home.
  - Inform occupant in writing of observed hazardous conditions and associated risks.

- Provide occupant written materials on safety issues and proper disposal of household pollutants.
- Injury Prevention of Occupants
  - If identified hazardous conditions will not be correct during weatherization, inform occupant in writing of observed hazards and associated risks utilizing the "Hazard Identification Notification Form" required by WPN 22-7.
- Lead Based Surface Coverings (Paint, Varnishes, Roofing, etc.)
  - Follow pre-renovation education requirements per EPA RRP rules.
- Mold/Moisture
  - Provide occupant written notification of identified mold/moisture hazards and information regarding the associated hazard.
- Occupant Pre-existing or Potential Health Conditions
  - Inform client in writing of any known risks and provide pre-weatherization screening form.
  - Provide client with Subgrantee point of contact information in writing.
- Pests
  - Clients should inform Subgrantee of any previous problems with pests & shall be noted within the Client Questionnaire section of the H&S Requirements form.
  - Inform client in writing of observed conditions and associated risks.
- Radon
  - Provide all clients *EPA's A Citizen's Guide to Radon* and inform them of radon related risks.
  - Occupants must initial within the H&S Requirements form prior to receiving weatherization
- Safety Devices
  - Provide client with verbal and written information on use of newly installed devices and the potential risks of not properly maintaining these devices.
- Ventilation and Indoor Air Quality (ASHRAE)
  - Provide client with information on function, use, and maintenance (including location of service switch and cleaning instructions) of ventilation system and components.
  - Provide client with equipment manuals for installed equipment.
  - Include disclaimer that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality.
  - Controls shall be labeled as to their function & provide education as to why it is important for the home to have adequate ventilation.
- Water Heaters
  - Appropriate use and maintenance of units.
  - Provide all paperwork and manuals for any installed equipment.
  - Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.

as of 12/31/2025

Training Topic(s)	Training Requested or Initiated by?	Training Category	Comprehensive or Specific Training?	Job Task Analysis (JTA)	Scheduled Date(s) of Training?	Duration of Training (hours)?	Continuing Education Unit(s) Offered?	Training Center/Provider	Attendance Mandatory?	Estimated Costs	Grantee/Subgrantee/Contractor Participating in Training	Total Number of Participants	Actual Costs	Remarks/Comments
"Example" QCI Training	Onsite Monitoring	Technical	Comprehensive	QCI	10/9/19 - 10/20/19	80	32	Weatherization Academy (IREC accredited)	Yes	$8,000.00	ABLE Agency (4) Can Do CAA (3)	7	$5,427.00	Contract with trainer approved 7/9/17. All QCI get opportunity for this comprehensive course every 5 years.
Subgrantee Budgeted T&TA - Subgrantee specific topics are determined annually through a TNA at the beginning of each year. Below are example topics that will vary based on individual subgrantee needs.														
QCI Training	Program Requirement	Programmatic/Technical	Comprehensive	QCI	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Energy Auditor	Program Requirement	Programmatic/Technical	Comprehensive	EA	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Lead Safe Renovator Training	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Retrofit Installer Training	Contractor Request	Programmatic/Technical	Comprehensive	RIT	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Crew Leader Training	Contractor Request	Programmatic/Technical	Comprehensive	CL	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
OSHA 10	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
OSHA 30	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
BPA Conference	Subgrantee Request	Programmatic/Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
EnergyOutwest Conference	Subgrantee Request	Programmatic/Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Agency Specific Training Needs (As directed by TNA)	Program Requirement/Monitoring	TBD	TBD		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
TDHCA (Network) Budgeted T&TA - For internal staff T&TA needs, compliance mandated Subgrantee T&TA, and for network-wide/regional T&TA sessions when determined feasible.														
National Home Perfomance Conference and Trade Show	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	BPA	No	$1,500.00	Grantee Staff x 2	2		
Energy OutWest Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	Energy OutWest	No	$1,500.00	Grantee Staff x 2	2		
NASCSP Annual Training Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	NASCSP	No	$1,500.00	Grantee Staff x 2	2		
NASCSP Winter Training Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	NASCSP	No	$1,500.00	Grantee Staff x 2	2		
New Grantee Staff (pending hire)	Program Requirement	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	$10,000.00	New WAP staff to be hired	1		to address Comprehensive training needs of new staff
Compliance Mandated T&TA for Subrantees	Program Requirement/Monitoring	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	$30,000.00	projected compliance mandated T&TA x 3	TBD		
Network-wide Training	Program Requirement/Monitoring	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	$20,000.00	performance improvement network-wide session	100		





Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1382 **Agenda Date:** 4/9/2026 **Agenda #:** 37.

Presentation, discussion, and possible action on the reprogramming of Program Year 2025 Community Services Block Grant Administrative and Discretionary funds

RECOMMENDED ACTION

WHEREAS, Community Services Block Grant (CSBG) funds are awarded annually to the State of Texas by the U.S. Department of Health and Human Services (HHS);

WHEREAS, upon the Texas Department of Housing and Community Affairs (the Department) receipt of the State's annual award of CSBG funds, it reserves 90% of the allotment for CSBG eligible entities to provide services/assistance to the low-income population in all 254 counties; 5% for state administration expenses; and the remaining 5% for state discretionary use;

WHEREAS, on June 15, 2023, the Board approved the usage of 2025 CSBG discretionary (CSBG-D) funds for historically based uses and other focus areas designed to support eligible entities in the administration and implementation of the CSBG;

WHEREAS, the funding activities approved on June 15, 2023, have not resulted in the full utilization of 2025 CSBG-D funds, and there is also an unused balance of Department administrative funds;

WHEREAS, the Department has determined that there remains $467,961 in unexpended Program Year (PY) 2025 CSBG-D funds, and $435,000 in Department administrative funds;

