Texas Department of Housing and Community Affairs

Supplemental Board Book

Thursday, June 4, 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.

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 May 7, 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 Summit Senior Village (HTC #03159)	Rosalio Banuelos
3.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Ekos City Heights (HTC #20701)	Rosalio Banuelos
4.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Oleanders at Broadway (HTC #21418)	Rosalio Banuelos
5.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Park Boulevard Lofts (HTC #23061)	Rosalio Banuelos
6.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Las Fuentes (HTC #25053)	Rosalio Banuelos

7.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Lofts at Birdwell (HTC #25271)	Rosalio Banuelos
8.	Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for The Henderson at Reinli (HTC #21429)	Rosalio Banuelos
9.	Presentation, discussion, and possible action regarding a waiver and extension of the 10% Test submission deadline in 10 TAC §10.401(a) and 10 TAC §11.2(a) for Cypress Creek Apartment Homes at Montfort Drive (HTC #22110/23806/24802)	Rosalio Banuelos

RULES

10.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 8, Project Rental Assistance Program Rule; an order proposing new retitled 10 TAC Chapter 8, 811 PRA Program Rule; and directing their publication for public comment in the Texas Register	Brooke Boston
11.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 23, Single Family HOME Program, Subchapter B, and Subchapter F; an order proposing new 10 TAC Chapter 23, Single Family HOME Program, Subchapter B and Subchapter F; and an order directing their publication for public comment in the Texas Register	Abigail Versyp
12.	Presentation, discussion, and possible action on an order proposing the amendment of 10 TAC Chapter 6, Community Affairs Programs, §6.2 Definitions, and directing its publication for public comment in the Texas Register	Brooke Boston
13.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; an order proposing new 10 TAC Chapter 27, Texas First Time Homebuyer Program and Taxable Mortgage Program Rules; and directing their publication for public comment in the Texas Register	Brooke Boston
14.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 28, Taxable Mortgage Program, and directing its publication for public comment in the Texas Register	Brooke Boston
15.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 29, Texas Single Family Neighborhood Stabilization Program Rule, and directing its publication for public comment in the Texas Register	Brooke Boston

16.	Presentation, discussion, and possible action on the proposed repeal of 10 TAC §10.801, Affirmative Marketing Requirements; proposed new 10 TAC §10.801, Affirmative Marketing Requirements; and directing their publication for public comment in the Texas Register	Jeremy Stremler
17.	Presentation, discussion, and possible action on an order adopting an amendment to 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements; and order directing its publication in the Texas Register	Brooke Boston

MULTIFAMILY BOND

18.	Presentation, discussion, and possible action on Resolution No. 26-015 on the reassignment of the 2023 Traditional Carryforward Designation for Airport Commerce Multifamily Apartments (#23612) in the amount of $29,000,000	Teresa Morales
19.	Presentation, discussion, and possible action on Inducement Resolution No. 26-016 for Multifamily Housing Revenue Bonds or Notes regarding authorization for filing an application for private activity bond authority for The Preserve at Dominion Park	Teresa Morales

CONSENT AGENDA REPORT ITEMS

20.	Media Analysis and Outreach Report, April 2026	Michael Lyttle
21.	TDHCA Quarterly Status Report on Temporary Allocations - June 2026	Brooke Boston

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

22.	Executive Director's Report	Bobby Wilkinson

INTERNAL AUDIT

23.	Report on the Meeting of the Internal Audit and Finance Committee	Ajay Thomas Board Member

FINANCIAL ADMINISTRATION

24.	Presentation, discussion, and possible action on the SFY 2027 Operating Budget	Paul Ford

25. Presentation, discussion, and possible action on the SFY 2027 Housing Finance Division Budget — Paul Ford

26. Presentation, discussion, and possible action regarding a Request for Proposal for audit services and selection thereof — Joe Guevara

FUNDING ANNOUNCEMENTS AND AWARDS

27. Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Waters at Waterchase) Series 2026 Resolution No. 26-007, and a Determination Notice of Housing Tax Credits — Teresa Morales

28. Presentation, discussion, and possible action on a loan request for Crossroads Redevelopment — Priscilla Stevenson

29. Presentation, discussion, and possible action on the approval of a loan for McAdams Haven — Priscilla Stevenson

ACTION REPORT ITEMS

30. Report relating to the conclusion of the 2025 Non-competitive 4% Housing Tax Credit Program and an update on the 2026 Non-competitive 4% Housing Tax Credit Program. — Jonathan Galvan

ASSET MANAGEMENT

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

COMMUNITY AFFAIRS

32. Presentation, discussion, and possible action on the 2027 Low Income Home Energy Assistance Program State Plan and Awards. — Michael De Young

SECTION 811

33. Presentation, discussion, and possible action authorizing the Department to submit an application in response to the U.S. Department of Housing and Urban Development's 2025 Notice of Funding Opportunity for Section 811 Project Rental Assistance for Persons with Disabilities funds, and if successfully awarded to operate such program — BIll Cranor

SINGLE FAMILY & HOMELESS PROGRAMS

34. Presentation, discussion, and possible action authorizing the Department to amend the service area for the Foster Youth to Independence Initiative — Andre Adams

MULTIFAMILY FINANCE

35.	Presentation, discussion, and possible action on an appeal for The Trails (26043)	Cody Campbell
36.	Presentation, discussion, and possible action on an appeal for Paredes Apartments (26096)	Cody Campbell
37.	Presentation, discussion, and possible action on a request for an extension of the previously approved deadline to Place in Service for Sunset Ridge	Josh Goldberger
38.	Presentation, discussion, and possible action to issue a list of approved Applications for 2026 Housing Tax Credits (HTC) in accordance with Tex. Gov't Code §2306.6724(e)	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 #: 1484 **Agenda Date:** 6/4/2026 **Agenda #:** 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for May 7, 2026

RECOMMENDED ACTION

Approve the Board meeting minutes summary for May 7, 2026.

RESOLVED, that the Board meeting minutes summary for May 7, 2026, is hereby approved as presented.

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Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
May 7, 2026

On Thursday, the seventh day of May 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 UT Austin AT&T Hotel and Conference Center, Guadalupe Classroom, 1900 University Avenue, Austin, TX 78705.

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 (1-17) and the Consent Agenda Report Items (18-20) as presented.

2) Action Item 21 – the Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.

3) Chairman Vasquez exercised his right to have the Board take up agenda items out of order and the Board addressed Action Item 24 – Report on the Department's 2nd Quarter Investment Report related to funds held under Bond Trust Indentures – which was presented by Scott Fletcher, TDHCA Deputy Executive Director of Housing Finance. The Board heard the report and took no further action.

4) Action Item 25 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for The Ashbourne (HTC #25073) – was pulled from the agenda.

5) Action Item 26 – Presentation, discussion, and possible action on recommendation to debar Jon P. Venetos, Lurin, Inc. Lurin Holdings, LLC, Lurin Advisors, LLC, Lurin Equity Partners LIX, LLC, Lurin Real Estate Holdings LIX, LLC, Lurin Equity Partners XXXVI, LLC, and Lurin Real Estate Holdings XXXVI, LLC, relating to The Declan I (Bond MF007 / CMTS 2510), The Declan II (Bond MF008 / CMTS 2509), and The Henley Apartments (HTC 93003 / CMTS 2299) – was presented

by Sascha Stremler, TDHCA Lead Enforcement Attorney. The Board unanimously adopted staff recommendation to debar the parties referenced in the item for 30 years.

6) Ms. Stremler continued and presented Action Item 27 – Presentation, discussion, and possible action on recommendation to debar The Chosen Ones Outreach Ministries of Galveston, Incorporated, Reverend Edward Lawson, and Teresa Finch, and presentation of a related report to the Board regarding intention to issue a Notice of Violation seeking the assessment of administrative penalties through a contested case hearing with the State Office of Administrative Hearings. Additional information was provided by Mr. Wilkinson and Megan Sylvester, TDHCA Federal Compliance Counsel.

Following public comment (listed below), the Board did not adopt staff recommendation but unanimously approved a measure to debar the parties referenced in the item for 20 years.

- Reverend Edward Lawson via telephone provided comment in opposition to staff recommendation

7) Action Item 28 – Report on TDHCA Performance Measures for the second quarter of Fiscal Year 2026 and introduction of Board Performance Measures – was presented by Matthew Lovitt, TDHCA Senior Legislative Affairs Advisor, with additional information from Mr. Wilkinson. The Board heard the report and took no further action.

8) Action Item 29 – Presentation, discussion, and possible action on an appeal from HTX H.O.P.E. Haven related to a determination of ineligibility for an award of funds from the 2026 Emergency Solutions Grants Notice of Funding Availability – was presented by Rosy Falcon, TDHCA Manager of Homeless Programs, with additional information from Abigail Versyp, TDHCA Director of Single Family and Homeless Programs.

Following public comment (listed below), the Board unanimously adopted staff recommendation to deny the appeal but approve a limited rule waiver relating to the general threshold criteria for a certain application submitted under the competitive application round of the 2026 ESG NOFA

- Joey Mouton, representing HTX H.O.P.E. Haven, provided comments on the item

9) Action Item 30 – Presentation, discussion, and possible action on an appeal of the termination of Ave O Village (#26505) – was presented by Cody Campbell, TDHCA Director of Multifamily Finance. Staff recommended that the appeal be denied, and the Board concurred by approving a unanimous motion.

10) The Board returned to the regular order of business from the published agenda and took up Action Item 22 – Presentation, discussion, and possible action to authorize the issuance of the 2026 Emergency Solutions Grants Program Notice of Funding Availability and publication in

the Texas Register – presented by Ms. Falcon. Ms. Versyp provided additional information. The Board unanimously adopted staff recommendation to approve issuing the NOFA.

11) Action Item 23 – Presentation, discussion, and possible action on an amendment to the Department's 2026-2 HOME Notice of Funding Availability – was presented by Priscilla Stevenson, TDHCA Manager of the Multifamily Direct Loan Program. The Board unanimously adopted staff recommendation to approve amending the NOFA.

12) Action Item 31 – Presentation, discussion, and possible action on point penalties for 2025 9% Housing Tax Credit Applications related to the Readiness to Proceed scoring item – was presented by Mr. Campbell. The Board unanimously approved staff's recommended action to assess a one-point penalty for the 2027 competitive housing tax credit application round to the applicants and affiliates of the 10 applications referenced in the item.

13) Action Item 32 – Report on Third Party Request for Administrative Deficiency under 10 TAC §11.10 of the 2026 Qualified Allocation Plan – was presented by Mr. Campbell with additional information from Mr. Wilkinson and Mr. Eccles. The Board heard the report and public comment (listed below) and took no further action.

- Michael Beard, BETCO Consulting, provided comments on the item
- Lora Myrick, BETCO Consulting, provided comments on the item
- Donna Rickenbacker, Marque Development, provided comments on the item
- Sarah Anderson, S. Anderson Consulting, provided comments on the item
- Megan Lasch, O-SDA Industries, provided comments on the item
- Wallace Reed, representing Hudson Hallmark, provided comments on the item
- Michael Tamez, Madhouse Development, provided comments on the item
- Shane Lynch, Hudson Hallmark developer, provided comments on the item
- Sallie Burchett, Structure Development, provided comments on the item
- Robbye Meyer, Arx Advantage, provided comments on the item

14) Action Item 33 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Santa Fe Place – was presented by Joshua Goldberger, TDHCA Manager of the Competitive (9%) Housing Tax Credit Program. Mr. Eccles provided additional information. Following public comment (listed below), the Board by a 5-1 vote (Chairman Vasquez voted nay) adopted staff recommendation to approve the force majeure request.

- Kent Hance, Santa Fe developer, provided comments in support of staff recommendation
- Ryan Zent, Overland Property Group, provided comments on the item

15) Action Item 34 – 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 Maple Park Manor – was pulled from the agenda.

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

17) During the Public Comment section at the end of the meeting, Vice Chairman Marchant asked TDHCA staff to schedule a TDHCA Governing Board Rules Committee meeting for June 3, 2026.

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 1:02 p.m. The next meeting is scheduled for Thursday, June 4, 2026.

_____
Secretary

Approved:

_____
Chair

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1460 **Agenda Date:** 6/4/2026 **Agenda #:** 2.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Summit Senior Village (HTC #03159)

RECOMMENDED ACTION

WHEREAS, Summit Senior Village (Development) received an allocation of 9% Housing Tax Credits (HTCs) in 2003 for the new construction of 76 units for the elderly in Gainesville, Cooke County;

WHEREAS, the Land Use Restriction Agreement (LURA) for the Development states that throughout the 15-year Compliance Period, which ended on December 31, 2020, the Development must be a project which is solely occupied by persons 62 years of age or older, or at least 80% of the units in the Development must be operated for occupancy by at least one person 55 years or age or older per unit;

WHEREAS, MAEDC Gainesville Seniors, L.P. (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 40-year affordability 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 the amendment to the LURA of Summit Senior Village 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

Summit Senior Village received an allocation of 9% Housing Tax Credits in 2003 for the new construction of 76 units, of which 68 units are designated as low-income, for the elderly in Gainesville, Cooke County. The LURA for the Development states that throughout the 15-year Compliance Period, which ended on December 31, 2020, the Development must be a project which is solely occupied by persons 62 years of age or older, or at least 80% of the units in the Development must be operated for occupancy by at least one person 55 years or age or older

per unit.

In a letter dated April 7, 2026, Charles Price, the representative for the Owner, requests approval to extend the elderly designation of the Development throughout the 40-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. 10 TAC §10.405(b)(1)(F) states that a change in target population if the elderly restrictions in the LURA expired at the end of the Compliance Period would be a non-material LURA amendment if the amendment is requested within one year of expiration and contains a certification from the Development Owner that the Development still qualifies as elderly. However, because it has been more than one year 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 meeting and notifying each resident of the Development and the lender for the Development that they are requesting a LURA amendment to extend the elderly requirement throughout the term of the LURA. There is no longer a syndicator involved with this Development. The public hearing was held on April 24, 2026. The Owner reported that many residents and other parties attended the public hearing, and the comments received were all in favor of maintaining the elderly designation at the Development.

Staff recommends approval of the amendment request as presented herein.

DCTC

DEVELOPMENT CORPORATION OF TARRANT COUNTY
& THE STATE OF TEXAS

CHDO Nonprofit

Amendment Request Cover Letter
Summit Senior Village CMTS#3359
April 7, 2026

Dear Sir or Madam,

The purpose of this letter is to formally request an amendment to the Land Use Restriction Agreement (LURA) for Summit Senior Village. Specifically, we request that the elderly designation remain in place throughout the Extended Use Period.

This change is necessary to ensure the continued availability of affordable housing for elderly residents in Gainesville, Texas. Currently, approximately 35.8% of Gainesville residents are over the age of 50. The median household income is $58,809, and approximately 9% of seniors aged 65 and older live in poverty. These figures highlight the ongoing need for affordable housing options tailored to senior populations.

Maintaining the elderly designation throughout the Extended Use Period, which expires on April 20, 2045, will help preserve critical housing resources for both current and future elderly residents in the community.

Additionally, the Development Corporation of Tarrant County was not part of the ownership structure at the time of the original application for Summit Senior Village. On July 30, 2020, the Development Corporation of Tarrant County acquired the following entities associated with the property:

- MAEDC Gainesville Seniors, L.P.
- Gainesville DCTC, LLC
- Gainesville Senior Living, LLC

Given these factors, we believe there is strong justification and good cause for this amendment. We respectfully request approval to extend the elderly designation throughout the Extended Use Period.

Sincerely,

Charles Price
President
Development Corporation of Tarrant County

1509 S. University Dr., Suite B208, Fort Worth, TX 76107
(817) 870-9008 Office (817) 870-1023 Fax
www.dctctexas.org

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1461 **Agenda Date:** 6/4/2026 **Agenda #:** 3.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Ekos City Heights (HTC #20701)

RECOMMENDED ACTION

WHEREAS, Ekos City Heights (Development) received an award of 4% Housing Tax Credits (HTCs) in 2020 for the new construction of 179 units for the elderly population and was subsequently amended to be for the general population in Austin, Travis County;

WHEREAS, MHP City Heights, Ltd. (Development Owner or Owner) requests approval for a reduction in the Common Area from 37,641 square feet to 30,383 square feet, representing a reduction of 7,258 square feet or 19.28% from the Common Area represented at Application, which the Owner explains is due to the fact that the boundaries used to tabulate the corridors and circulation areas were accidentally double-counted in some areas 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 Owner 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 selection of the Application, or affect the amount of housing tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Ekos City Heights 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

Ekos City Heights received an award of 4% Housing Tax Credits in 2020 for the new construction of 179 low-income units for the elderly population in Austin, Travis County. A Material LURA Amendment was approved in January 2026 to change the Target Population from Elderly to General as a result of weak demand for senior affordable housing in the Austin market. Construction of the Development was completed in 2024, and the cost certification documentation for the Development is currently review by the Department.