WHEREAS, the Department wishes to expend the funds prior to the expenditure deadline of September 30, 2026, and therefore the funds warrant prompt reprogramming, and staff is recommending that the funds be used for direct client assistance;

WHEREAS, 20 CSBG eligible entities have achieved expenditure rates on their annual CSBG allocation of 100% within the original contract term and are therefore in a position to spend additional funds, and are not ineligible under 10 TAC §1.21; and

WHEREAS, 20 CSBG eligible entities are being recommended for an award of these reallocated funds subject to a positive recommendation or a recommendation with conditions through the Previous Participation Review and Approval Process (PPRAP);

NOW, therefore, it is hereby

RESOLVED, that the Board approves of the reprogramming of remaining 2025 CSBG funds totaling $902,961, of which $902,961 will be allocated to 20 CSBG eligible entities for the

provision of direct services to low-income individuals;

FURTHER RESOLVED, that the Executive Director and his designees each of them be and they hereby are, authorized, empowered, and directed, for and on behalf of the Department, to issue contracts for these funds, only upon confirmation of previous participation review (PPR) by the Compliance Division, and subject to a positive recommendation through the PPRAP and subject to any PPRAP conditions, consistent with the policy noted herein; and

FURTHER RESOLVED, that should any funds designated for these or other 2025 CSBG-D activities remain unused after August 31, 2026, those funds, along with any additional unused CSBG-D or CSBG Administrative funds from 2025 or prior years, may also be redistributed to these entities at the discretion of the Executive Director or designee, within the limitations of 10 TAC §1.302(l), or used for the Department's administrative activities.

BACKGROUND

At the Board meeting of June 15, 2023, the Board approved utilizing approximately $1,775,000 in PY 2025 CSBG-D funds for the activities listed in the table below. The table reflects the original allocated amount ($1,775,000), the amounts that have been committed or contracted, and the amount of CSBG-D available for reobligation. In addition to the funds reflected in the table below, $435,000 in Department administrative funds is also available for reprogramming.

Use of PY 2025 CSBG-D Funds	**Original Plan 2025**	**Contracted/ Committed**	**Available for Reobligation**
Third Party Assessment and T&TA Services	$100,000	$0	100,000
Network Transitions Fund	$50,000	$0	$50,000
Network Training and Technical Assistance	$150,000	$26,786	$123,214
Migrant and Seasonal Farm Worker & Native American Employment and Education Funds	$300,000	$300,000	$0
Housing Voucher Program Support	$150,000	$0	$150,000
Disaster Recovery	$500,000	$500,000	$0
Reentry Assistance Program	$400,000	$400,000	$0
Unobligated	$69,747	$25,000	$44,747
Balance of State Continuum of Care T&TA	$75,000	$75,000	$0
Organizational Capacity Improvements	$50,000	$50,000	$0
Subtotal	**$1,844,747**	**$1,376,786**	**$467,961**
Total Discretionary Balance for Reprogramming:	**$467,961**		
Total Administrative Balance for Reprogramming	**$435,000**		
Total Balance for Reprogramming	**$902,961**		

Proposed Use of Unexpended Funds

Staff recommends that these funds be directed only to those entities who have expended the greatest proportion of their existing eligible entity contracts, as they not only have a proven track record for expending the funds but also have the least remainder of their current contracts to still expend. This approach of identifying the eligible entities with the highest expenditures on their current contracts to receive the reallocated funds has been used consistently in prior years.

This year, the Department recommends reprogramming the $902,961 to 20 CSBG eligible entities that have expended 100% of their contracted PY2025 CSBG funds by the original end date in the contract, and that were not ineligible under 10 TAC §1.21. Full expenditure of the reprogrammed funds must be achieved by August 31, 2026. The 20 entities meeting these criteria are listed in Attachment A with the approximate amounts to be distributed to each entity. Of the total amount of reprogrammed funds, $902,961 will be utilized for the provision of direct services to low-income individuals and will be allocated to the twenty entities proportionally, using the allocation formula described in 10 TAC §6.203.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) includes a review of CSBG-D awards prior to contract execution. At the time of Board Book posting, all awards described herein are still in the Previous Participation Review process. To ensure contracts are executed as quickly as possible, staff is requesting authorization of awards contingent upon a positive PPRAP recommendation or a recommendation with conditions, and subject to any PPRAP conditions. If an entity disagrees with a PPRAP positive recommendation or recommendation with conditions, it should follow the dispute process in 10 TAC §1.303. No contracts will be entered into without having gone through the PPRAP first and a positive PPRAP recommendation or recommendation with conditions. Conditions may have to be met before contracts may begin.

If approved by the Board, to provide the awarded entities enough time to expend the funds, contracts will have an April 9th, 2026, effective date.

Attachment A

PY 2025 CSBG Reprogrammed Discretionary & Administrative Awards

#	Eligible Entity	Amount ($)
1	Aspermont Small Business Development Center	$8,576
2	Brazos Valley Community Action Programs	$75,320
3	Combined Community Action, Inc.	$39,915
4	Community Action Social Services & Education, Inc.	$8,768
5	Community Council of South Central Texas, Inc.	$49,004
6	Community Services of Northeast Texas, Inc.	$24,976
7	Concho Valley Community Action Agency	$12,868
8	Cornerstone Community Action Agency, Inc.	$9,335
9	Crossroads Community Action	$17,129
10	Economic Action Committee of the Gulf Coast	$8,862
11	Economic Opportunities Advancement Corporation of PR XI	$29,644
12	El Paso Community Action Program, Project Bravo, Inc.	$75,430
13	Guadalupe Economic Services Corp	$25,392
14	Gulf Coast Community Services Association, Inc.	$354,355
15	Hill Country Community Action Association, Inc.	$34,246
16	Panhandle Community Services	$32,283
17	Rolling Plains Management Corporation	$27,125
18	South Plains Community Action Association, Inc.	$15,443
19	Texas Neighborhood Services	$26,705
20	Webb County Community Action Agency	$27,586
	Total to be Reprogrammed	**$902,961**

*All awards are conditioned on PPRAP recommendation or recommendation with conditions.

**To the extent that any of the eligible entities decline their award or do not have a positive recommendation from PPRAP or do not agree to comply with PPRAP conditions, after all appeal periods have been exhausted, the Department will redistribute the allocation proportionally using the allocation formula described in 10 TAC §6.203.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1378 **Agenda Date: 04/09/2026** **Agenda #: 38.**

Presentation, discussion, and possible action on an order adopting an emergency amendment to 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements; an order proposing an amendment to 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements to be released for public comment; and an order directing both actions to be published in the Texas Register

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

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1377 **Agenda Date: 04/09/2026** **Agenda #: 39.**

Presentation, discussion, and possible action on an order adopting the amendment of 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F Compliance Monitoring, §10.612 Tenant File Requirements; an order adopting new §10.628 Verification of Occupant Legal Status for HOME, HOME-ARP Rental and NHTF Developments; and directing their publication in the Texas Register

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

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1404 **Agenda Date: 04/09/2026** **Agenda #: 40.**

Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 10, Subchapter F, §10.601 Compliance Monitoring Objectives and Applicability; §10.607 Reporting Requirements; §10.611 Determination, Documentation and Certification of Annual Income; §10.613 Lease Requirements; §10.614 Utility Allowances; §10.621 Property Condition Standards; §10.622 Special Rules Regarding Rents and Rent Limit Violations; and §10.625 Events of Noncompliance and directing its publication for public comment in the Texas Register

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

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1415 **Agenda Date:** 4/9/2026 **Agenda #:** 41.

Presentation, discussion, and possible action on a determination of eligibility related to Undesirable Site Features for Sea Gulf Villas (#26061)

RECOMMENDED ACTION

WHEREAS, Sea Gulf Villas is a 2026 9% competitive housing tax credit Application that requests $1,635,624 in housing tax credits for the acquisition and rehabilitation of 61 units in Corpus Christi, Nueces County;

WHEREAS, the 2026 Qualified Allocation Plan (QAP) establishes Undesirable Site Features that generally render an Application ineligible unless acceptable mitigation as determined by staff or the Board is undertaken, and these features include being located within two miles of refineries capable of refining more than 100,000 barrels of oil daily;

WHEREAS, the proposed Development Site for Sea Gulf Villas is located within two miles of two refineries that are capable of refining more than 100,000 barrels of oil daily;

WHEREAS, in the disclosure of this feature, the Applicant provided correspondence from the City of Corpus Christi expressing its support for the proposed Development and explaining that the unique geography of the city places many of its prominent areas within two miles of refineries; and

WHEREAS, staff has reviewed the unique geographic circumstances of Corpus Christi and the letter from the City, and has determined that these items may constitute acceptable mitigation of the Undesirable Site Feature.

NOW, therefore, it is hereby

RESOLVED, that the proposed Development Site for Sea Gulf Villas is determined to be eligible.

BACKGROUND

Sea Gulf Villas is a 2026 9% competitive housing tax credit Application that requests $1,635,624 in housing tax credits for the acquisition and rehabilitation of 61 units in Corpus Christi, Nueces County. The 2026 QAP establishes certain Undesirable Site Features that generally render an Application ineligible if acceptable mitigation is not provided. Acceptable mitigation is not explicitly defined, and is solely determined by staff or the Board. The rule also establishes that, in the event that staff cannot reasonably conclude whether a feature is considered undesirable, it may defer to the Board for decision. Undesirable Site Features include Development Sites that are located within two miles of

refineries capable of refining more than 100,000 barrels of oil daily. The proposed Development Site for Sea Gulf Villas is located within two miles of two refineries that are capable of refining this volume of oil.

The Applicant provided a letter from the City of Corpus Christi in the Application. This letter expresses support for the Development on behalf of the City, citing a Resolution of Support approved by City Council on February 17, 2026. The letter further explains that many prominent areas of Corpus Christi are located within two miles of a refinery, including the downtown urban core, City Hall, and existing residential developments, and asks that the Department find the site eligible.

Staff has reviewed the submitted documentation and has recommends that the Board determine that the unique geography and city layout of Corpus Christi as well as the information provided by the City in its letter of support constitute acceptable mitigation, which would result in the Application being eligible to compete in the 2026 9% Housing Tax Credit competitive round. This approval would not guarantee that an award of funding will be made.

February 19, 2026

Mr. Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
Low-Income Housing Tax Credit Program
P.O. Box 13941
Austin, TX 78711-3941

Re: Sea Gulf Villas, TDHCA #26061, Corpus Christi, TX - Proximity to Refineries

Dear Mr. Wilkinson,

Please be advised that the City of Corpus Christi City Council approved a Resolution of Support for Sea Gulf Villas, TDHCA 9% Low-income Housing Tax Credit application #26061, at their meeting held on February 17, 2026. The City is aware of TDHCA's rule that a development site that is within two miles of a refinery may be considered undesirable and may be ineligible for the receipt of tax credits.

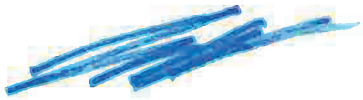
Sea Gulf Villas is located 1.85 miles, within two miles, of Refinery Row, which includes facilities owned by Flint Hills Resources, Magellan Terminal Holdings, and CITGO. However, the development of a residential community that is that distance from the refineries is permitted in our City. The project will rehabilitate a vacant building that was previously multifamily rental, and the City does not have any ordinances in place that would restrict the development of the proposed apartment community.