In a letter dated March 25, 2026, Rebecca Broadbent, Consultant for the Development, requested approval for a reduction in the Common Area from 37,641 square feet to 30,383 square feet, a reduction of 19.28% or 7,258 square feet. 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). The amendment request letter states that at Application the boundaries used to tabulate the corridors and circulation areas were accidentally double counted in some areas. This resulted in numbers that were higher than actually intended. The Owner's consultant indicated that there was no real change between Application and as-built other than a math error that needs to be corrected and that there was no change in the amenity areas.

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 financial impact on the Development because of the proposed change. Staff has determined that this change does not affect the selection 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.

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March 25, 2026

Rene Ruiz, Asset Manager Region 7
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: Ekos City Heights, TDHCA #20701, Austin, Texas

Dear Mr. Ruiz:

Please accept this formal request for a Material LURA amendment to the above referenced development to adjust the Common Area for the development,

SECTION 1

Change Requested

1) Adjust the Common Area for the development from 37,641 sf to 30,383 sf. This represents a reduction of 19.28%.

Reason the Change is Necessary

1) At Application, the boundaries used to tabulate the corridors and circulation areas were accidentally double-counted in some areas. This resulted in numbers that were higher than was actually was intended. There was no real change between Application and As-built—it was just a math error that needs to be corrected.

Good Cause for the Change

1) The error of double-counting areas needs to be corrected. Even though the numbers changed, what was designed from the beginning is what was actually built—there really was not a change in areas, it was just a math error.
2) It is important to note that the amenity areas in the development did not change. They remained the same from Application to As-Built.

Explanation of Foreseeable or Preventable Nature

1) We had no way of knowing that the architect made an error in double counting some circulation areas.

Financial Impact

1) Since there really was no change, there is no financial impact.

SECTION 2

Attachments

- Common Area calculation sheet showing the change in numbers from Application to As-Built calculations.

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

Sincerely,

Rebecca Broadbent

Rebecca Broadbent
Consultant to the Project

Ekos City Heights Common Area				
	At Application	At Cost Cert	Difference	Not Common Area
Reception	395	395	0	
Media Center	226	226	0	
Parcel Storage	52	52	0	
Parcel Area	85	85	0	
Lobby/Lounge	876	876	0	
Café	91	91	0	
Club/Game Room	650	650	0	
Mens RR	158	158	0	
Womens RR	156	156	0	
Micro Office #1	89	89	0	
Micro Office #2	97	97	0	
Mail	149	149	0	
Fitness Room	669	666	-3	
Mens RR (Parking level)	120	120	0	
Womens RR (Parking level)	126	126	0	
Leasing	580	580	0	
Office	108	108	0	
Manager Office	123	123	0	
Work Room			0	208
IT/Storage			0	65
Unisex RR (employees)			0	66
Mechanical			0	48
Breakroom			0	105
Mechanical			0	21
Janitor			0	26
Maintenance			0	90
Mechanical (parking level)			0	22
Fire and Pump Room			0	318
Trash Collection Areas Parking level			0	803
Mechanical Support Areas Level 1			0	125
Mechanical Support Areas Level 2			0	160
Mechanical Support Areas Level 3			0	160
Mechanical Support Areas Level 4			0	160
Mechanical Support Areas Level 5			0	130
IT Data Closet Level 2			0	91
Janitor Closet Level 3			0	91
IT Data Closet Level 4			0	91
Janitor Closet Level 5			0	91
Elevator Closet Level 5			0	35
Clubhouse Balcony	267	267	0	
West End Balconies (levels 1-5)	740	740	0	
South Balconies (levels 1-5)	715	720	5	
Covered Terrace	413	275	-138	
Corridors Level 1	4020	3732	-288	
Corridors Level 2	6168	4689	-1479	
Corridors Level 3	6168	4689	-1479	
Corridors Level 4	6168	4689	-1479	
Corridors Level 5	6168	4689	-1479	
Parking Level Corridors	2064	1146	-918	

Total Common Area	37641	30383	-7258	2906

19.28% Reduction in Common Area

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1462 **Agenda Date:** 6/4/2026 **Agenda #:** 4.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Oleanders at Broadway (HTC #21418)

RECOMMENDED ACTION

WHEREAS, Oleanders at Broadway (the Development) received a 4% Housing Tax Credit (HTC) award in 2021 for the new construction of 348 units, of which 261 are low-income, of multifamily housing for the general population in Galveston, Galveston County;

WHEREAS, The Oleanders at Broadway, LP (Development Owner or Owner) requests approval to decrease the size of the Development site from 10.05 acres to 9.432 acres, which results in a 6.55% increase in residential density, going from 34.627 units per acre to 36.896 units per acre;

WHEREAS, the Owner is also requesting approval for a reduction in the Net Rentable Area from 328,267 square feet to 313,223 square feet, which represents a reduction of 15,044 square feet (4.58% decrease) from the Net Rentable Area represented at Application;

WHEREAS, Board approval is required for a reduction of 3% or more in the square footage of the units and for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(4) and (6) and 10 TAC §10.405(a)(4)(D) and (F), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested changes do not materially alter the Development in a negative manner, were not reasonably foreseeable or preventable by the Owner at the time of Application, and would not have adversely affected the selection of the Application;

NOW, therefore, it is hereby

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

BACKGROUND

Oleanders at Broadway received a 4% Housing Tax Credit (HTC) award in 2021 for the new construction of 348 units, of which 261 are low-income, of multifamily housing for the general population in Galveston, Galveston County. Construction of the Development has been

completed, and the cost certification documentation for the Development is currently under review by the Department. In a letter dated April 9, 2026, Mona Purgason, the representative for the Development Owner, requested approval for an increase in residential density and a reduction of the Net Rentable Area.

The Owner requests approval to decrease the size of the Development site from 10.05 acres to 9.432 acres, which results in a 6.55% increase in residential density, going from 34.627 units per acre to 36.896 units per acre. The acreage reflected in the original Application of 10.05 acres was based on an estimated site area excluding rights-of-way, as the land use entitlement process and preliminary plat approval were being pursued concurrently with the Application process. Following construction completion, the City of Galveston (the City) imposed additional infrastructure-related requirements that were subsequently completed in June 2025. Thereafter, the City proceeded with the remaining plat approval process. The final Plat Map and legal description formally established the final site acreage of 9.432 acres.

Additionally, the Net Rentable Area (NRA) has decreased from 328,267 square feet to 313,223 square feet, representing a decrease of 15,044 square feet or 4.58% from the Net Rentable Area represented at Application. The amendment request letter states that the underwriting report incorrectly identifies 328,267 square feet as the NRA and that per the plans submitted in the Application, the Gross Square Foot Area for the Development was 337,253. The amendment request letter further states that the submitted plans also show 309,884 square feet as the NRA and that the development team did not notice the error in the underwriting report and did not request a change. However, staff confirmed that, while the original Application identified NRA of 309,884 square feet, there were subsequent revisions to the Application ultimately reflecting NRA of 328,267 square feet as identified in the underwriting report.

The changes to the residential density and Net Rentable Area do not materially alter the Development in a negative manner and were not reasonably foreseeable or preventable by the Owner at the time of Application. Staff has determined that these changes do not affect the selection 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 requested material amendment to the Application.

The Oleanders at Broadway, LP
100 N Broadway, Suite 100
St. Louis, MO 63102

April 9, 2026

Stephanie Givens
Asset Manager, Region 6
Texas Department of Housing & Community Affairs
221 E. 11th Street
Austin, TX 78707

Re: The Oleanders at Broadway #21418 Request to Amend Acreage Size, Unit Density, and Net Rentable Area Square Footage

Dear Ms. Givens,

Please accept this letter and the attached documentation on behalf of The Oleanders at Broadway, LP, as a formal request for a material amendment pursuant to Section 10.405(a) of the Post Award and Asset Management Requirements.

By way of background, Galveston Housing Authority (GHA) and McCormack Baron Salazar, Inc. (MBS) received a 4% housing tax credit allocation in 2020 for The Oleanders at Broadway (Oleanders), a proposed 348-unit development in Galveston, TX. Oleanders closed construction financing in July 2021 and completed construction in June 2024. As part of land use entitlements, Oleanders is a Planned Unit Development (PUD) with a Plat Map that was recorded in December 2025.

Summary of Requested Amendment

There are two items in the requested material amendment. The first item deals with the total development acres and unit density. The land survey submitted in the Oleander 2020 4% LIHTC Application showed a total 11.483 acres that included the prior abandoned Right-of-Ways. The development site without the Right-of-ways was estimated at 10.08 acres. The land use entitlement required that Oleanders submit a Final Plat Map once the development was constructed and complete. With the replat, site acreage without the Right-of-Ways was reduced to 9.432 acres. With the acreage reduction from 10.08 to 9.432 acres, the unit density increases from 34.523 units/acre to 36.895 units/acre. The unit density increase is 6.87%, which is more than the 5% allowed for administrative approval.

The second item deals with correcting the Net Rentable Area (NRA) for the Oleanders at Broadway. The underwriting report lists 328,267 SF as the NRA; however, per the plans submitted in the application, the Gross Square Foot Area for the development was 337,253. The submitted plans also show 309,884 SF as the NRA. The development team did not notice the error in the underwriting report and did not request a change. The NRA for the completed development is 313,223 SF.

The Oleanders at Broadway, LP
100 N Broadway, Suite 100
St. Louis, MO 63102

Development Summary & Description of Request

Summary of The Oleanders on Broadway

The Oleanders at Broadway submitted an initial tax credit application in September 2020. The project received a 4% tax credit reservation in April 2021. The Oleanders at Broadway is a 348-unit development with a total of 261 low-income housing tax credit (LIHTC) units and 87 unrestricted units. Of the total LIHTC units, 174 are layered with public housing/RAD. The development comprises a total of five (5) city blocks and restored the original street grid with the construction of three (3) new streets. There is a total of seventeen (17) buildings, with five (5) large podium buildings and twelve (12) townhome buildings.

Amendment Request

The material amendment respectfully requests Items One (1) and Two (2) listed below.

Item One requests a reduction in the acreage of the development site and an increase in the residential unit density from 34.523 units/acre to 36.895 units/acre. The increase in residential density is a result of reducing the site acreage from 10.08 acres to 9.432 acres. Attachment A is the final Plat Map and legal description for The Oleanders submitted with the cost certification package. The tax credit application used an estimate for site acreage without the Right of Ways because the land use entitlements were sought concurrently, which included approval of a preliminary plat map. The City of Galveston (City) Plat Map process has specific steps that must be achieved prior to the approval and recordation of the final Plat Map, which is completed only after the City's formal acceptance of the public infrastructure. The acceptance of the infrastructure takes place once construction is complete and any additional requirements are satisfied. Regarding the Oleanders, the City of Galveston imposed subsequent requirements that were completed post construction. Once this additional work was completed in June 2025, the City moved through its process of issuing a staff report and officially accepting the public infrastructure via a Planning Commission meeting on December 2, 2025. The final Plat Map timeline, which formalized the site acreage and corresponding legal description, did not coincide with either the tax credit application or cost certification submittals.

Item Two requests a correction in the Net Rentable Area (NRA)for the Oleanders from 328,267 SF to 313,223 SF. The NRA listed in the application's architectural pages was 309,884 SF. However, the underwriting report listed 328,267 SF. Attachment C shows the gross square feet at 337,243 SF. The development team did not catch the error while reviewing the underwriting report or a correction would have been requested. As constructed, the NRA for the Oleanders at Broadway is 313,223 SF. While the NRA is higher than indicated in the application, it is 15,044 lower than the NRA incorrectly used in the underwriting report. This represents a 4.58% reduction. While this reduction is a result of a technicality, the NRA for the development is 7,325 SF or 2.39% higher than initially indicated in the application.

The Oleanders at Broadway, LP
100 N Broadway, Suite 100
St. Louis, MO 63102

Reason and Good Cause for Amendment Request

While requesting a material amendment is not the development team's preferred approach, it is necessary given that only an estimated site acreage was available for the LIHTC application. As mentioned above, the final legal description was not available until the Final Plat was recorded in December 2025. The amendment will also allow for the correct legal description to be utilized in the LURA. Lastly, the material amendment will also correct the Net Rentable Area for Oleanders.

Project Documents for Amendment Consideration

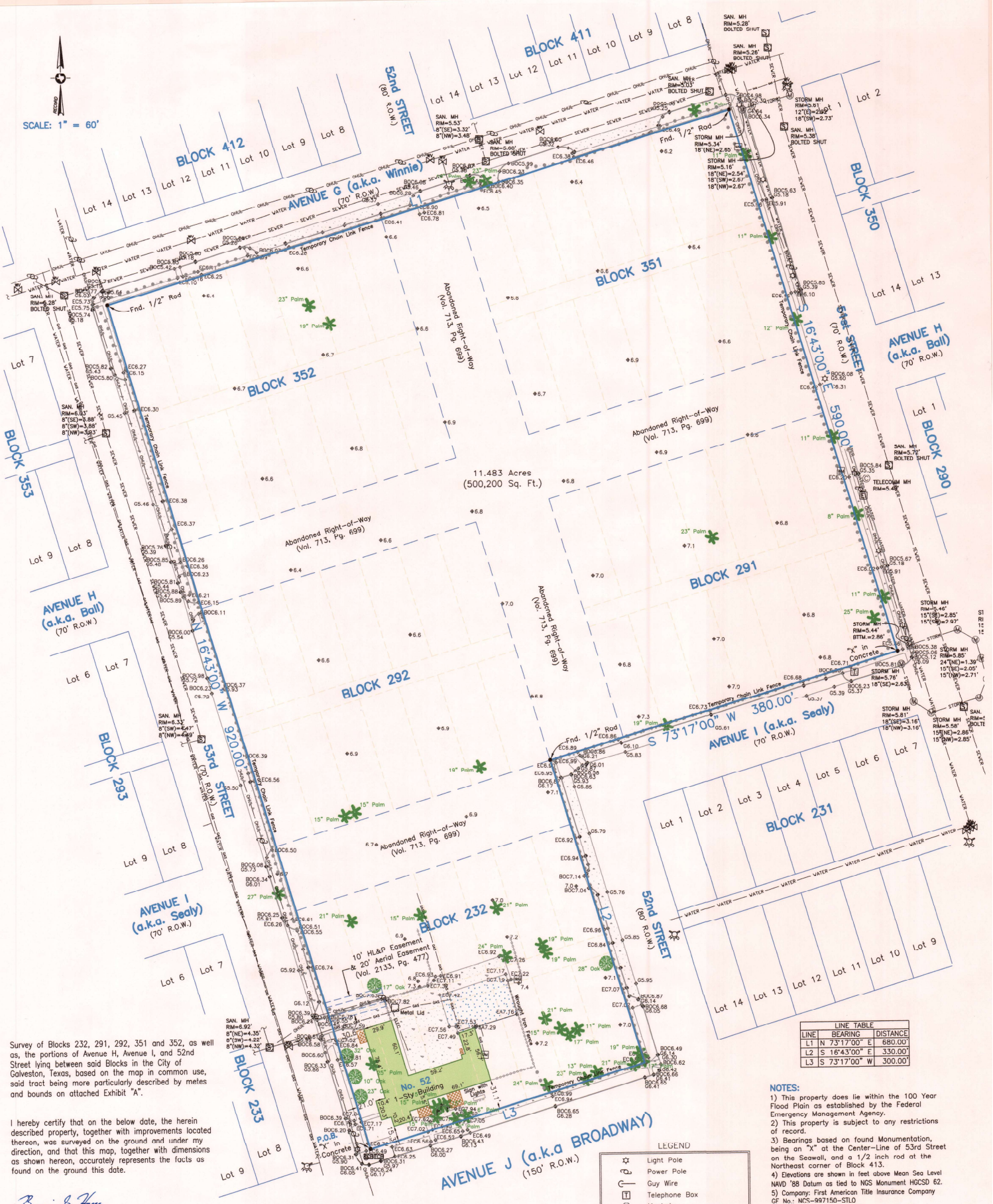
The listed documents are included for staff consideration.