Please note that many prominent areas in Corpus Christi are within two miles of a refinery, including existing residential developments, our downtown urban core, City Hall, and the Nueces County Courthouse, as well as major tourist attractions such as the Bayfront Arts and Science Park, the Corpus Christi Museum of Science and History, the U.S.S. Lexington Museum, and the Texas State Aquarium.

Because our City does not prohibit this development on this site, we respectfully request that you not consider its proximity to the refineries to be an undesirable site feature and that you permit this application to proceed.

Thank you for your consideration.

Sincerely,

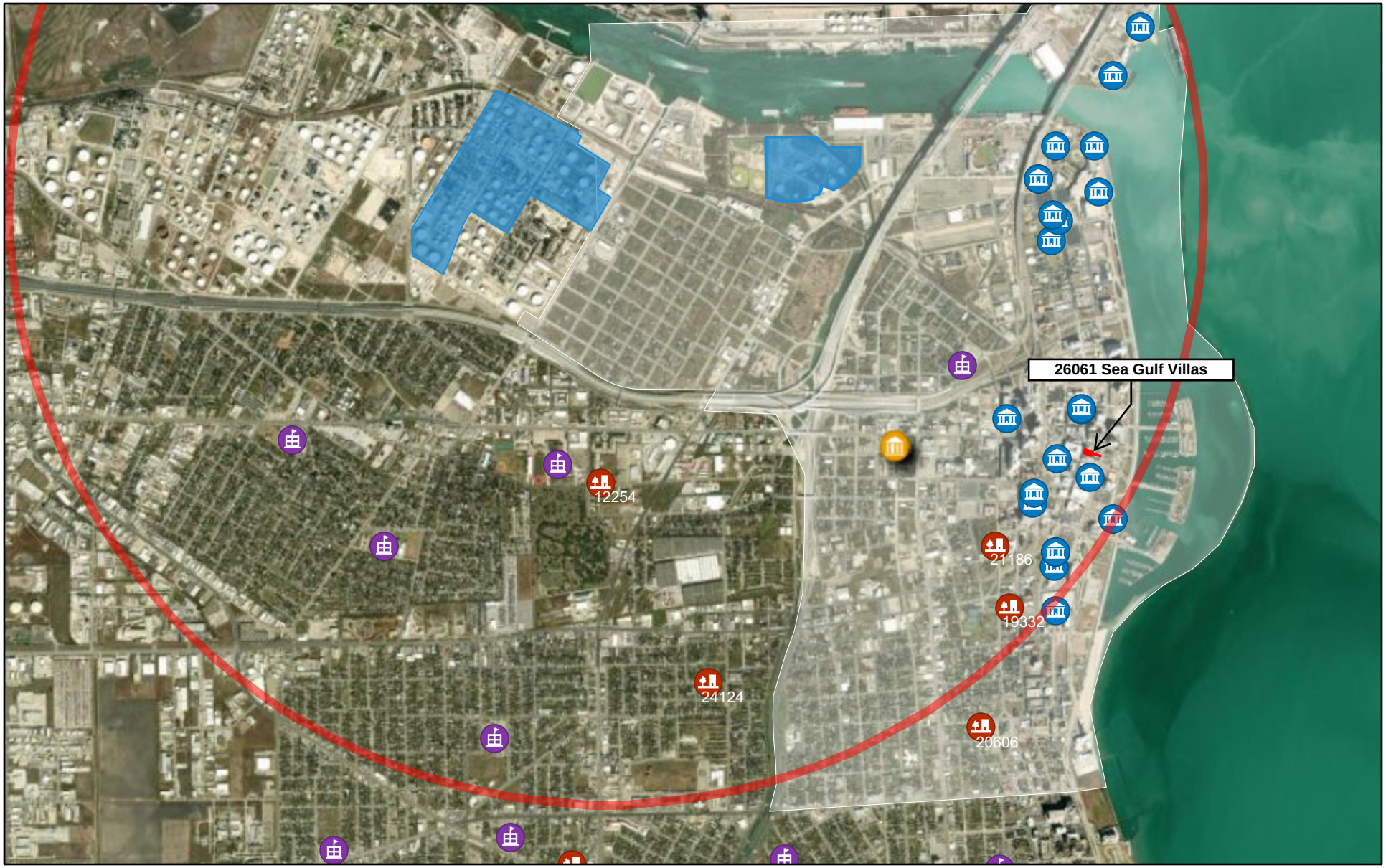


Jennifer Buxton
Director (interim)
jenniferb9@corpuschristitx.gov
(361) 826-3976

cc: David Fournier via dfournier@fishpondliving.com
Lisa Vecchietti via lisa@fishpondliving.com

CITGO Petroleum Corporation

2-Mile Radius



26061 Sea Gulf Villas

CITGO Petroleum Corporation (2 Tax Parcels Shown)

Flint Hills Resources (3 Tax Parcels Shown)

Magellan Terminals Holdings (1 Tax Parcel Shown)

TDHCA Property Inventory

Public School

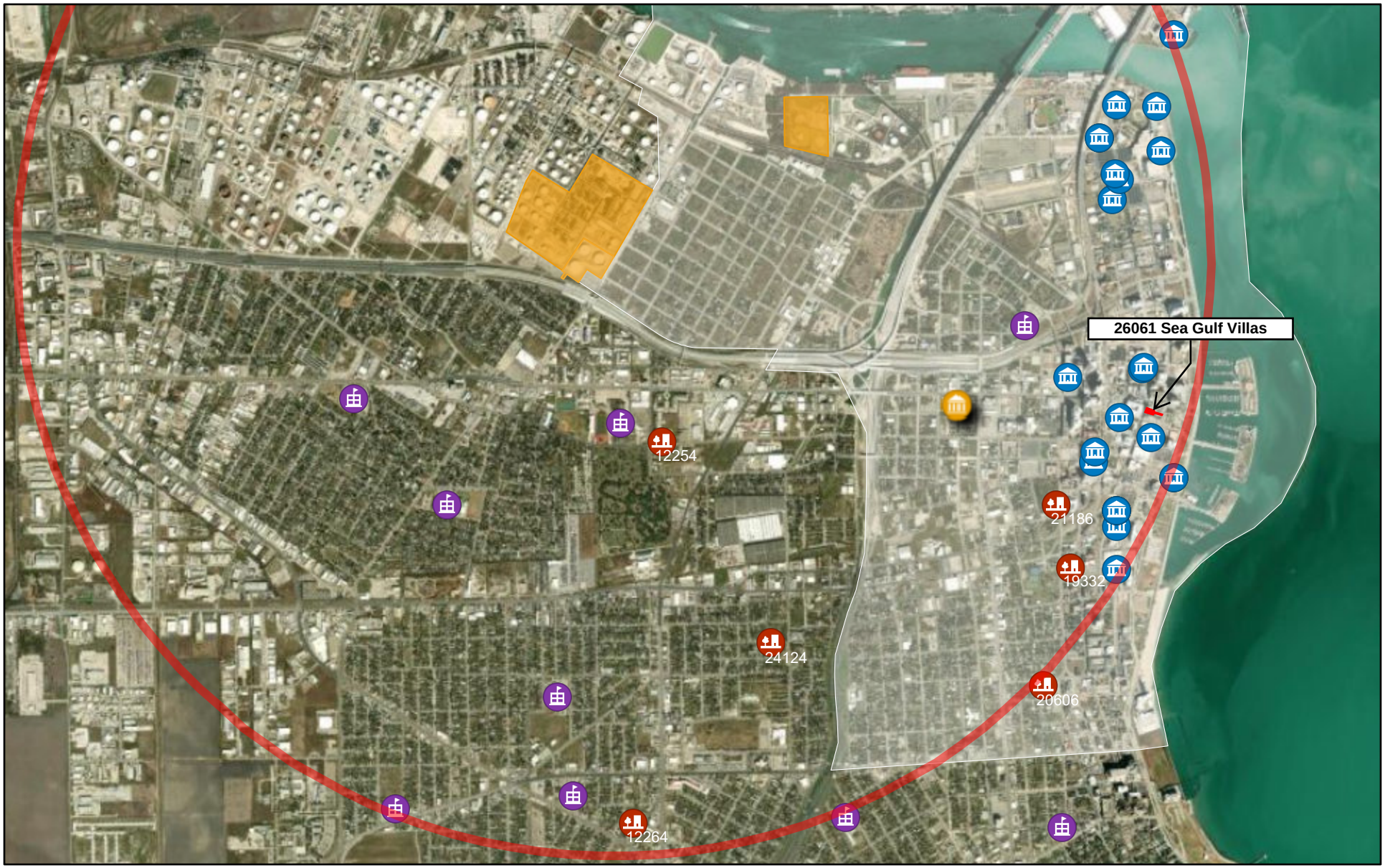
Point of Interest (Museums, etc.)

City Hall

NCES EDGE, Vantor

Flint Hills Resources

2-Mile Radius



26061 Sea Gulf Villas

CITGO Petroleum Corporation (2 Tax Parcels Shown)

Flint Hills Resources (3 Tax Parcels Shown)

Magellan Terminals Holdings (1 Tax Parcel Shown)