1. Amendment Fee – A copy of the $2,500 check sent to TDCHA for payment of the amendment fee.
2. Attachment A – Survey submitted in the Feasibility Study of the approved LIHTC application.
3. Attachment B – Final and recorded Plat Map and legal description.
4. Attachment C – Architectural Project Data Sheet and Specifications and Building/Unit Type Configuration Sheets from approved LIHTC application.
5. Attachment D – Oleander Underwriting Report.

GHA and MBS are proud that The Oleanders at Broadway achieved construction completion and opened its doors to its first residents beginning in November 2024. We appreciate TDHCA's consideration of these changes that will allow the LURA to be amended with the correct legal description. If there are any questions or need further information, please do not hesitate to contact Monique Chavoya at (210) 819-6494.

Sincerely,

Mona Purgason
Galveston Housing Authority



Survey of Blocks 232, 291, 292, 351 and 352, as well as, the portions of Avenue H, Avenue I, and 52nd Street lying between said Blocks in the City of Galveston, Texas, based on the map in common use, said tract being more particularly described by metes and bounds on attached Exhibit "A".

I hereby certify that on the below date, the herein described property, together with improvements located thereon, was surveyed on the ground and under my direction, and that this map, together with dimensions as shown hereon, accurately represents the facts as found on the ground this date.

Brian S. House
Registered Professional
Land Surveyor No. 6520

STATE OF TEXAS
REGISTERED
BRIAN S. HOUSE
6520
PROFESSIONAL
LAND SURVEYOR

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N 73°17'00" E	680.00'
L2	S 16°43'00" E	330.00'
L3	S 73°17'00" W	300.00'

LEGEND

- Light Pole
- Power Pole
- Guy Wire
- Telephone Box
- Manhole
- Sanitary Sewer
- Gas Meter
- Water Meter
- Water Valve
- Fire Hydrant
- Traffic Signal Pole
- Traffic Signal Control Box
- GAS — Underground Gas Line
- OHUE — Overhead Utility Line
- ELEC — Underground Electrical Line
- Palm Tree
- Deciduous Tree

NOTES:

1) This property does lie within the 100 Year Flood Plain as established by the Federal Emergency Management Agency.
2) This property is subject to any restrictions of record.
3) Bearings based on found Monumentation, being an "X" at the Center-Line of 53rd Street on the Seawall, and a 1/2 inch rod at the Northeast corner of Block 413.
4) Elevations are shown in feet above Mean Sea Level NAVD '88 Datum as tied to NGS Monument HGCSD 62.
5) Company: First American Title Insurance Company GF No.: NCS-997150-STLO
Issue Date: February 3, 2020
6) Exception from Coverage:
Item 10h: Subsurface right-of-way and Easement in favor of George Mitchell & Associates, Inc. filed in Volume 2077, Page 800;
Item 10i: Terms, Conditions and stipulations in Galveston Townsite Unit No. 1 Delcaration of Pool filed in Volume 2022, Page 628 and as affected by instruments filed in Volume 210, Page 169 and Volume 2289, Page 247;
Item 10l: Terms, conditions and stipulations contained in instrument filed in Clerk's File No. 8031025.
7) Underground electrical, gas, sanitary sewer, storm sewer, and water utility lines, as shown hereon, are based on observed point stripes and pin flags, marked by others, and observed above ground features. Locations shown should be considered approximate and should be verified in the field prior to construction.
8) Sizes of trees, as shown hereon, are given in terms of chest-high diameter.

High Tide Land Surveying LLC.
GALVESTON OFFICE
Registration Number: 10193855
(409) 740-1517 www.hightidelandsurveying.com
8017 HARBORSIDE DRIVE | GALVESTON, TX 77554
Mailing | P.O. BOX 16142 | GALVESTON, TX 77552

REVISION:	SEPTEMBER 2, 2020
SURVEY DATE:	MAY 4, 2020
FILE No.:	3505-0232-0000-000
DRAFTING:	RCW
JOB No.:	20-0229

Original Drawing: 20-0028
Date January 16, 2020
Revised March 18, 2020

New Job to capture trees on tract.
Revised September 2, 2020 (to add M&B)

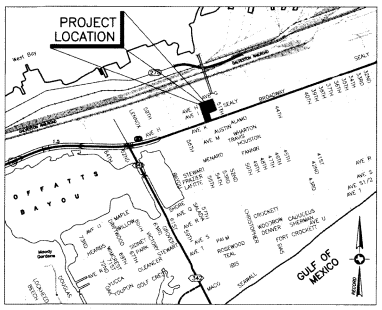
THE OLEANDERS AT BROADWAY

BEING A REPLAT OF

BLOCKS TWO HUNDRED THIRTY–TWO (232), TWO HUNDRED NINETY–ONE (291), TWO HUNDRED NINETY–TWO (292), THREE HUNDRED FIFTY–ONE (351), AND THREE HUNDRED FIFTY–TWO (352), IN THE CITY OF GALVESTON, TEXAS, ACCORDING TO THE MAP IN COMMON USE, ALONG WITH THOSE PORTIONS OF AVENUE "H", A 70.00 FEET RIGHT–OF–WAY; AVENUE "I", A 70.00 FEET RIGHT–OF–WAY; AND 52ND STREET, AN 80.00 FEET RIGHT–OF–WAY, AND THE ALLEYS WITHIN SAID BLOCK 232, 291, 292, 351, 352 ALL ABANDONED BY INSTRUMENT RECORDED IN VOLUME 713, PAGE 699 OF THE DEED RECORDS OF GALVESTON COUNTY, TEXAS, AND LYING BETWEEN SAID BLOCKS

OCTOBER, 2025

11.483 ACRES (500,200 SQ. FT.)



VICINITY MAP
N.T.S.

STATE OF TEXAS }{
COUNTY OF GALVESTON }{ KNOW ALL MEN BY THESE PRESENTS

That Galveston Housing Authority, Mona Purgason, Executive Director of said Galveston Housing Authority, owner of that certain tract or parcel of land, lying and being situated in the City of Galveston, in Galveston County, Texas, subdivided in the above and foregoing plat do hereby make replat of said property according to the lines and lots shown thereon, and designate said replat "THE OLEANDERS AT BROADWAY" in the City of Galveston, Galveston County, Texas.

Mona Purgason
Mona Purgason,
Executive Director of the
Galveston Housing Authority

STATE OF TEXAS }{
COUNTY OF GALVESTON }{

Before me, on this day October 24th 2025, personally appeared Mona Purgason, Executive Director of said Galveston Housing Authority, known to me to be the person whose name is subscribed to the foregoing instrument.

Notary Public, State of Texas

GRAPHIC SCALE

0' 60' 120' 180'

(in Feet)

PROPERTY DESCRIPTION:

All of that certain 11.483 acres tract of land situated in the City of Galveston, Galveston County, Texas, being all of Blocks Two Hundred Thirty–two (232), Two Hundred Ninety–one (291), Two Hundred Ninety–two (292), Three Hundred Fifty–one (351), and Three Hundred Fifty–two (352), in the CITY OF GALVESTON, TEXAS, according to the map in common use, along with those portions of Avenue "H", a 70.00 feet right–of–way; Avenue "I", a 70.00 feet right–of–way; and 52nd Street, an 80.00 feet right–of–way, and the alleys within said Block 232, 291, 292, 351, 352 all abandoned by instrument recorded in Volume 713, Page 699 of the Deed Records of Galveston County, Texas, and lying between said blocks, said tract being more particularly described by metes and bounds as follows:

BEGINNING at the Southwest corner of said Block 232, said corner being the intersection of the Eastern line of 53rd Street, an 80.00 feet right–of–way, and the Northern corner of Avenue "J" (also known as Broadway), a 150.00 feet right–of–way, and being marked by an "X" cut in concrete;

THENCE North 16°43'00" West, along the Eastern line of said 53rd Street, a distance of 920.00 feet to the Northwest corner of both said Block 352 and of the herein described tract said corner being on the Southern line of Avenue "G" (also known as Winnie), a 70.00 feet right–of–way, and being marked by a 1/2 inch rod;

THENCE North 73°17'00" East, along the Southern line of said Avenue "G", a distance of 680.00 feet to the Northeast corner of both Block 351 and of the herein described tract, said corner being on the Western line of 51st Street, and being marked by a 1/2 inch rod;

THENCE South 16°43'00" East, along the Western line of said 51st Street, a distance of 590.00 feet to the Southeast corner of said Block 291, being the most Easterly corner of the herein described tract, said corner being on the Northern line of said Avenue "I", and being marked by an "X" cut in concrete;

THENCE South 73°17'00" West, along the Northern line of said Avenue "I", a distance of 380.00 feet to the Southeast corner of said Block 292, being an internal corner of the herein described tract, said corner also being on the Western line of said 52nd Street, and being marked by a 1/2 inch rod;

THENCE South 16°43'00" East, along the Western line of said 52nd Street, a distance of 330.00 feet to the Southeast corner of both Block 232 and of the herein described tract, said corner also being on the Northern line of said Avenue "J";

THENCE South 73°17'00" West, along the Northern line of said Avenue "J", a distance of 300.00 feet to the POINT OF BEGINNING and containing within said boundaries a calculated area of 11.483 acres (500,200 square feet) of land, more or less.

This is to certify that I, Stephen C. Blaskey, A Registered Professional Land Surveyor of the State of Texas, have platted the above subdivision from an actual survey on the ground, and that all corners are properly marked and that this plat correctly represents that survey made under my direction.

Stephen C. Blaskey
Registered Professional
Land Surveyor No. 5856

STATE OF TEXAS }{
COUNTY OF GALVESTON }{

This Replat in the City of Galveston, Galveston County, Texas, as set forth on this plat, has been approved by the Galveston Planning Commission on this 02 day of December 2025.

Secretary
Galveston Planning Commission

Chairman
Galveston Planning Commission

25P-049

STATE OF TEXAS }{
COUNTY OF GALVESTON }{

I, DWIGHT D. SULLIVAN, County Clerk, Galveston County, Texas, do hereby certify that the written instrument was filed for record in my office on December 8th 2025, at 3:16 O'Clock, P.M., and duly recorded on December 8th 2025, at 3:16 O'Clock, P.M., in Plat Record 2025057211 Map Number _____, Galveston County Map Records.

Witness my hand and seal of office, at Galveston, Texas, the day and date last above written.

DWIGHT D. SULLIVAN, County Clerk,
Galveston County, Texas

By Annette Garcia, Deputy
Annette Garcia

SURVEY DATE:	OCTOBER 16, 2025
FILE No.:	3505-0232-0000-000
DRAFTING:	ECW/ROW
JOB No.:	25-0416-RP

High Tide Land Surveying LLC.

GALVESTON OFFICE
Registration Number: 10193455
(409) 740-1517 www.hightidelandsurveying.com
200 HOUSTON AVE. SUITE B | LEAGUE CITY, TX 77573
Mailing | P.O. BOX 16142 | GALVESTON, TX 77552

2025057211

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1463 **Agenda Date:** 6/4/2026 **Agenda #:** 5.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Park Boulevard Lofts (HTC #23061)

RECOMMENDED ACTION

WHEREAS, Park Boulevard Lofts (the Development) received a 9% Housing Tax Credit (HTC) award in 2023 for the new construction of 66 units of multifamily housing for the general population in Houston, Harris County;

WHEREAS, to allow for the construction of Silverleaf Senior Living (HTC #25126), which was awarded 9% tax credits in 2025, on part of the land that was approved for the Development, CHS Park Boulevard Lofts, Ltd. (Development Owner or Owner) requests approval to decrease the size of the Development site from 6.55 acres to 4.1855 acres, which results in a 56.49% increase in residential density, going from 10.076 units per acre to 15.769 units per acre;

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

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

NOW, therefore, it is hereby

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

BACKGROUND

Park Boulevard Lofts received a 9% Housing Tax Credit (HTC) award in 2023 to construct 66 units of multifamily housing for the general population in Houston, Harris County. The Development was approved for a reallocation of tax credits under force majeure in 2024 (HTC #24811), and construction of the Development has been completed. In a letter dated May 7, 2026, Jervon Harris, the representative for the Development Owner, requested approval for a material amendment to the Application. The amendment is for a 56.49% increase in the

residential density, going from 10.076 units per acre to 15.769 units per acre, which requires approval by the Board under Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F). The change is a result of a decrease in the Development site acreage from 6.55 acres to 4.1855 acres, a decrease of 2.3645 acres (36.10% decrease).

The Development was originally underwritten and approved based on a total site area of 6.55 acres. Following planning and permitting, it was determined that only 4.1855 acres were required for the Development, with approximately 2.3645 acres remaining as excess land. This excess land was subsequently proposed for a separate low-income development known as Silverleaf Senior Living (HTC #25126) providing housing for the elderly population and awarded tax credits in 2025.

The net rentable area remains unchanged at 55,200 square feet. The amendment request letter states that Common Area increased slightly from 13,373 square feet to 13,862 square feet, but it should be noted that 11,990 square feet of Common Area were identified at Application.

The amendment request letter states that the reallocation of land acquisition costs between the two developments is not anticipated to impact the tax credit amount for the Development. However, staff's review indicates that, all else held equal in the underwriting analysis at Application, the proration of the land costs between to the two developments would have caused the Development to be over-sourced. The final tax credit amount will be determined at cost certification.

The Owner indicated that they could not have reasonably anticipated that a portion of the property would subsequently be awarded tax credits for a separate development. The requested amendment does not materially alter the Development. Rather, the change allows for the development of additional affordable housing for elderly residents.

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

CSH PARK BOULEVARD LOFTS, Ltd
3701 Kirby Drive, Suite 860
Houston, Texas 77098

May 7, 2026

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701
Attn: Rosalio.Banuelos@tdhca.state.tx.us

Re: Material Amendment Request - Density and Building Configuration - Park Boulevard Lofts TDHCA #23061

On behalf of CSH Park Boulevard Lofts, Ltd. (the "Applicant"), please accept this letter of request for approval of a material change to Park Boulevard Lofts (#23061). Below is a summary of the changes:

- Site Acreage changed from 6.55 acres to 4.1855 acres (Exhibit A)
- Density changed from 10.07 units/acre to 15.77 units/acre
- No change to Unit Count
- No change to Net Rentable Area
- Common Area increased by 489 SF from 13,373 SF to 13,862 SF (3.66%)

The site layout for Park Boulevard Lofts required only 4.1855 acres out of the original 6.55 acres to be utilized for the Development. Following the planning and permitting of Park Boulevard Lofts, a portion of the overall property being 2.36 acres would have remained vacant. Silverleaf Senior Living (25126), an affordable Elderly development was proposed and awarded 9% tax credits on the vacant land.

The Applicant completed a no cash land closing with Silverleaf Senior Living in order for Silverleaf Senior Living to meet the readiness-to-proceed deadline by March 31st, 2026. Closing on the financing for Silverleaf Senior Living is pending and will result in a reallocation of land acquisition cost from Park Boulevard Lofts to Silverleaf Senior Living. The pending reallocation and change to the land acquisition cost would have no impact on the tax credit amount for Park Boulevard Lofts. The Applicant anticipates the final HTC amount being determined at cost certification.

Park Boulevard Lofts was planned, permitted and recently completed with no significant changes to the original development plans. The Development remains a 66-unit Family development with two residential buildings, a free-standing clubhouse and no change to Net Rentable Area. Common Area changed slightly from 13,373 SF (Exhibit B – Original Site Plan) to 13,862 SF (Exhibit C – Current Site Plan) resulting in an increase of 489 SF (3.66%).

The only material change caused by the reduction to the site acreage is an increase to Project Density. There has been no change that would have affected scoring, financial feasibility and/or the tax credit amount.

A portion of the property remaining under-utilized and an award of tax credits for an Elderly development would have been unforeseen by the Applicant. The requested amendment does not materially alter the Development. The change allows for the development of more affordable housing for Elderly residents.

The Applicant kindly request approval of a amendment to the project density for Park Boulevard Lofts.