TDHCA Property Inventory

Public School

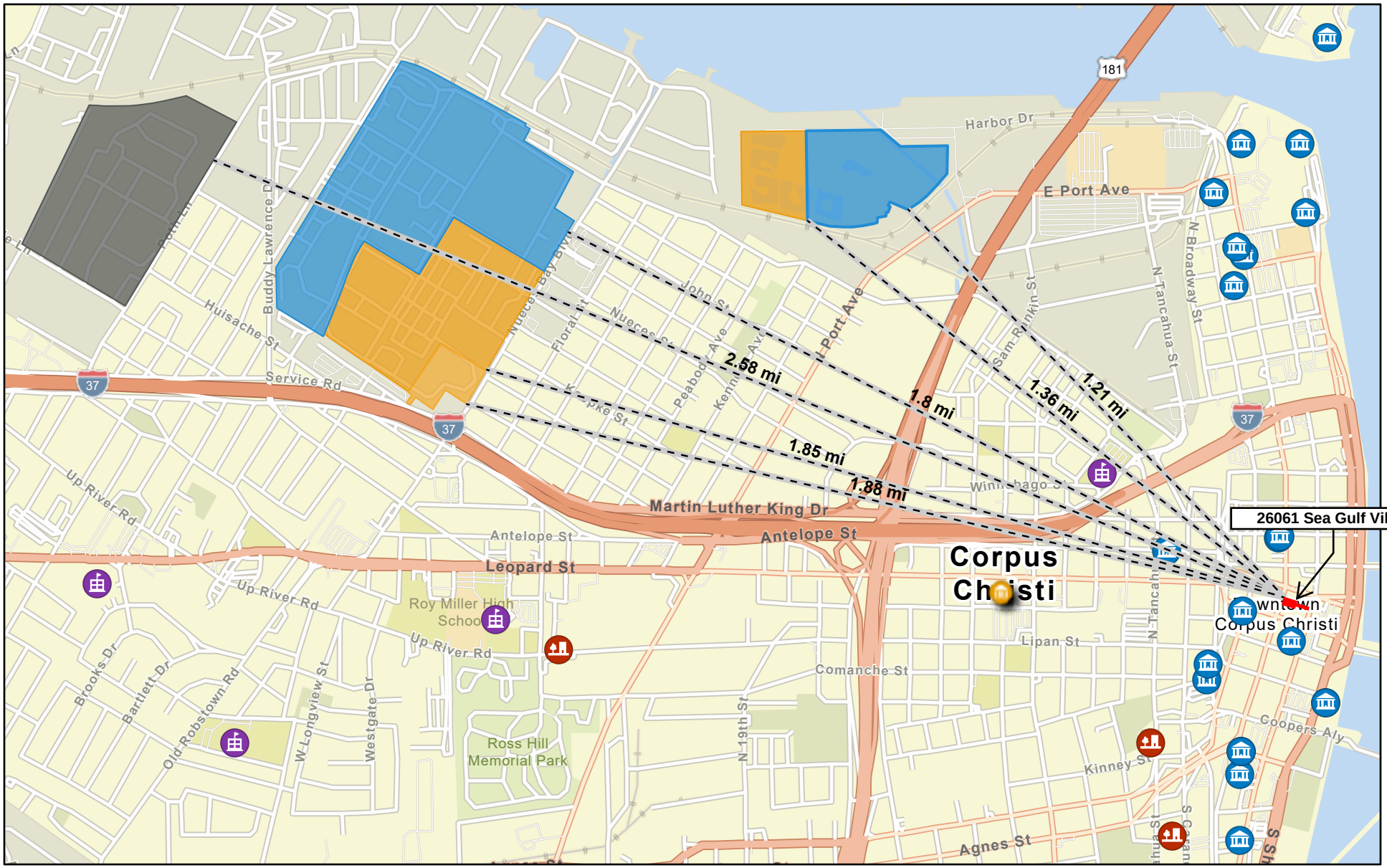
Point of Interest (Museums, etc.)

City Hall

NCES EDGE, Vantor

26061 Sea Gulf Villas

Distance to Refineries



26061 Sea Gulf Villas

CITGO Petroleum Corporation (2 Tax Parcels Shown)

Flint Hills Resources (3 Tax Parcels Shown)

Magellan Terminals Holdings (1 Tax Parcel Shown)

TDHCA Property Inventory

Public School

Point of Interest (Museums, etc.)

City Hall

NCES EDGE, Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1416 **Agenda Date:** 4/9/2026 **Agenda #:** 42.

Presentation, discussion, and possible action on an appeal of the termination of the Application for Breezy Meadows

RECOMMENDED ACTION

WHEREAS, Breezy Meadows is a 2026 9% Housing Tax Credit Application that requests $1,308,049 for the New Construction of 49 Units in Robstown, Nueces County;

WHEREAS, 10 TAC §11.2(a) establishes the Full Application Delivery Date to be February 27, 2026, and in accordance with 10 TAC §11.1(f), "the information or documentation subject to the deadline must be received by the Department on or before 5:00 p.m. Austin local time on the day of the deadline;"

WHEREAS, the Application submitted by the deadline was substantially incomplete;

WHEREAS, a second set of Application documents was submitted at approximately 8:00 p.m., but was not accepted by the Department due to being submitted after the deadline; and

WHEREAS, staff terminated the Application for being complete, which the Applicant timely appealed;

NOW, therefore, it is hereby

RESOLVED, that the appeal of the termination of Breezy Meadows is hereby denied.

BACKGROUND

Breezy Meadows is a 2026 9% Housing Tax Credit Application that requests $1,308,049 for the New Construction of 49 Units in Robstown, Nueces County.

10 TAC §11.2(a) establishes the Full Application Delivery Date for 2026 9% Applications to be February 27, 2026, and in accordance with 10 TAC §11.1(f), "the information or documentation subject to the deadline must be received by the Department on or before 5:00 p.m. Austin local time on the day of the deadline."

A file titled "262598_Full ApplicationTC" was timely submitted. While the Department has not performed a full review of this file, significant issues were readily apparent. These issues include, but are not limited to:

- Several entire tabs of the Application are missing, including:
    - Tab 23a - Accessible Mobility Units Calculation
    - Tab 24 - Rent Schedule
    - Tab 26 - Annual Operating Expenses
    - Tab 28 - Off-Site Cost Breakdown

- Tab 29 - Site Work Cost Breakdown
- Tab 30 - Development Cost Schedule
- Tab 31 - Schedule of Sources of Funds and Financing Narrative
- Tab 34 - Finance Scoring
- Tab 37 - Owner and Developer Organization Charts
- Tab 38 - List of Organizations and Principals
- Tab 39 - Previous Participation
- Tab 42 - Development Team

- An appraisal, as required by 10 TAC §11.205(4) was not timely submitted
- No site plan was included
- The Development Owner Certification was not included

Several additional files were submitted by the Applicant after the 5:00 p.m. deadline, the last of which completed uploading at 7:59 p.m., and therefore were not accepted as part of the Application by the Department. Because the Application was substantially incomplete as of the deadline, it was terminated.

The appeal requests that the Board reinstate the application on the grounds that the Applicant encountered difficulties accessing the Department's Serv-U file system (the platform used to upload application materials) on the afternoon the submission was due. The Application had initially been submitted as a pre-application, and login instructions were emailed to the pre-application's primary contact on February 19. Following a change in the primary contact, the Applicant was unable to access the system. Updated login credentials were provided at 4:42 p.m.

Staff acknowledges that the Applicant was delayed in logging into the system; however, it is unclear as to how this directly resulted in Application materials being submitted several hours after the deadline. Staff recommends that the appeal be denied.