Sincerely,

Jervon Harris, Development Consultant

STATE OF TEXAS §

COUNTY OF HARRIS §

A **METES & BOUNDS** description of a 4.1855 acre tract of land situated in the Mrs Ra Boatwright Survey, Abstract No. 1564 in Harris County, Texas, being out of Unrestricted Reserve "A" as shown on the plat of Blackhawk Boulevard Reserve, recorded under Film Code Number 707165 of the Harris County Map Records and being described in the deed to CSH Park Boulevard Lofts, LTD, recorded under Clerk's File Number RP-2024-284877 of the Harris County Official Public Records of Real Property; said 4.1855 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83;

BEGINNING at a found 5/8-inch iron rod at the southeasterly corner of said Unrestricted Reserve "A", common with the southwesterly corner of Lot 46, Block 1 of the Bridges at Blackhawk Sec 1 subdivision recorded under Film Code No. 665212 of the Harris County Map Records and being in the north line of a called 76.8135 acre tract of land conveyed to the City of Houston recorded under Clerk's File No. S362957 of the Harris County Official Public Records of Real Property;

THENCE, South 86 degrees 51 minutes 39 seconds West, along the south line of said Unrestricted Reserve "A", common with the northerly line of said 76.8135 acre tract, a distance of 500.58 feet to a found 5/8-inch iron rod with orange cap at the northwest corner of said 76.8135 acre tract and in the east right-of-way line of Blackhawk Boulevard (100' right-of-way) recorded under Clerk's File No. T959599 of the Harris County Official Public Records of Real Property and being the beginning of a curve to the right;

THENCE, along the easterly right-of-way line of said Blackhawk Boulevard and with the arc of said curve to the right having a radius of 1950.00 feet, a central angle of 13 degrees 17 minutes 06 seconds, an arc length of 452.14 feet, and a long chord bearing North 12 degrees 04 minutes 12 seconds East, a distance of 451.13 feet to a found 5/8-inch iron rod with orange cap;

THENCE, North 18 degrees 42 minutes 45 seconds East, continuing along said easterly right-of-way, a distance of 8.36 feet to a 5/8-inch iron rod with cap stamped "Quiddity Property Corner" set for the northwest corner of the herein described tract;

THENCE over and across said Unrestricted Reserve "A" the following 5 calls;

1. South 79°16'19" East, a distance of 81.18 feet to a set 5/8-inch iron rod with cap stamped "Quiddity Property Corner";

2. South 61°10'01" East, a distance of 23.57 feet to a set 5/8-inch iron rod with cap stamped "Quiddity Property Corner";

3. South 35°33'38" East, a distance of 23.08 feet to a set 5/8-inch iron rod with cap stamped "Quiddity Property Corner";

4. South 83°12'35" East, a distance of 32.70 feet to a set 5/8-inch iron rod with cap stamped "Quiddity Property Corner";

5. North 12°26'02" East, a distance of 27.98 feet to a set 5/8-inch iron rod with cap stamped "Quiddity Property Corner";

THENCE, South 78°51'25" East, continuing over and across said Unrestricted Reserve "A", a distance of 239.24 feet to a 5/8-inch iron rod with cap stamped "Quiddity Property Corner" set in the westerly line of said Bridges at Blackhawk Sec 1, common with the easterly line of said Unrestricted Reserve "A" and being the northwest corner of the herein described tract;

THENCE, South 02°33'04" East, with said common line, a distance of 353.98 feet to the **POINT OF BEGINNING, CONTAINING** 4.1855 acres in Harris County, Texas as shown on drawing number 19826 T1 in the offices of Quiddity in Bellaire, Texas.

Quiddity
6330 West Loop South, Suite 150
Bellaire, Texas 77401
(713) 777-5337
Texas Board of Professional Land Surveying
Registration No. 10046100

02/18/25

Acting By/Through Jeromy Alvin Chandler
Registered Professional Land Surveyor
No. 5755
JChandler@quiddity.com

GENERAL NOTES:

1. Bearings shown hereon are based on the Texas Coordinate System, South Central Zone, NAD 83.
2. This survey does not provide any determination concerning wetlands, fault lines, toxic waste or any other environmental issues. Such matters should be directed by the client or prospective purchaser to an expert consultant.
3. The square footage totals as shown hereon are based on the mathematical closure of the courses and distances reflected on this survey. It does not include the tolerances that may be present due to position accuracy of the boundary monuments shown hereon.
4. The subject property abuts Blackhawk Boulevard. Such streets are paved and dedicated public rights-of-ways. This statement is subject to the exercise of power of the governmental authority to limit, control or deny access, ingress or egress.
5. No improvements/utilities were located with this survey.

STATE OF TEXAS §

COUNTY OF HARRIS §

A METES & BOUNDS description of a 4.1855 acre tract of land situated in the Mrs Ra Boatwright Survey, Abstract No. 1564 in Harris County, Texas, being out of Unrestricted Reserve 'A' as shown on the plat of Blackhawk Boulevard Reserve, recorded under Film Code Number 707165 of the Harris County Map Records and being described in the deed to CHS Park Boulevard Lofts, LTD, recorded under Clerk's File Number RP-2024-284877 of the Harris County Official Public Records of Real Property; said 4.1855 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83;

BEGINNING at a found 5/8-inch iron rod at the southeasterly corner of said Unrestricted Reserve 'A', common with the southwesterly corner of Lot 46, Block 1 of the Bridges at Blackhawk Sec 1 subdivision recorded under Film Code No. 665212 of the Harris County Map Records and being in the north line of a called 76.8135 acre tract of land conveyed to the City of Houston recorded under Clerk's File No. 5362957 of the Harris County Official Public Records of Real Property;

THENCE, South 86 degrees 51 minutes 39 seconds West, along the south line of said Unrestricted Reserve 'A', common with the northerly line of said 76.8135 acre tract, a distance of 500.58 feet to a found 5/8-inch iron rod with orange cap at the northwest corner of said 76.8135 acre tract and in the east right-of-way line of Blackhawk Boulevard (100' right-of-way) recorded under Clerk's File No. 7956599 of the Harris County Official Public Records of Real Property and being the beginning of a curve to the right;

THENCE, along the easterly right-of-way line of said Blackhawk Boulevard and with the arc of said curve to the right having a radius of 1950.00 feet, a central angle of 13 degrees 17 minutes 06 seconds, an arc length of 452.14 feet, and a long chord bearing North 12 degrees 04 minutes 12 seconds East, a distance of 451.13 feet to a found 5/8-inch iron rod with orange cap;

THENCE, North 18 degrees 42 minutes 45 seconds East, continuing along said easterly right-of-way, a distance of 8.36 feet to a 5/8-inch iron rod with cap stamped 'Quiddity Property Corner' set for the northwest corner of the herein described tract;

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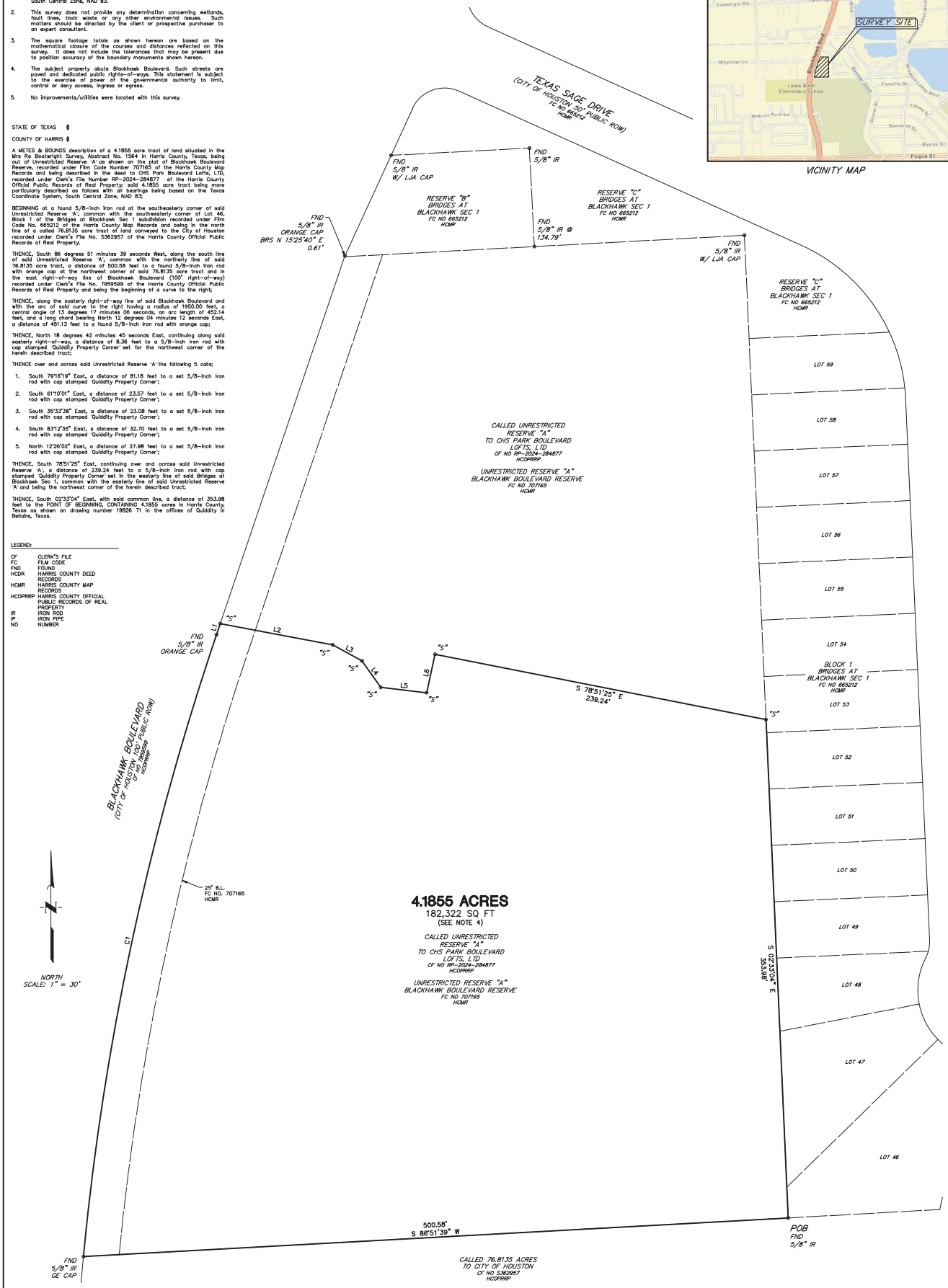
THENCE, South 02°33'04" East, with said common line, a distance of 353.98 feet to the POINT OF BEGINNING, CONTAINING 4.1855 acres in Harris County, Texas as shown on drawing number 19826 T1 in the offices of Quiddity in Bellaire, Texas.

LEGEND:

CF	CLERK'S FILE
FC	FILM CODE
FND	FOUND
HCDR	HARRIS COUNTY DEED RECORDS
HCMR	HARRIS COUNTY MAP RECORDS
HCOPRRP	HARRIS COUNTY OFFICIAL PUBLIC RECORDS OF REAL PROPERTY
IR	IRON ROD
IP	IRON PIPE
NO	NUMBER

VICINITY MAP



LINE	BEARING	DISTANCE
L1	N 18°42'45" E	8.36'
L2	S 79°16'19" E	81.18'
L3	S 61°10'01" E	23.57'
L4	S 35°33'38" E	23.08'
L5	S 83°12'35" E	32.70'
L6	N 12°26'02" E	27.98'

CURVE	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING	DELTA ANGLE
C1	1950.00'	452.14'	451.13'	N 12°04'12" E	13°17'06"

Subject to the General Notes shown:

We, Quiddity, acting by and through Jeremy Alvin Chandler, a Registered Professional Land Surveyor, hereby certify that this survey substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1B, Condition 2 Standard Survey.

The fieldwork was completed on February 16, 2025
Date of Plat or Map: February 18, 2025

Jeremy Alvin Chandler
Registered Professional Land Surveyor No. 5755
jchandler@quiddity.com

STATE OF TEXAS · JEREMY ALVIN CHANDLER · 5755 · REGISTERED PROFESSIONAL LAND SURVEYOR

STANDARD LAND SURVEY
BEING
4.1855 ACRES
OUT OF
UNRESTRICTED RESERVE "A"
BLACKHAWK BOULEVARD RESERVE
LOCATED IN THE
MRS RA BOATWRIGHT SURVEY, A-1564
HARRIS COUNTY, TEXAS
FEBRUARY 2025

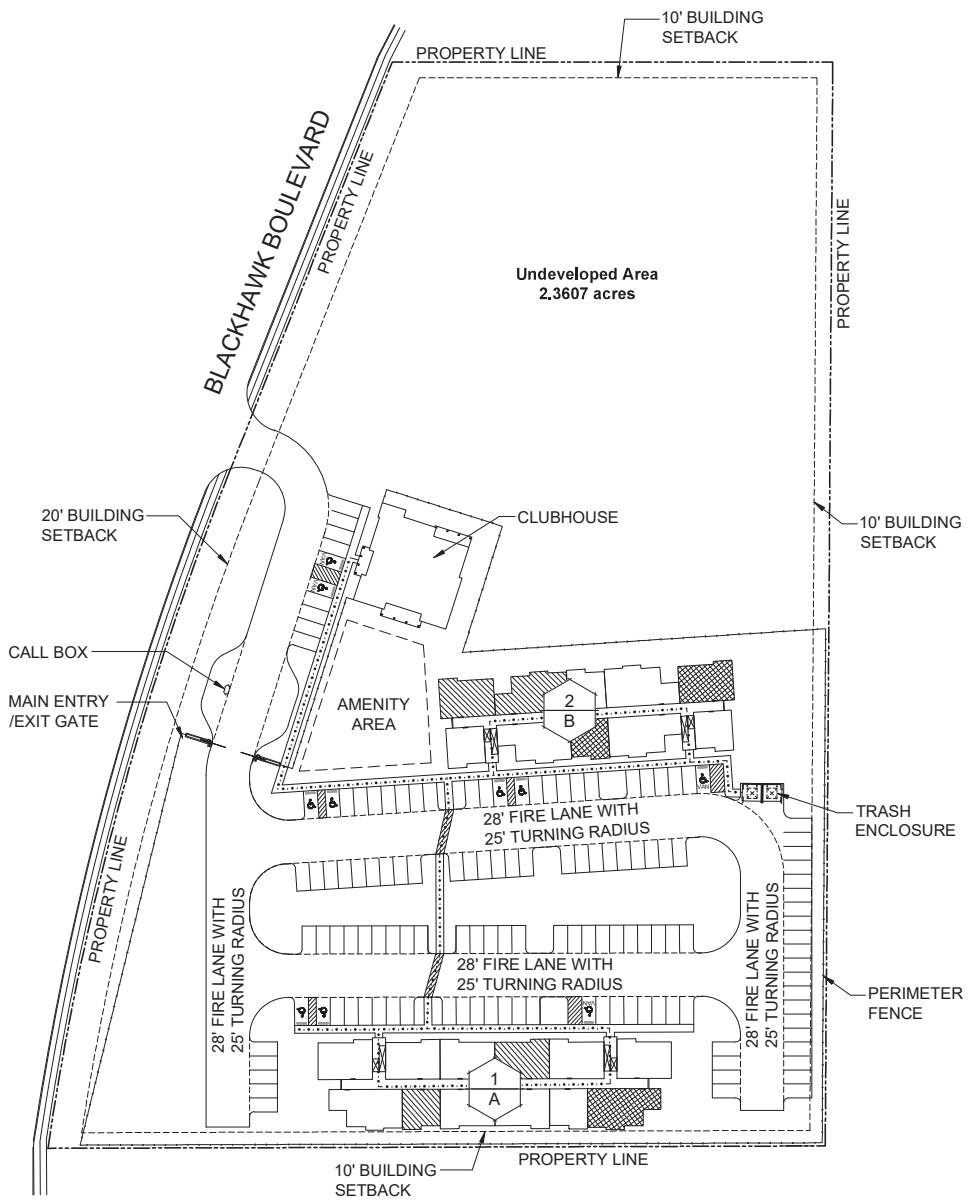
QUIDDITY
Texas Board of Professional Engineers and Land Surveyors Reg. No. 10064300
6330 West Loop South, Suite 150 ● Bellaire, TX 77401 ● 713.777.5337

K:\16797\16797-0010-01 Park Boulevard Lofts\1 Surveying Phase\CAD Files\Final Dwg\TRACT SPLIT\19826 T2.dwg Feb 18,2025 - 10:08am JAC2

JAC/JAC JOB No. 16797-0010-01 DWG. No. 19826 T1

Exhibit B

Original Site Plan



SITE DATA

ACRES	6.55
(2) 3 STORY BUILDING	
TOTAL UNITS	66
UNITS/ACRE	10.07

NO KNOWN EASEMENTS
NO KNOWN FLOODPLAIN
UNDERGROUND DETENTION

SITE AMENITIES
- AMENITY AREAS

BUILDING KEY

1 / A — BUILDING NUMBER / BUILDING TYPE

ACCESSIBLE ROUTE

UNIT TABULATION

TYPE	# UNITS	UNIT S.F.	TOTAL S.F.
A1 - ONE BEDROOM, ONE BATH	18 (28%)	600 S.F.	10,800 S.F.
B1 - TWO BEDROOM, TWO BATH	30 (44%)	850 S.F.	25,500 S.F.
C1 - THREE BEDROOM, TWO BATH	18 (28%)	1050 S.F.	18,900 S.F.
TOTAL	66(100%)		55,200 S.F.

ACCESSIBLE UNITS

TOTAL UNITS	66
ADA UNITS (5% OF TOTAL UNITS)	4
A1 HC UNITS	1
B1 HC UNITS	2
C1 HC UNITS	1
H&V UNITS (2% OF TOTAL UNITS)	3
A1 HV UNITS	1
B1 HV UNITS	1
C1 HV UNITS	1

BUILDING TABULATION

TYPE	A	B	CLUBHOUSE	TOTAL
# BLDGS	1	1	1	3
# STORIES	3	3		
UNITS/ BUILDING	36	30		66
BREEZEWAY S.F.	4,889 S.F.	4,448 S.F.		
NET RENTABLE S.F.	30,300 S.F.	24,900 S.F.		55,200 S.F.
TOTAL GROSS BLDG S.F.	35,189 S.F.	29,438 S.F.	4,036 S.F.	68,663 S.F.

TOTAL COMMON AREA: 13,373 S.F. (corrected from Application)

PARKING REQUIRED

1.333 PER 1 BEDROOM	24
1.666 PER 2 BEDROOM	50
2 PER 3 BEDROOM	36
TOTAL	110

PARKING PROVIDED

STANDARD SPACES	124
ACCESSIBLE SPACES	6
VAN ACCESSIBLE	4
TOTAL	134

PARKING RATIO = 2.03

SITE PLAN

0 80 160

1 INCH = 80 FEET

Cross architects

PARK BOULEVARD LOFTS
HOUSTON, TEXAS

DATE: 02.23.23

A1.0

SITE PLAN

Copyright © 2023

Current Site Plan

Exhibit C

SITE ADDRESS
9151 BLACKHAWK BLVD.,
HOUSTON, TX. 77075

OWNER
CSH PARK BOULEVARD LOFTS, LTD
3701 KIRBY DRIVE, SUITE 860
HOUSTON, TX 77098

SITE DATA

ACRES	4.1855
(2) 3 STORY BUILDING	
TOTAL UNITS	66
UNITS/ACRE	15.77

NO KNOWN FLOODPLAIN
NO KNOWN EASEMENTS

SITE AMENITIES
- CLUBHOUSE
- PLAYGROUND
- COVERED PAVILION
- BBQ GRILL AREA

BUILDING KEY

UNIT TABULATION

TYPE	# UNITS	UNIT S.F.	TOTAL S.F.
A1 - ONE BEDROOM, ONE BATH	18 (27%)	600 S.F.	10,800 S.F.
B1 - TWO BEDROOM, TWO BATH	30 (46%)	850 S.F.	25,500 S.F.
C1 - THREE BEDROOM, TWO BATH	18 (27%)	1050 S.F.	18,900 S.F.
TOTAL	66(100%)		55,200 S.F.

ACCESSIBLE UNITS

TOTAL UNITS	66
ADA UNITS (5% OF TOTAL UNITS)	4
A1 HC UNITS	1
B1 HC UNITS	2
C1 HC UNITS	1
H&V UNITS (2% OF TOTAL UNITS)	3
A1 HV UNITS	1
B1 HV UNITS	1
C1 HV UNITS	1

ACCESSIBLE ROUTE

BUILDING TABULATION

TYPE	A	B	CLUBHOUSE	TOTAL
# BLDGS	1	1	1	3
# STORIES	3	3		
UNITS/ BUILDING	36	30		66
BREEZEWAY S.F.	5,466 S.F.	4,818 S.F.		10,284 S.F.
NET RENTABLE S.F.	30,300 S.F.	24,900 S.F.		55,200 S.F.
TOTAL GROSS BLDG S.F.	35,766 S.F.	29,718 S.F.	3,578 S.F.	69,062 S.F.

TOTAL COMMON AREA: 13,862 S.F.

*THE TOTAL PERCENTAGE OF STUCCO AND MASONRY ON THE EXTERIOR WALLS ACROSS ALL BUILDING ELEVATIONS EXCEEDS 30%.

PARKING REQUIRED

1.333 PER 1 BEDROOM	24
1.666 PER 2 BEDROOM	50
2 PER 3 BEDROOM	36
TOTAL	110

PARKING PROVIDED

STANDARD SPACES	125
ACCESSIBLE SPACES (5)	
VAN ACCESSIBLE (5)	
TOTAL	125

PARKING RATIO = 1.89

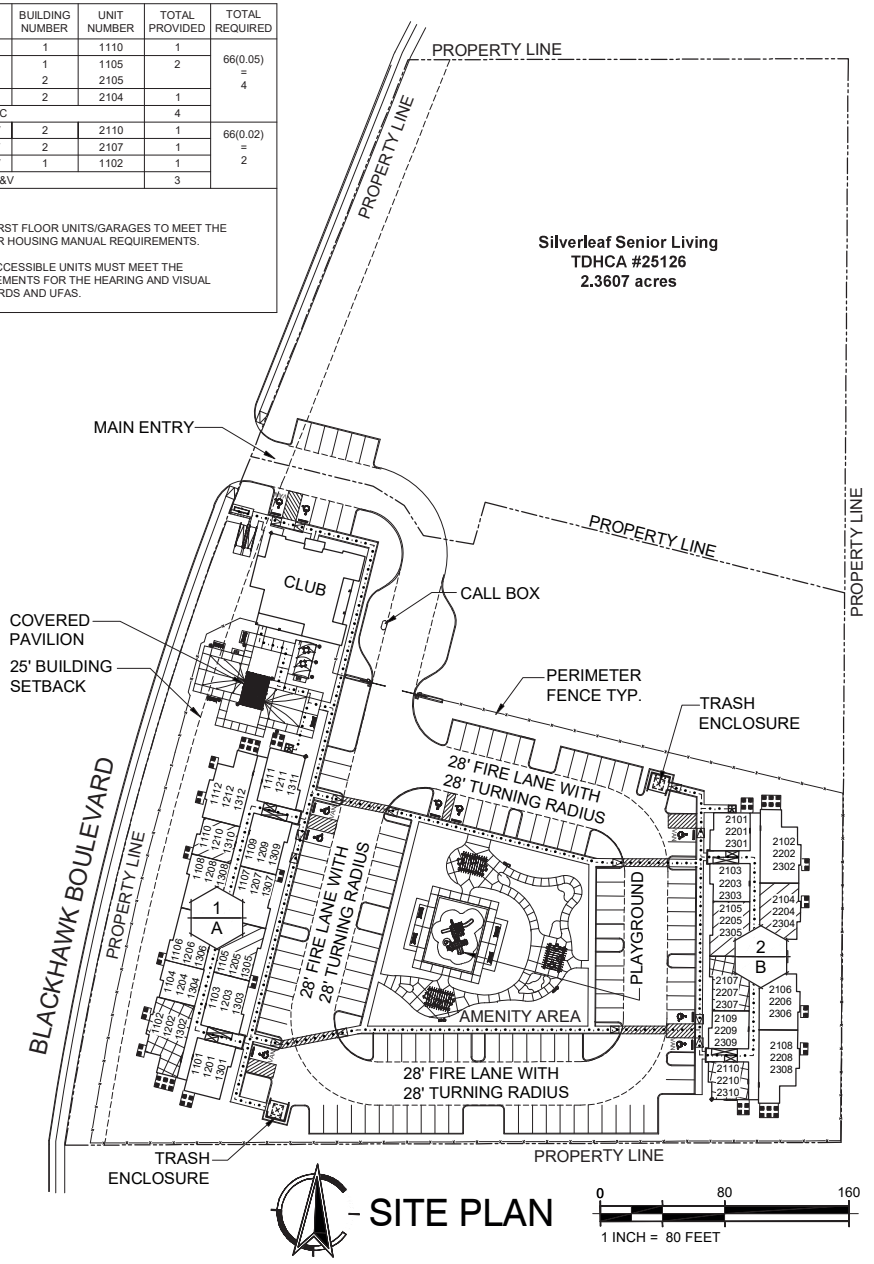
ACCESSIBLE UNITS

UNIT TYPE	BUILDING NUMBER	UNIT NUMBER	TOTAL PROVIDED	TOTAL REQUIRED
A1-HC	1	1110	1	66(0.05) = 4
B1-HC	1	1105	2	
	2	2105		
C1-HC	2	2104	1	
TOTAL HC			4	
A1-H&V	2	2110	1	66(0.02) = 2
B1-H&V	2	2107	1	
C1-H&V	1	1102	1	
TOTAL H&V			3	

NOTES:

1. ALL FIRST FLOOR UNITS/GARAGES TO MEET THE 1998 FAIR HOUSING MANUAL REQUIREMENTS.

2. ALL ACCESSIBLE UNITS MUST MEET THE REQUIREMENTS FOR THE HEARING AND VISUAL STANDARDS AND UFAS.



SITE PLAN

0 80 160

1 INCH = 80 FEET

Cross architects

PARK BOULEVARD LOFTS
HOUSTON, TEXAS

DATE: 03.24.26

A1.0

SITE PLAN

Copyright © 2025

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1464 **Agenda Date:** 6/4/2026 **Agenda #:** 6.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Las Fuentes (HTC #25053)

RECOMMENDED ACTION

WHEREAS, Las Fuentes (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2025 for the construction of 105 multifamily units for the elderly population in Mission, Hidalgo County;

WHEREAS, RST Las Fuentes, LP (Applicant) requests approval for a significant modification of the site plan and architectural design, including an increase from two residential buildings and one common areas building to five residential buildings and one common areas building, a decrease in the common area of 3,033 square feet, or 15.33%, from 19,788 square feet to 16,755 square feet, and a decrease in the parking count of 36 spaces, or 14.63%, from 246 open parking spaces to 210 open spaces;

WHEREAS, Board approval is required for a significant modification of the site plan, a reduction of 3% or more in the square footage of the Units or common areas, and a significant modification of the architectural design of the Development as directed in Tex. Gov't Code §2306.6712(d)(1), (4), and (5), and in 10 TAC §10.405(a)(4)(A), (D), and (E), and the Applicant 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 impact the HTC award;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment to the Housing Tax Credit Application for Las Fuentes 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

Las Fuentes was approved for a 9% HTC award in 2025 for the construction of 105 units of multifamily housing for the elderly population in Mission, Hidalgo County. In a letter dated April 13, 2026, Clifton Phillips, the representative of the Applicant, requested approval for a material amendment to the Application for a significant modification of the site plan, a significant

modification of the architectural design, and a reduction of 3% or more in the square footage of the common areas.

The significant modifications of the site plan and architectural design include an increase from two residential buildings and one common areas building to five residential buildings and one common areas building, a decrease in the common area of 3,033 square feet, or 15.33%, from 19,788 square feet to 16,755 square feet, and a decrease in the parking count of 36 spaces, or 14.63%, from 246 open parking spaces to 210 open spaces, which is the number of parking spaces required by local code. The reduction to the common area is due to reduced breezeways. The clubhouse size increased 1,234 square feet, or 41.70%, from 2,959 square feet to 4,193 square feet.

The Applicant indicated that the material amendment is the result of the recommendations of the civil engineer after further investigation and review of the drainage calculations, preparation of a topographic survey and topographic considerations, and the City of Mission's preferences for achieving integration of the community into the surrounding single-family neighborhood.

The Applicant reported that the new site plan, incorporating the smaller building footprints and a lower profile design, provides for improved integration with the surrounding single-family neighborhoods to the east and south and is a better design for the site topography, as the revised design eliminates need for retaining walls and offers compatibility with the required drainage design. The Applicant additionally reports the revised site plan: allows for improved parking spatial placement for tenants, while reducing excess parking spaces above code requirement as had originally been proposed; improves tenant accessibility, as units in smaller buildings are more easily accessible; and adds a gazebo structure overlooking the greenspace/detention.

The Applicant reports the proposed changes were not reasonably foreseeable or preventable by the Applicant at the time of Application and will not alter the approved project budget presented at Application. The Applicant indicated that the proposed changes will allow the Applicant to achieve delivery of units earlier in 2027, despite the allocation of credits having been from the waitlist just before Christmas 2025, thus stabilizing the tax credit pricing in spite of the later start of construction on the project.

Staff confirmed that the revised design plans and parking would continue to meet accessibility requirements. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and has concluded that none of the changes would have affected the scoring or selection of the Application in the competitive round. The final recommended HTC amount will be determined at cost certification.

Staff recommends approval of the Application amendment as presented herein.

ROUNDSTONE DEVELOPMENT LLC

1603 LBJ Freeway
Suite 860
Dallas, Texas 75234

Tel 972.243.4205
www.rstdev.com

April 13, 2026

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

RE: Amendment to Application
Las Fuentes, TDHCA #25053

Dear Mr. Banuelos,

I am writing on behalf of RST Las Fuentes, LP ("Applicant") to request an amendment to our tax credit application for Las Fuentes (TDHCA #25053), Mission, Texas.

Requested Changes:

In Applicant's original tax credit application, the submitted development plans utilized two residential buildings and one nonresidential building (the community center). As our team is now further into the design process with the civil engineer, and in coordination with the City of Mission, Applicant is hereby requesting an amendment to the application which would allow for a total of five residential buildings versus the two buildings originally proposed. Applicant is proposing dividing the rear building on the site plan into four smaller buildings (please see attached revised site plan in Exhibit A and application site plan in Exhibit B).

The new building design and site plan layout does modify certain aspects of the community as presented in the original tax credit application. Firstly, the common area square footage of Las Fuentes, and thereby the gross square footage, has decreased. The reduction in common area square footage was purely a reduction of breezeway square footage due to the new building layout. However, such decrease in the breezeways was partially offset by an increase in the clubhouse amenity space which space will be utilized more often by the tenants in the future. The net reduction in the common areas was 2,364 square feet representing a change or greater than 3%. The overall changes from the application architectural plans to the proposed amendment design are detailed in the chart below:

	Application	Amendment	Variance
Units (NRSFT)	79,125	79,125	0%
Clubhouse	2,959	4,193	41.7%
Breezeways	16,829	12,562	(25.4%)
Storage/Other	0	669	-
Gross (SFT)	98,913	96,549	(2.4%)

In addition to the building design change, the new site plan (Exhibit A) reduces the parking ratio to match that parking ratio required by the City of Mission at 2.0 parking spaces per unit. The original site plan was over-parked by approximately 36 spaces. The new parking design is a result of the redesign, is more efficient in nature and would still provide more than adequate parking for senior housing (62+).

In summary, the proposed building and site changes reduce the total gross square footage of the community by less than 3% of the original application design, still maintains the same unit square footage sizes, and same number of units while providing the future tenants with a larger clubhouse design and a blend of living choices (cottage or single building). As noted, the common area square footage does decrease as a result of the change as does the number of parking spaces. Applicant does not believe the above requested changes in any way would have provided the Applicant with a competitive scoring advantage or preference in the funding of the award cycle in which the deal was awarded.

Cost Consideration:

Applicant doesn't believe that the requested changes will result in any material change in costs as such costs were presented in the original application. The reduction in the breezeway square footage, all associated building design cost reductions and the reduction in the number of parking spaces will be offset by the increased cost of the enlarged community center and amenities along with the increased cost due to the cottage style construction.

Explanation of Foreseeable or Preventable Nature

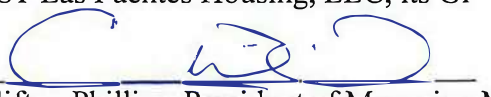
Applicant does not view the requested changes as foreseeable in nature. The proposed site plan changes were a result of (i) the recommendations of the civil engineer after further investigation and review of the drainage calculations, preparation of a topographic survey and topographic considerations and (ii) after initial site plan review and discussions on Las Fuentes with the City of Mission regarding the integration of the community into the surrounding single-family neighborhood (See Exhibit C). This new site plan, incorporating the smaller building footprints, provides for improved integration with the surrounding single-family neighborhoods to the east/south with a lower profile design along with providing greater flexibility in the overall site design layout with the site topography, eliminating retaining walls, and offers compatibility with the required drainage design. In addition, the revised site plan allows for an improved parking distribution for tenants, while reducing parking space, an improved tenant accessibility

design for 36 units due to the cottage style entry and a new tenant space in the proposed gazebo structure overlooking the greenspace/detention.