BREEZY MEADOWS

March 11, 2026

Mr. Cody Campbell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Appeal – 2026 9% Housing Tax Credit Application
Application #26258 – Breezy Meadows

Dear Mr. Campbell,

On behalf of the Applicant, this letter constitutes a written appeal pursuant to 10 TAC §11.902 in response to the Texas Department of Housing and Community Affairs' March 10, 2026 determination terminating the 2026 9% Housing Tax Credit application for Breezy Meadows (Application #26258).

In summary, the application materials had been completed prior to the submission deadline, and the issue described in the Department's correspondence resulted from the inadvertent transmission of an incorrect file during the limited Serv-U access window that occurred immediately before the 5:00 PM deadline.

Our development team had completed the finalized application package and supporting documentation prior to the submission deadline and had reviewed the materials for accuracy before submission. Earlier in the afternoon on February 27, our team requested the Serv-U login credentials required to access the upload portal so that the completed application materials could be transmitted to the Department.

As reflected in the attached correspondence, those requests continued for approximately an hour prior to receiving system access. The password necessary to access the Serv-U portal was received at 4:42 PM on February 27, 2026, leaving less than twenty minutes before the 5:00 PM submission deadline.

Immediately upon receiving access, our team logged into the Serv-U portal and initiated the upload process in an effort to transmit the completed application materials before the deadline. Because system access was not available until that time, the remaining upload window was extremely limited.

During the upload process within this compressed timeframe, an incorrect file was inadvertently transmitted rather than the finalized application package that had already been prepared for submission. As a result, the file transmitted through the Serv-U portal appeared substantially incomplete when reviewed by the Department, even though the finalized application materials had already been completed prior to the submission deadline.

Once the transmission issue was identified, additional files were uploaded in an effort to ensure that the completed application materials were transmitted to the Department. However, those uploads occurred after the submission deadline and therefore were not accepted by the Department.

These circumstances reflect our team's good-faith effort to comply with the Department's submission deadline despite the limited system access window that was available immediately prior to the deadline. The finalized application materials had already been completed and were ready for immediate

transmission once system access was received, and the circumstances described above did not provide any competitive advantage to the Applicant.

At the time Serv-U access was received, the finalized application materials had already been completed and were ready for immediate transmission, and the circumstances described above reflect a transmission issue occurring within a compressed access window rather than a lack of preparation of the required application materials.

For ease of reference, the timeline of events on February 27, 2026 is summarized below:

- Earlier Afternoon – Finalized application materials completed and ready for upload
- Approximately 3:40–4:39 PM – Requests made for Serv-U login credentials
- 4:42 PM – Serv-U password transmitted providing system access
- Immediately After – Upload process initiated through Serv-U portal
- 5:00 PM – Submission deadline

We respectfully submit this appeal so that the Department may review the circumstances described above and determine whether reconsideration of the termination determination is appropriate based on the information provided.

For the reasons described above and as supported by the attached documentation, Realtex Development Corporation respectfully requests that the Department reconsider and reverse the termination determination for Application #26258 – Breezy Meadows.

Thank you for your time and consideration.

Sincerely,



Rick J. Deyoe
President
Realtex Development Corporation

Exhibit A – Submission Timeline (February 27, 2026)

Time	Event
Earlier Afternoon	Final application package completed and ready for submission; Serv-U credentials requested.
3:40–4:39 PM	Multiple requests made for Serv-U password/reset access.
4:42 PM	Serv-U password transmitted providing system access.
Immediately After	Team logged into portal and began uploading files.
5:00 PM	Submission deadline; upload initiated prior to deadline in good-faith effort to transmit materials.

Subject: Re: 2026 MF Serv-U login - 9% HTC
Date: Friday, February 27, 2026 at 5:17:06 PM Central Standard Time
From: Alma Cobb
To: Jason Burr, Rick Deyoe, Cody Campbell

Hi Jason,

Thank you for providing the password at 4:42 PM.

We had been requesting the password reset/code for approximately an hour prior to receiving it. Because we did not receive the login information until 4:42 PM, we were unable to access the system earlier. The application was successfully uploaded at 5:03 PM.

Given that the deadline was 5:00 PM, we wanted to document that the delay in submission was due to the timing of receiving the login credentials.

Please let us know if any additional information is needed.

Thank you,
Alma Cobb

From: Jason Burr <Jason.Burr@tdhca.texas.gov>
Date: Friday, February 27, 2026 at 4:42 PM
To: Alma Cobb <acobb@realtexdevelopment.com>, Rick Deyoe <rdeyoe@realtexdevelopment.com>
Subject: RE: 2026 MF Serv-U login - 9% HTC

Password: 26258Breezy

Thanks,
Jason

From: Alma Cobb <acobb@realtexdevelopment.com>
Sent: Friday, February 27, 2026 4:39 PM
To: Jason Burr <Jason.Burr@tdhca.texas.gov>; Rick Deyoe <rdeyoe@realtexdevelopment.com>
Subject: Re: 2026 MF Serv-U login - 9% HTC

You don't often get email from acobb@realtexdevelopment.com. Learn why this is important
26258

From: Jason Burr <Jason.Burr@tdhca.texas.gov>

Date: Friday, February 27, 2026 at 4:38 PM
To: Alma Cobb <acobb@realtexdevelopment.com>, Rick Deyoe <rdeyoe@realtexdevelopment.com>
Subject: RE: 2026 MF Serv-U login - 9% HTC

What TDHCA#?