Lastly, the revised design will allow the Applicant to maintain the underwriting budget presented at application and the financial feasibility. The Applicant received the allocation of credits from the waitlist just before Christmas 2025. The revision will also allow the Applicant to maintain delivery of units earlier in 2027 thus increasing the tax credit delivery to the syndicator and therefore stabilizing the tax credit pricing in spite of the later start of construction on the project.

We appreciate your time and consideration of this application amendment request and for your work in moving such request forward. Should you need any additional information or clarification regarding this request, please do not hesitate to contact me at (972) 243-4205 or via email cphillips@rstdev.com.

Sincerely,
RST Las Fuentes, LP
By: RST Las Fuentes Housing, LLC, its GP



By: Clifton Phillips, President of Managing Member

Exhibit A

Site Plan

April 2026

SITE DATA
-6.0 ACRES
-105 UNITS
-UNIT DENSITY MAXIMUM: 29 UNITS/ACRE
-UNIT DENSITY PROVIDED: 17.50 UNITS/ACRE
-SITE IS NOT LOCATED IN THE FLOODPLAIN

EXISTING ZONING
PROPOSED: MULTI-FAMILY RESIDENTIAL (R-3)
BASE ZONING: AGRICULTURAL OPEN PERMANENT (AO-P)

SITE AMENITIES
-4,114 S.F. CLUBHOUSE
-COVERED PORCH
-DOG PARK
-COMMUNITY GARDEN
-CONFERENCE ROOM
-FURNISHED COMMUNITY ROOM
-PERIMETER FENCING
-FITNESS ROOM
-BEAUTY SALON

PARKING TABULATION

PARKING DENSITY MAXIMUM:	2.00 / UNIT
PARKING REQUIRED:	105 UNITS X 2.00 = 210
PARKING PROVIDED:	210
PARKING RATIO PROVIDED:	2 / UNIT

PARKING PROVIDED

RESIDENT:	
-STANDARD	173
-ACCESSIBLE	6
-VAN ACCESSIBLE	5
CLUBHOUSE:	
-STANDARD	24
-ACCESSIBLE	2
TOTAL	210

UNIT TABULATION

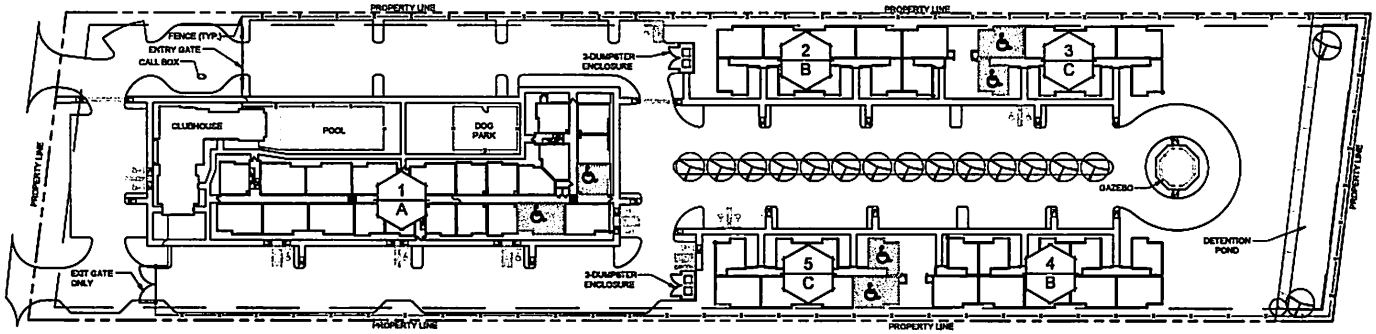
UNIT TYPE	# UNITS	%	UNIT S.F.	TOTAL S.F.
A1 -ONE BED/ONE BATH	35	33.33%	631 S.F.	22,085
A1-HC - ONE BED/ONE BATH	1	0.95%	631 S.F.	631
A2 -ONE BED/ONE BATH	6	5.71%	631 S.F.	3,786
A3 - ONE BED/ONE BATH	16	15.24%	631 S.F.	10,096
A3-HC -ONE BED/ONE BATH	2	1.90%	631 S.F.	1,262
B1 -TWO BED/TWO BATH	42	40.00%	917 S.F.	38,514
B1-HC -TWO BED/TWO BATH	3	2.86%	917 S.F.	2,751
TOTAL	105	100%		79,125 S.F.

BUILDING KEY
1 — BUILDING NUMBER
A — BUILDING TYPE

ACCESSIBLE UNITS
TOTAL UNITS 105
ADA UNITS (5% OF TOTAL UNITS) 6
A1-HC UNITS 1
A3-HC UNITS 2
B2-HC UNITS 3

H&V UNITS (2% OF TOTAL UNITS) 6
A1-HV UNITS 1
A3-HC UNITS 2
B1-HV UNITS 3

BUILDING TABULATION				
BUILDING TYPE	A	B	C	TOTAL
# BLDGS	1	2	2	5
# STORIES	3	1	1	
TOTAL UNITS	69	20	16	105
FIRE RISER ROOM S.F.	33 S.F.	66 S.F.	66 S.F.	165 S.F.
STORAGE S.F.	504 S.F.	0 S.F.	0 S.F.	504 S.F.
BREEZEWAY S.F.	9,358 S.F.	1,772 S.F.	1,431 S.F.	12,562 S.F.
RENTABLE S.F.	51,261 S.F.	15,480 S.F.	12,384 S.F.	79,125 S.F.
TOTAL GROSS BLDG S.F.	61,157 S.F.	17,318 S.F.	13,881 S.F.	92,356 S.F.
CLUBHOUSE				4,193 S.F.
OVERALL TOTAL				96,549 S.F.



GRAPHIC SCALE
0 50' 100'
(IN FEET)
1 inch = 100 ft.

SITE PLAN
SCALE: 1"=100'-0"

Cross architects
PROJECT: # 25012

LAS FUENTES
MISSION, TEXAS

DATE: 01.21.26

A1.0
SITE PLAN

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Exhibit B

Application Site Plan

SITE DATA
-6.0 ACRES
-105 UNITS
-UNIT DENSITY MAXIMUM: 29 UNITS/ACRE
-UNIT DENSITY PROVIDED: 17.50 UNITS/ACRE

EXISTING ZONING
BASE ZONING: MULTI-FAMILY RESIDENTIAL (R-3)

SITE AMENITIES
-2,959 S.F. CLUBHOUSE
-PORTE COCHERE
-DOG PARK
-COMMUNITY GARDEN
-CONFERENCE ROOM
-FURNISHED COMMUNITY ROOM
-COVERED PORCH
-PERIMETER FENCING
-FITNESS ROOM
-LIBRARY ROOM

PARKING TABULATION

PARKING DENSITY MAXIMUM:	2.00 / UNIT
PARKING REQUIRED:	105 UNITS X 2.00 = 210
PARKING PROVIDED:	246
PARKING RATIO PROVIDED:	2.34 / UNIT

PARKING PROVIDED

UNCOVERED PARKING	218
ACCESSIBLE	12
CLUBHOUSE	16
TOTAL	246

UNIT TABULATION

UNIT TYPE	# UNITS	%	UNIT S.F.	TOTAL S.F.
A1 -ONE BED/ONE BATH	57	54.29%	631 S.F.	35,967
A1-HC - ONE BED/ONE BATH	03	2.86%	631 S.F.	1,893
B1 -TWO BED/TWO BATH	42	40.00%	917 S.F.	38,514
B1-HC -TWO BED/TWO BATH	03	2.86%	917 S.F.	2,751
TOTAL	105	100%		79,125 S.F.

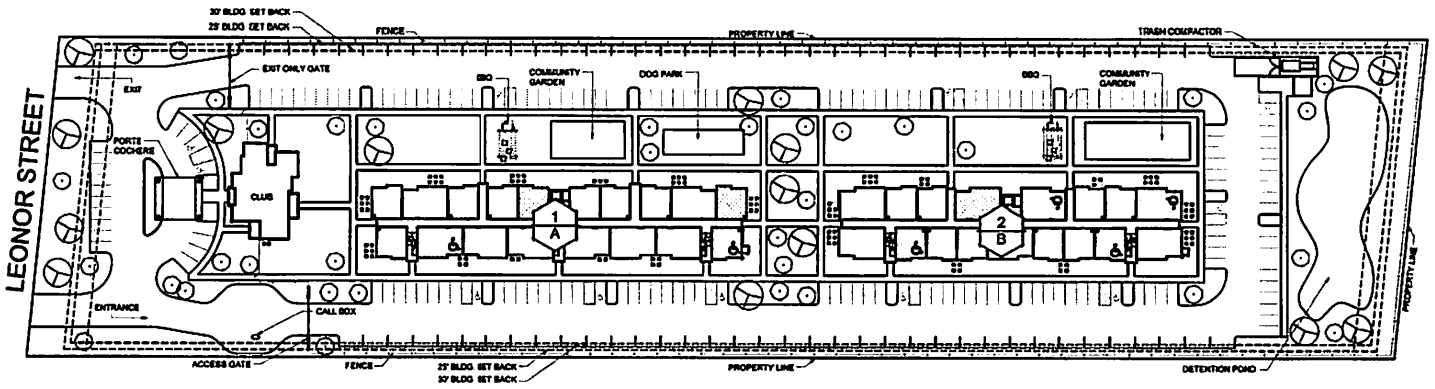
BUILDING TABULATION			
BUILDING TYPE	A	B	TOTAL
# BLDGS	1	1	2
# STORIES	3	3	
UNITS/BLDG	54	51	105
BREEZEWAY S.F.	9,383 S.F.	7,448 S.F.	16,829 S.F.
RENTABLE S.F.	40,938 S.F.	38,187 S.F.	79,125 S.F.
TOTAL GROSS BLDG S.F.	50,321 S.F.	45,633 S.F.	95,954 S.F.

BUILDING INDEX

1 / A — BUILDING NUMBER / BUILDING TYPE

ACCESSIBLE UNITS
TOTAL UNITS 105
ADA UNITS (5% OF TOTAL UNITS) 6
A1-HC UNITS 3
B2-HC UNITS 3

H&V UNITS (2% OF TOTAL UNITS) 3
A1-HV UNITS 2
B1-HV UNITS 1



GRAPHIC SCALE
0 50' 100'
(IN FEET)
1 inch = 100 ft.

SITE PLAN
SCALE: 1"=100'-0"

Cross architects
PROJECT: # 25012

LAS FUENTES
MISSION, TEXAS

DATE: 01.15.25

A1.0
SITE PLAN

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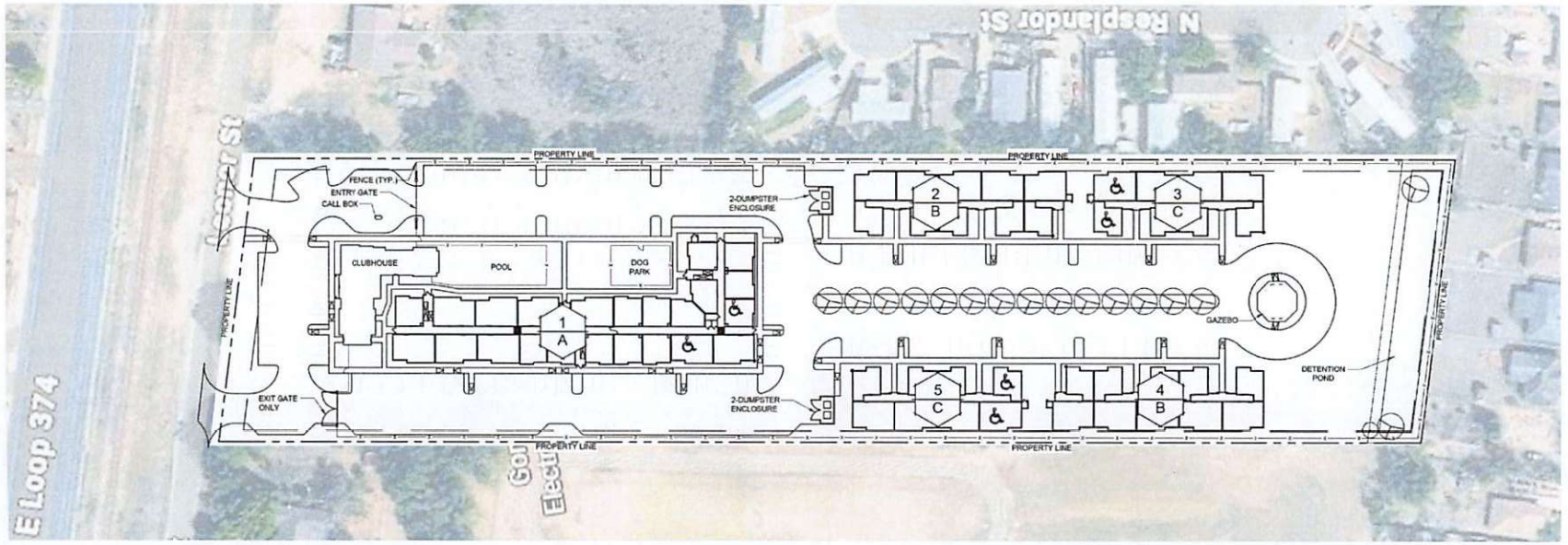
Exhibit C

Site Plan Overlays



GRAPHIC SCALE
0 50' 100'
(IN FEET)
1 inch = 100 ft.

SITE PLAN

SCALE: 1"=100'-0"

Cross architects

PROJECT: # 25012

LAS FUENTES
MISSION, TEXAS

DATE: 01.21.26

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SITE PLAN

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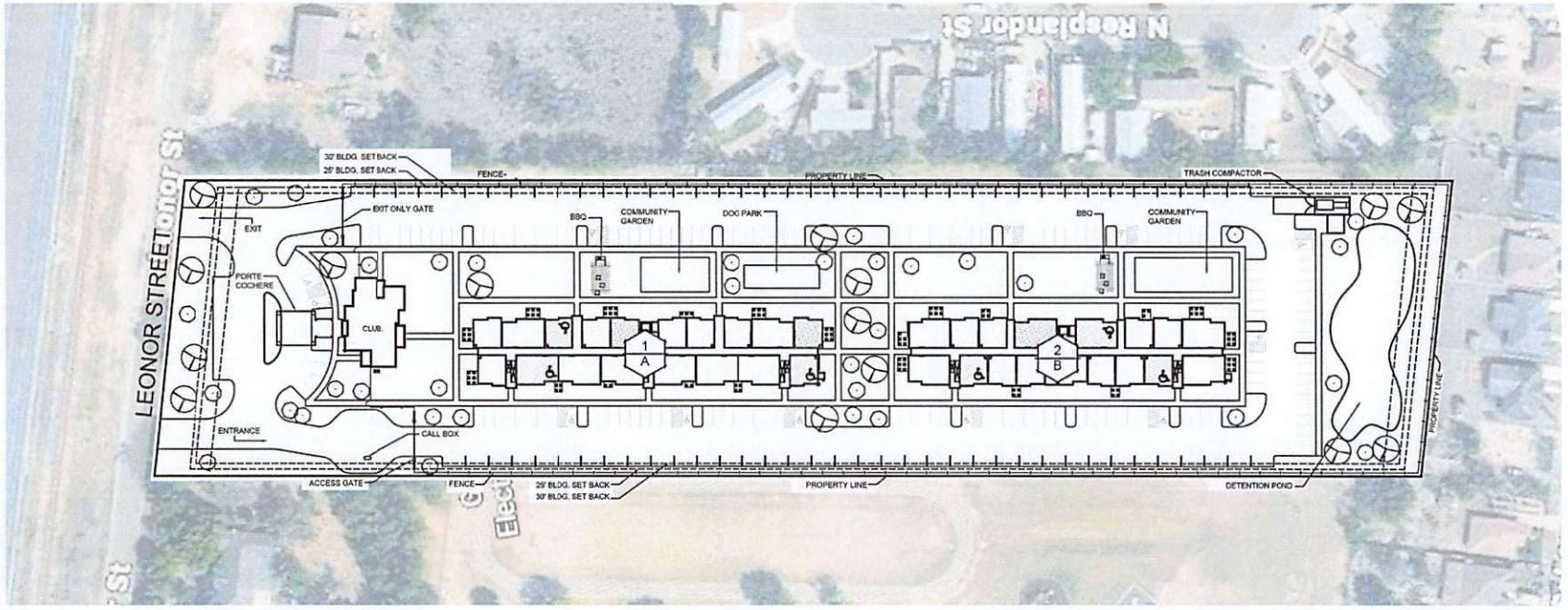

GRAPHIC SCALE

0 50' 100'

(IN FEET)

1 inch = 100 ft.