From: Alma Cobb <acobb@realtexdevelopment.com>
Sent: Friday, February 27, 2026 4:37 PM
To: Jason Burr <Jason.Burr@tdhca.texas.gov>; Rick Deyoe <rdeyoe@realtexdevelopment.com>
Subject: FW: 2026 MF Serv-U login - 9% HTC

You don't often get email from acobb@realtexdevelopment.com. Learn why this is important
Jason,

We have been requesting for password reset or code for the past hour and we have not received anything. We need to upload the application and need this information. Will you please confirm.

Thank you,
Alma Cobb

From: Rick Deyoe <rdeyoe@realtexdevelopment.com>
Date: Thursday, February 19, 2026 at 4:28 PM
To: Alma Cobb <acobb@realtexdevelopment.com>, Tiffany Cornelius <tcornelius@realtexdevelopment.com>
Subject: FW: 2026 MF Serv-U login - 9% HTC
See email below.

Did either of you receive these?

Rick J Deyoe
President
REALTEX DEVELOPMENT CORPORATION
P.O. BOX 340807
Lakeway, TX 78735
(512) 426-5205
www.realtexdevelopment.com

From: Jason Burr <Jason.Burr@tdhca.texas.gov>
Sent: Thursday, February 19, 2026 3:14 PM

Cc: Joshua Goldberger <Joshua.Goldberger@tdhca.texas.gov>
Subject: FW: 2026 MF Serv-U login - 9% HTC

You don't often get email from jason.burr@tdhca.texas.gov. Learn why this is important
Resending this email, the incorrect email group was notified in the previous email.

Thanks,
Jason

From: Jason Burr
Sent: Thursday, February 19, 2026 1:51 PM
Cc: Joshua Goldberger <Joshua.Goldberger@tdhca.texas.gov>
Subject: 2026 MF Serv-U login - 9% HTC

You are receiving this email because the address is listed as the main contact in your 2026 9% HTC pre-application/filing agreement. Your email address is the administrator of your MF Serv-U account. The MF Serv-U instruction manual is located on the Multifamily Finance Division Apply for Funds page of the website or here:

- Electronic Document Upload User Guide (MF Serv-U FTP)

Please click on the link below to access your account:
https://mf-files.tdhca.state.tx.us
Login ID: mf26xxx

Enter your Login ID (mf + your assigned pre-application number), click on the Recover Password link and your password will be emailed to you (may need to check your SPAM folder). Only the email address of the administrator of your MF Serv-U account has the ability to reset the password. You will manage the account and update the email address at your discretion. It is your responsibility to share the login information with your associates.

The new password you create must have at least 8 characters that includes numbers and both upper and lower case letters. (No symbols)

If you have an issue with your temporary password not working, please email Jason Burr for support.

We will **NOT** confirm receipt of files on the MF Serv-U account; you can open/view the documents from the site to verify they uploaded.

If you have any issues or questions, please contact Jason Burr for support.

Thanks,

Jason Burr
Multifamily Finance Database Administrator
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Office: 512.475.3986
Fax: 512.475.1895

About TDHCA
The Texas Department of Housing and Community Affairs administers a number of state and federal programs through for-profit,

nonprofit, and local government partnerships to strengthen communities through affordable housing development, home ownership opportunities, weatherization, and community-based services for Texans in need. For more information, including current funding opportunities and information on local providers, please visit www.tdhca.texas.gov.

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b) there are important limitations and caveats (Also see 10 TAC §10.2(b)).

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

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March 10, 2026

Writer's direct dial: 512-475-1676
Email: cody.campbell@tdhca.state.tx.us

Rick J. Deyoe
1114 Lost Creek Blvd, G20
Austin, Texas 78746

RE: 2026 9% HOUSING TAX CREDIT APPLICATION
#26258 BREEZY MEADOWS (DEVELOPMENT)

Mr. Deyoe:

The Texas Department of Housing and Community Affairs (Department) received documentation associated with the Application named above on February 27, 2026. The Application was submitted to compete within the Rural 10 Subregion and proposes the new construction of 49 Units in Robstown.

10 TAC §11.2(a) establishes the Full Application Delivery Date to be February 27, 2026, and in accordance with 10 TAC §11.1(f), "the information or documentation subject to the deadline must be received by the Department on or before 5:00 p.m. Austin local time on the day of the deadline."

A file titled "262598_Full ApplicationTC" was timely submitted. The Department has not performed a full review of this document; however, based on a cursory review, it appears to be substantially incomplete. Issues that staff have identified include, but are not limited to:

- Several entire tabs of the Application are missing, including:
  - Tab 23a – Accessible Mobility Units Calculation
  - Tab 24 – Rent Schedule
  - Tab 26 – Annual Operating Expenses
  - Tab 28 – Off-Site Cost Breakdown
  - Tab 29 – Site Work Cost Breakdown
  - Tab 30 – Development Cost Schedule
  - Tab 31 – Schedule of Sources of Funds and Financing Narrative
  - Tab 34 – Finance Scoring
  - Tab 37 – Owner and Developer Organization Charts

  - Tab 38 – List of Organizations and Principals
  - Tab 39 – Previous Participation
  - Tab 42 – Development Team
- An appraisal, as required by 10 TAC §11.205(4) was not timely submitted
- No site plan was included
- The Development Owner Certification was not included

Several additional files were submitted after the 5:00 p.m. deadline, the last of which completed uploading at 7:59 p.m., and therefore have not been accepted as part of the Application by the Department. Because the Application was substantially incomplete as of the deadline, it has been terminated.

An appeal process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in 10 TAC §11.902 of the 2026 Qualified Allocation Plan. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if the Executive Director does not respond, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §11.902 of the 2026 Qualified Allocation Plan for full instructions on the appeals process.

Please note that a full review of the application has not been conducted, and that additional issues or deficiencies may be identified in the event that a full review is performed. If you have any questions or concerns, please contact me at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,



Cody Campbell
Director of Multifamily Programs