SITE PLAN

SCALE: 1"=100'-0"

Cross architects

PROJECT: # 25012

LAS FUENTES
MISSION, TEXAS

DATE: 01.15.25

A1.0

SITE PLAN

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File #: 1465 **Agenda Date:** 6/4/2026 **Agenda #:** 7.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Lofts at Birdwell (HTC #25271)

RECOMMENDED ACTION

WHEREAS, Lofts at Birdwell (the Development) received an award of 9% Housing Tax Credits (HTCs) and State Housing Tax Credits in 2025 for the construction of 39 multifamily units for the general population in Big Spring, Howard County;

WHEREAS, Lofts at Birdwell LLC (Applicant) requests approval for a significant modification of the architectural design and site plan, including a reduction from two residential buildings and one common areas building to one building containing all units and common area, and increase in the number of units from 39 to 49, or 25.64%, by increasing the number of two-bedroom units by 10, resulting in an increase to the net rentable area of 8,763 square feet, or 28.12%, and a 25.64% increase in residential density, from 11.37 units per acre to 14.29 units per acre, and an increase in the common area of 1,527 square feet, or 22.99%, from 6,643 square feet to 8,170 square feet, and increase in the parking count from 89 open parking spaces to 92 open spaces;

WHEREAS, the Applicant also requests approval for an increase in the number of units at 60% of Area Median Income (AMI) units from 35 to 38 and introduction of seven market units;

WHEREAS, the Applicant is seeking to revise its structure by going from a limited liability company to a limited partnership named Lofts at Birdwell, LP, admitting as general partner of the Applicant CHDC Lofts at Birdwell GP, LLC, which is solely owned by Crossroads Housing Development Corporation, a nonprofit corporation, in order to qualify for a 50% property tax exemption;

WHEREAS, the Applicant is seeking to further revise the ownership structure by the creation of a special limited partner to ultimately be owned by an entity of Kanwarjit Ronnie Gyani (90%) and an entity of Jonathan Estrada (10%), who will be a new entrant to participation in the Development, acquiring the interest of BETCO Consulting, Inc.;

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 significant modification of the architectural design of the Development, a modification of the residential density of at least 5%, and any other modification considered material by the staff as directed in Tex. Gov't Code §2306.6712(d)(1), (2), (5), (6), and (7), and in 10 TAC §10.405(a)(4)(A), (B), (E), (F), and (I), and the Applicant 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 impact the funding award;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment to the Housing Tax Credit Application for Lofts at Birdwell, including the changes to the structure of the Applicant, Developer, and Guarantor, are 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

Lofts at Birdwell was approved for a 9% HTC award and a State Housing Tax Credit award in 2025 for the construction of 39 units, of which all are designated as low-income units, of multifamily housing for the general population in Big Spring, Howard County. In a letter dated March 26, 2026, Lora Myrick, the representative of the Applicant, requested approval for a material amendment to the Application for a significant modification of the site plan, an increase of 10 in the number of units, a significant modification of the architectural design, an increase of three in the number of 60% of AMI units, and introduction of seven market units.

The significant modifications of the architectural design include a reduction from two residential buildings and one common areas building to one building containing all units and common area, and increase in the number of units from 39 to 49, or 25.64%, by increasing the number of two-bedroom units by 10, resulting in an increase to the net rentable area of 8,763 square feet, or 28.12%, from 31,167 square feet to 39,930 square feet, and a 25.64% increase in residential density, from 11.37 units per acre to 14.29 units per acre, and an increase in the common area of 1,527 square feet, or 22.99%, from 6,643 square feet to 8,170 square feet, and increase in the parking count from 89 open parking spaces to 92 open spaces. The requested changes include an increase in the number of 60% of AMFI units from 35 to 38 and the introduction of seven market units.

The Applicant indicated that the reason for the material amendment is the result of value engineering to minimize and mitigate costs associated with detention requirements and additional retainage walls that would have been required for topographic concerns, as well as to accommodate feedback from the City of Big Spring on the need and desire for additional market rate units.

The Applicant also seeks to revise the ownership structure by going from a limited liability company to a limited partnership and transferring the general partner interest from Lofts at Birdwell MM, LLC, which is ultimately owned by Kanwarjit Ronnie Gyani, Abha Gyani, and four principals of BETCO Consulting, Inc. to CHDC Lofts at Birdwell GP, LLC, which is solely owned by Crossroads Housing Development Corporation, a nonprofit corporation, in order to qualify for a

50% property tax exemption.

The Application is additionally seeking to revise the ownership structure by entry of a special limited partner to ultimately be owned by an entity of Kanwarjit Ronnie Gyani (90%) and an entity of Jonathan Estrada (10%), who will be a new entrant to participation in the Development. Furthermore, BETCO Consulting, Inc. will transfer its interest in the Applicant and Developer to LIHTC Wiz, LLC, the sole member of which is Jonathan Estrada. Paul D. Stell is being added as an additional Guarantor, and Abha Gyani will no longer be a Guarantor. The changes in the structure of the Applicant, Developer, and Guarantor are to maintain financial feasibility with the 50% property tax exemption, as well as including an additional guarantor to meet REO experience requirements requested by the investor.

Staff analysis indicates that the revised design plans would continue to meet feasibility requirements and that the revised design plans and parking would continue to meet accessibility requirements. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and has concluded that none of the changes would have affected the scoring or selection of the Application in the competitive round.

The Previous Participation Review for the changes to the ownership structure, Developer, and Guarantor has been completed with no issues identified, and these changes are included in this item for Board approval, although such changes can be approved administratively under 10 TAC §10.405(a)(3)(B) and 10 TAC §10.406(e).

Staff recommends approval of the Application amendment and changes to the structure of the Applicant, Developer, and Guarantor as presented herein.

powered by Legistar™

Real Estate Analysis Division
May 20, 2026

Addendum to Underwriting Report

TDHCA Application #: **25271** Program(s): **9% HTC**

Lofts at Birdwell

Address/Location: ~130 ft. N. of NWC of Sunset Ave. & Birdwell Ln.

City: Big Spring County: Howard Zip: 79720

	APPLICATION HISTORY
Report Date	**PURPOSE**
05/20/26	**Amendment Memo**
10/28/25	State Credit Award Update and Material Amendment Request
07/22/25	Original LIHTC Award

ALLOCATION

	Previous Allocation				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm. Lien**	**Const. Term**	**Const. Lien**
State Housing Tax Credits	$80,000				**$80,000**						
FHTC (9% Credit)	$1,125,000				**$1,125,000**						

CONDITIONS STATUS

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

PREVIOUS SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
60% of AMI	60% of AMI	35

NEW SET-ASIDES

TDHCA SET-ASIDES for HTC LURA*		
60% of AMI	60% of AMI	42

TDHCA SET-ASIDES for STATE HOUSING TAX CREDITS		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMI	4

ANALYSIS

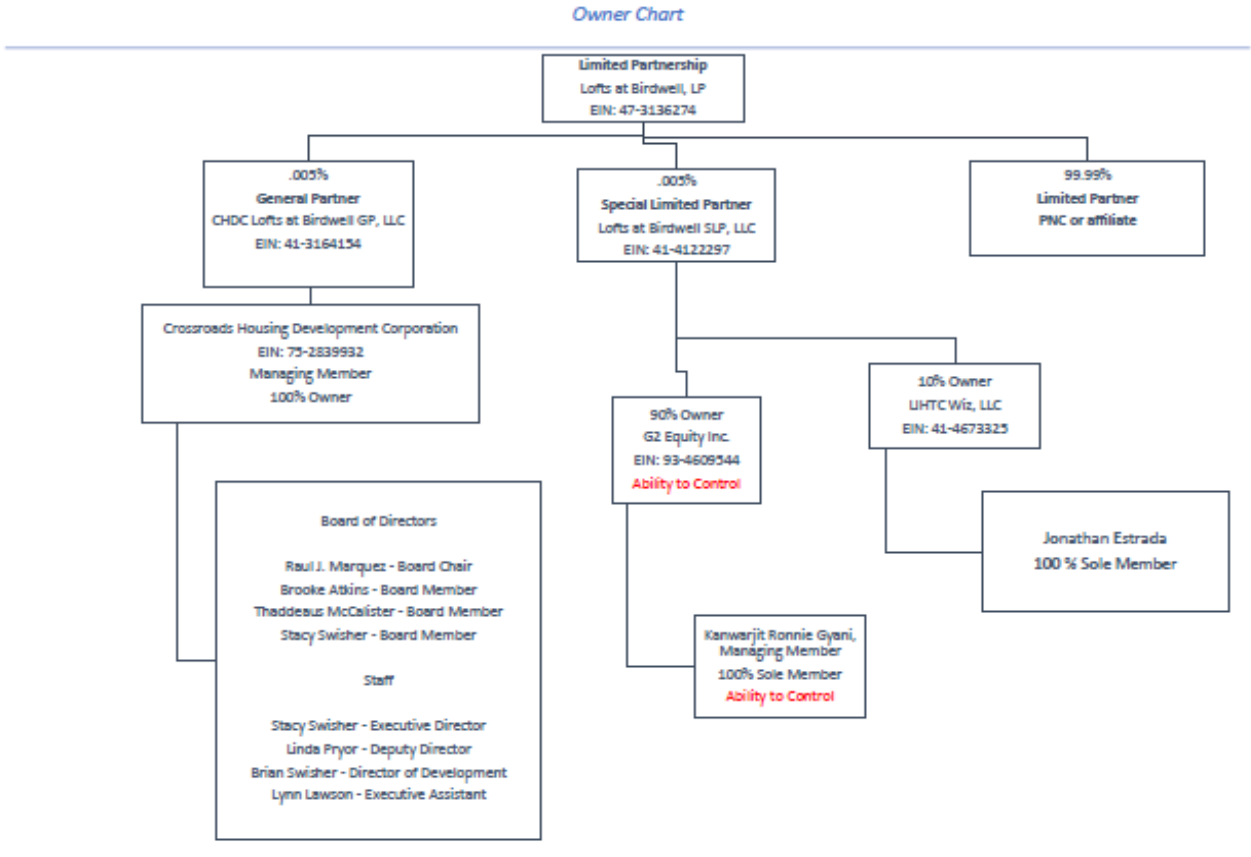
This memo will also serve to amend and clarify that SHTC 30% restrictions layer on top of the FHTC restrictions; they do not change the FHTC restrictions. There were 39 60% units at 2025 9% application.

In July 2025, the Development was awarded $1,125,000 in annual 9% Housing Tax Credits and in October 2025, the Applicant was awarded $80,000 in annual State Housing Tax Credits. Lofts at Birdwell, LLC (the "Company"), is requesting a material amendment to their 9% LIHTC application and proposing the following changes:

1) Updating the development owner to Lofts at Birdwell, LP (the "Owner").
2) Admitting CHDC Lofts at Birdwell GP, LLC as the new general partner of the Owner.
3) Admitting Crossroads Housing Development Corporation as the sole member of the general partner to obtain a 50% property tax exemption.
4) Moving G2 Equity, Inc. over to a 90% owner of the newly formed Lofts at Birdwell SLP, LLC entity (the "SLP").
5) Admitting Jonathan Estrada as a 10% owner of the developer and SLP entities as sole member of LIHTC Wiz, LLC.
6) Removing BETCO Consulting, LLC from both the Owner and developer entities.
7) Adding Paul Stell as a guarantor.
8) Updates to the site plan which combined all residential buildings into one building which includes the leasing office and all indoor common areas.
9) Increase in total number of 2-bedroom units from 27 to 37, bringing the total units to 49. Three of the additional 2-bedroom units will be affordable at 60% AMI rent and income restrictions, and the remaining seven additional units will be market rate.
10) Increase total parking spaces from 89 to 92.
11) Increase in the total NRA from 31,167 SF to 39,930, an increase of 28.12%. Increase in total common area from 6,643 SF to 8,170 SF; an increase of 22.98%;
12) Changes in costs, interest rates, loan amounts, and equity pricing.

The reason for the material amendment is the result of value engineering to minimize/mitigate costs associated with detention/retention requirements and additional retainage walls that would have been required for topographic concerns, as well as to accommodate feedback from the City of Big Spring on the need and desire for additional market rate units. The changes in the Ownership are to maintain financial feasibility with the 50% property tax exemption, as well as including an additional guarantor to meet REO experience requirements requested by the investor.

NEW OWNERSHIP STRUCTURE



SITE PLAN

The site plan was updated to reflect the new building configuration. New Architectural Drawings were also provided to document the proposed changes.

PREVIOUS SITE PLAN

NEW SITE PLAN

The number of parking spaces is 1.5 spaces per one-bedroom and two spaces per two-bedroom totaling 92 parking spaces required. The Development will now offer 92 spaces at no charge to the tenants and meeting the requirement.

Operating Pro Forma

Underwriter updated expense comps to 2024 YE.

In this Amendment request, the Applicant has added 10 units-7 market rates units and 3-60% units bringing the total number of units to 49.

Utility Allowances:

1 BR decreased from $80 to $77 per unit

2 BR decreased from $105 to $100 per unit.

As a result of these changes: Effective Gross Income increased by $165k; NOI increased by $129k; and Total Expenses increased by $36k.

Underwrote all 2-bedrooms units to the lessor market rent collected. Applicant is expecting to collect a premium of $1,494 for the 7 market unit rents above the max TC60% program rent of $1,215, a 23% difference. Per TDHCA rule §11.302 (d)(1)(A)(i.) ,"For a Development that contains less than 15% unrestricted units, the Underwriter will limit the Pro Forma Rents to the lesser of Market Rent or the Gross Program Rent at 80% AMI."

As underwritten, the long-term Pro Forma exhibits a 15-year residual cash flow of $81k after repayment of deferred developer fee in year 15.

As part of the amendment, the G2 Equity, Inc will transfer 50% interest to Crossroads Housing Development Corporation (a Non Profit) anticipating the change will result in a 50% property tax exemption. The deal is underwritten assuming the 50% tax exemption in place. Deal is infeasible without the 50% tax exemptions as without it, the DCR drops below 1.0.

Development Cost

Originally, a pro-rata allocation of $460,945 (out of the $600K Purchase Price) was reflected as the acquisition cost of the 3.429 acres being used for this development. Subsequently, the amended contract reflected a Purchase Price of $500,000 for the 3.429 acres (a $39K increase). The current Cost schedule has an acquisition cost of $505,000, which includes an Amendment dated 1/2026 increasing price by $5k and closing costs of $15,555.

No change in off-site costs;

Site Amenities increased by $466k - Applicant added pool, gazebo and playground;

Site work decreased by $258k.

Building cost increased by $1.1M (28.2%). Schedule of Values was provided. Total Development Cost increased by $2.2M (18.5%).

Underwriter adjusted Soft Cost Contingency of $73K to total Contingency. As a result, Contingency eligible basis and total cost is overstated by $25k and $6k, respectively. Per TDHCA rule §11.302 (e) (5**)**, "Total contingency, including any soft cost contingency, will be limited to a maximum of 7% of Building Cost plus Site Work."

Developer Fee eligible basis is overstated by $5k.

Sources of Funds

PNC decreased their bridge loan from $9.5M with a 7.25% interest rate down to $7.98M and the rate decreased to 6.52%. PNC added an additional construction loan of $3.125M with a 7.02% interest rate and 30-month term.

The PNC perm loan of $2M with a 6.75% interest rate was replaced with a different lender, M&T Realty Capital Corporation. The loan amount is for $3.594M with a 6.83% interest and 15-year term amortized over 40-years.

PNC's FHTC equity contribution decreased by $112K (from $9.3M to $9.2M and the credit price decreased from $0.83 to $0.82.

PNC's SHTC equity contribution decreased by $40K (from $480k to $440k)and the credit price decreased from $0.60 to $0.55.

Deferred Developer Fee increased $763k (from $163,799 to $927,022).

Recommendation

Underwriter recommends the original annual allocation of $1,125,000 in annual 9% Housing Tax Credits as well as the annual allocation of $80,000 in State Housing Tax Credits.

Underwriter:	*Eric Weiner*
Manager of Real Estate Analysis:	*Robert Castillo*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Lofts at Birdwell, Big Spring, 9% HTC #25271

LOCATION DATA	
CITY:	Big Spring
COUNTY:	Howard
Area Median Income	$93,100
PROGRAM REGION:	12
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	SHTC	Match
Eff	-	0.0%	0	0	0	0
1	12	24.5%	0	0	2	0
2	37	75.5%	0	0	2	0
3	-	0.0%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	49	100.0%	-	-	4	-

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	84.91%
APP % Acquisition	9.00%
APP % Construction	9.00%
Average Unit Size	815 sf

60% Average Income		20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	Income									
	# Units	-	-	-	-	42	-	-	7	49
	% Total	0.0%	0.0%	0.0%	0.0%	85.7%	0.0%	0.0%	14.3%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

FEDERAL HTC		State HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 60%	$1,012	TC 30%	$506	2	1	1	659	$506	$77	$429	$0	$0.65	$429	**$858**	**$858**	$429	$0.65	$0	$1,350	$2.05	$1,350
TC 60%	$1,012	TC 00%		7	1	1	659	$1,012	$77	$935	$0	$1.42	$935	**$6,545**	**$6,545**	$935	$1.42	$0	$1,350	$2.05	$1,350
TC 60%	$1,012	TC 00%		3	1	1	714	$1,012	$77	$935	$0	$1.31	$935	**$2,805**	**$2,805**	$935	$1.31	$0	$1,350	$1.89	$1,350
TC 60%	$1,215	TC 30%	$607	2	2	2	861	$607	$100	$507	$0	$0.59	$507	**$1,014**	**$1,014**	$507	$0.59	$0	$1,494	$1.74	$1,650
TC 60%	$1,215	TC 00%		28	2	2	861	$1,215	$100	$1,115	$0	$1.30	$1,115	**$31,220**	**$31,220**	$1,115	$1.30	$0	$1,494	$1.74	$1,650
MR		TC 00%		7	2	2	861	$0			NA	$1.74	$1,494	**$10,458**	**$10,458**	$1,494	$1.74	NA	$1,494	$1.74	$1,494
TOTALS/AVERAGES:				**49**			**39,930**				**$0**	**$1.32**	**$1,080**	**$52,900**	**$52,900**	**$1,080**	**$1.32**	**$0**	**$1,459**	**$1.79**	**$1,554**

ANNUAL POTENTIAL GROSS RENT:	**$634,800**	**$634,800**	

STABILIZED PRO FORMA

Lofts at Birdwell, Big Spring, 9% HTC #25271

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				SHTC Amendment	ORIGINAL UNDERWRITING		SHTC Amendment	TDHCA				VARIANCE	
	Database	Local Comps			% EGI	Per SF	Per Unit	Amount	Applicant	Applicant	TDHCA	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.32	$1,080	$634,800	$467,112	$448,560	$448,560	$467,112	$634,800	$1,080	$1.32		0.0%	$0
App Fees, NSF, Vending							$30.00	$17,640	$7,020	7,020								
Total Secondary Income							$30.00				7,020	7,020	$17,640	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$652,440	474,132	$455,580	$455,580	$474,132	$652,440				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(48,933)	($35,560)	(34,169)	(34,169)	(35,560)	(48,933)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$603,507	438,572	$421,412	$421,412	$438,572	$603,507				0.0%	$0
General & Administrative	$26,673	$544/Unit	$28,325	$578	4.26%	$0.64	$524	$25,688	$24,000	$25,500	$21,033	$21,026	$28,325	$578	$0.71	4.69%	-9.3%	(2,637)
Management	$26,678	5.9% EGI	$27,761	$567	5.00%	$0.76	$616	$30,175	$17,543	$16,856	$16,856	$17,543	$30,175	$616	$0.76	5.00%	0.0%	(0)
Payroll & Payroll Tax	$62,871	$1,283/Unit	$84,303	$1,720	15.82%	$2.39	$1,948	$95,462	$70,000	$65,000	$65,000	$70,000	$95,462	$1,948	$2.39	15.82%	0.0%	-
Repairs & Maintenance	$39,178	$800/Unit	$27,218	$555	5.72%	$0.86	$704	$34,500	$26,000	$28,000	$25,350	$25,350	$34,300	$700	$0.86	5.68%	0.6%	200
Electric/Gas	$8,834	$180/Unit	$10,413	$213	2.07%	$0.31	$255	$12,500	$7,000	$7,000	$6,968	$6,966	$10,413	$213	$0.26	1.73%	20.0%	2,087
Water, Sewer, & Trash	$34,888	$712/Unit	$55,092	$1,124	4.89%	$0.74	$603	$29,525	$27,768	$25,000	$27,768	$27,768	$34,888	$712	$0.87	5.78%	-15.4%	(5,363)
Property Insurance	$34,300	$0.86 /sf	$59,791	$1,220	6.17%	$0.93	$760	$37,240	$32,000	$32,000	$32,000	$32,000	$37,240	$760	$0.93	6.17%	0.0%	-
Property Tax (@ 50%) 2.694440	$27,324	$558/Unit	$20,930	$427	3.06%	$0.46	$377	$18,485	$45,661	$34,000	$45,661	$48,099	$20,930	$427	$0.52	3.47%	-11.7%	(2,445)
Reserve for Replacements					2.03%	$0.31	$250	$12,250	$9,750	$9,750	$9,750	$9,750	$12,250	$250	$0.31	2.03%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.28%	$0.04	$34	$1,680	$1,560	$1,560	$1,560	$1,560	$1,680	$34	$0.04	0.28%	0.0%	-
TOTAL EXPENSES					**49.30%**	**$7.45**	**$6,072**	**$297,505**	**$261,282**	$244,666	$251,948	**$260,061**	**$305,664**	**$6,238**	**$7.65**	**50.65%**	**-2.7%**	**$ (8,159)**
NET OPERATING INCOME ("NOI")					**50.70%**	**$7.66**	**$6,245**	**$306,002**	**$177,290**	$176,745	$169,464	**$178,511**	**$297,843**	**$6,078**	**$7.46**	**49.35%**	**2.7%**	**$ 8,159**

CONTROLLABLE EXPENSES	$4,034/Unit		$4,151/Unit		

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Lofts at Birdwell, Big Spring, 9% HTC #25271

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							SHTC Amendment	ORIGINAL UNDERWRITING		SHTC Amendment	AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR																Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	Applicant	TDHCA	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
M&T Realty Capital Corporation		1.13	1.16	262,702	6.83%	40	15	$3,594,000	$2,000,000	$1,715,000	$1,715,000	$2,000,000	$3,594,000	15	40	6.83%	$262,702	1.16	25.3%
				$262,702	**TOTAL DEBT / GRANT SOURCES**			**$3,594,000**	**$2,000,000**	**$1,715,000**	**$1,715,000**	**$2,000,000**	**$3,594,000**	**TOTAL DEBT SERVICE**			**$262,702**	**1.16**	25.3%
NET CASH FLOW		$35,141	$43,300										**APPLICANT**	**NET OPERATING INCOME**			**$306,002**	**$43,300**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					SHTC Amendment	ORIGINAL UNDERWRITING		SHTC Amendment	AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	Applicant	TDHCA	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
PNC	LIHTC Equity	65.1%	$1,125,000	$0.82	$9,224,078	$9,336,566	$8,774,123	$8,774,123	$9,336,566	$9,224,078	$0.82	$1,125,000	65.1%	$22,959	Applicant Request
PNC	SHTC Equity	3.1%	$80,000	$0.55	$439,956	$479,952	$0	$0	$479,952	$439,956	$0.55	$80,000	3.1%		
Lofts at Birdwell Development, LLC	Deferred Developer Fees	6.5%	(43% Deferred)		$927,022	$163,799	$680,756	$680,756	$145,617	$920,667	(43% Deferred)		6.5%	**Total Developer Fee:**	**$2,141,162**
TOTAL EQUITY SOURCES		74.7%			$10,591,056	$9,980,317	$9,454,879	$9,454,879	$9,962,135	$10,584,701			74.7%		
TOTAL CAPITALIZATION					**$14,185,056**	**$11,980,317**	**$11,169,879**	**$11,169,879**	**$11,962,135**	**$14,178,701**			**15-Yr Cash Flow after Deferred Fee:**		**$81,622**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS				SHTC Amendment	ORIGINAL UNDERWRITING		SHTC Amendment	TDHCA COST / BASIS ITEMS				COST VARIANCE	
	Eligible Basis		Total Costs						Eligible Basis					
	Acquisition	New Const. Rehab			Applicant	Applicant	TDHCA	TDHCA	New Const. Rehab	Acquisition	Total Costs		%	$
Land Acquisition			$10,306 / Unit	$505,000	$500,000	$460,945	$460,945	$500,000	$505,000	$10,306 / Unit			0.0%	$0
Building Acquisition	$0		$ / Unit	$0	$0	$0	$0	$0	$0	$ / Unit		$0	0.0%	$0
Closing costs & acq. legal fees				$15,555	$0	$0	$0	$0	$15,555				0.0%	$0
Off-Sites		$0	$5,102 / Unit	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$5,102 / Unit		$0	0.0%	$0
Site Work		$1,216,559	$25,034 / Unit	$1,226,653	$1,485,000	$1,485,000	$1,485,000	$1,485,000	$1,225,700	$25,014 / Unit		$1,216,559	0.1%	$953
Site Amenities		$593,256	$12,313 / Unit	$603,348	$136,738	$100,000	$100,000	$136,378	$603,348	$12,313 / Unit		$593,256	0.0%	$0
Building Cost		$4,991,804	$125.01 /sf $101,874/Unit	$4,991,804	$3,895,029	$3,690,211	$3,744,733	$3,822,482	$4,992,756	$101,893/Unit	$125.04 /sf	$4,992,756	0.0%	($952)
Contingency		$501,381	7.37% 7.09%	$501,381	$386,174	$366,640	$366,640	$386,174	$495,026	7.00%	7.00%	$476,180	1.3%	$6,355
Contractor Fees		$955,752	13.09% 12.62%	$955,752	$879,594	$824,859	$824,859	$851,255	$955,752	12.63%	13.13%	$955,752	0.0%	$0
Soft Costs	$0	$1,401,834	$29,119 / Unit	$1,426,834	$1,116,934	$924,500	$924,500	$1,116,934	$1,426,834	$29,119 / Unit		$1,401,834	$0	0.0%	$0
Financing	$0	$1,045,224	$26,275 / Unit	$1,287,463	$1,364,381	$1,157,770	$1,157,770	$1,364,381	$1,287,463	$26,275 / Unit		$1,045,224	$0	0.0%	$0
Developer Fee	$0	$2,141,162	20.00% 19.51%	$2,141,162	$1,761,256	$1,721,882	$1,721,882	$1,761,256	$2,141,162	19.52%	20.00%	$2,136,108	$0	0.0%	$0
Reserves			6 Months	$280,104	$205,211	$188,072	$188,072	$205,211	$280,104	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$12,846,972**	$289,491 / Unit	**$14,185,056**	**$11,980,317**	**$11,169,879**	**$11,224,401**	**$11,879,431**	**$14,178,700**	$289,361 / Unit		**$12,817,669**	**$0**	**0.0%**	**$6,356**
Acquisition Cost	$0			$0	$0	$0									
Contingency		($25,268)		($6,355)	$0	$0									
Contractor's Fee		$0		$0	($18,182)	$0									
Financing Cost		$0													
Developer Fee	$0	($5,054)	20.00%	$0	$0	$0									
Reserves				$0	$0	$0									
ADJUSTED BASIS / COST	**$0**	**$12,816,651**	$289,361/unit	**$14,178,701**	**$11,962,135**	**$11,169,879**	**$11,224,401**	**$11,879,431**	**$14,178,700**	$289,361/unit		**$12,817,669**	**$0**	**0.0%**	**$1**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$14,178,701**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Lofts at Birdwell, Big Spring, 9% HTC #25271

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$12,816,651	$0	$12,817,669
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$12,816,651	$0	$12,817,669
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$16,661,646	$0	$16,662,970
Applicable Fraction	84.91%	84.91%	85%	85%
TOTAL QUALIFIED BASIS	$0	$14,146,751	$0	$14,147,876
Applicable Percentage	9.00%	9.00%	9.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,273,208	$0	$1,273,309
CREDITS ON QUALIFIED BASIS	$1,273,208		$1,273,309	

	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	$1,273,208	$10,439,259	----	----	----
Needed to Fill Gap	$1,237,288	$10,144,745	----	----	----
Applicant Reques	$1,125,000	$9,224,078	**$1,125,000**	**$0**	**$0**

Long-Term Pro Forma

Lofts at Birdwell, Big Spring, 9% HTC #25271

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$603,507	$615,577	$627,889	$640,446	$653,255	$721,247	$796,315	$879,196	$970,703	$1,071,735	$1,183,282
TOTAL EXPENSES	3.00%	$297,505	$306,128	$315,004	$324,141	$333,545	$384,867	$444,176	$512,724	$591,961	$683,567	$789,484
NET OPERATING INCOME ("NOI")		**$306,002**	**$309,449**	**$312,884**	**$316,306**	**$319,711**	**$336,380**	**$352,139**	**$366,472**	**$378,742**	**$388,168**	**$393,798**
EXPENSE/INCOME RATIO		49.3%	49.7%	50.2%	50.6%	51.1%	53.4%	55.8%	58.3%	61.0%	63.8%	66.7%
MUST -PAY DEBT SERVICE												
M&T Realty Capital Corporation		$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702
TOTAL DEBT SERVICE		$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702	$262,702
DEBT COVERAGE RATIO		1.16	1.18	1.19	1.20	1.22	1.28	1.34	1.40	1.44	1.48	1.50
ANNUAL CASH FLOW		**$43,300**	**$46,747**	**$50,182**	**$53,604**	**$57,009**	**$73,678**	**$89,437**	**$103,770**	**$116,040**	**$125,466**	**$131,096**
Deferred Developer Fee Balance		$877,368	$830,621	$780,439	$726,835	$669,827	$334,502	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$81,622	$572,492	$1,129,119	$1,738,910	$2,384,862

March 26, 2026

Via Email

Jonathan Chilson, Asset Manager (Region 12) – jonathan.chilson@tdhca.texas.gov

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

Re: Material Amendment;
TDHCA Application #25271 – Lofts at Birdwell, Big Spring, Texas;

Dear Mr. Chilson,

On behalf of Lofts at Birdwell, LLC (the "Company"), we are writing to notify the Texas Department Housing and Community Affairs (the "Department") of a material amendment request for the Company. We are requesting the following changes to the Company's 2025 9% LIHTC application:

- Updating the development owner to Lofts at Birdwell, LP (the "Owner");
- Admitting CHDC Lofts at Birdwell GP, LLC as the new general partner of the Owner;
- Admitting Crossroads Housing Development Corporation as the sole member of the general partner to obtain a 50% property tax exemption;
- Moving G2 Equity, Inc. over to a 90% owner of the newly formed Lofts at Birdwell SLP, LLC entity (the "SLP");
- Admitting Jonathan Estrada as a 10% owner of the developer and SLP entities as sole member of LIHTC Wiz, LLC;
- Removing BETCO Consulting, LLC from both the Owner and developer entities;
- Adding Paul Stell as a guarantor;
- Updates to the site plan which combined all residential buildings into one building which includes the leasing office and all indoor common areas;
- Increase in total number of 2-bedroom units from 27 to 37, bringing the total units to 49. Three of the additional 2-bedroom units will be affordable at 60% AMI rent and income restrictions, and the remaining seven additional units will be market rate;
- Increase total parking spaces from 89 to 92;
- Increase in the total NRA from 31,167 SF to 39,930, an increase of 28.12%;
- Increase in total common area from 6,643 SF to 8,170 SF; an increase of 22.98%;
- Updates to the financial exhibits (Tabs 24 – 31, and 35) to account for the changes in costs, interest rates, loan amounts, and equity pricing.

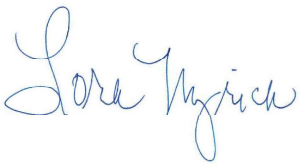
The reason for the material amendment is the result of value engineering to minimize/mitigate costs associated with detention/retention requirements and additional retainage walls that would have been required for topographic concerns, as well as to accommodate feedback from the City of Big Spring on the need and desire for additional market rate units. The changes in the Org Chart are to maintain financial feasibility with the 50% property tax exemption, as well as including an additional guarantor to meet REO experience requirements requested by the investor. Included in our request are copies of the pre and post transfer Org Charts (Tab 37), additional previous participation review forms (Tab 39), formation documents

Lora Myrick (512) 785-3710 lora@betcohousinglab.com
2201 Northland Drive, Austin, Texas 78756 | 812 San Antonio Street, Suite L-20, Austin, Texas 78701

for all newly created entities, updated architectural package (Tab 22), Tabs 23, 23a-c, and updated financial Tabs 24, 26, 27, 28, 29, 30, 31, and 35 LOIs. Changes in operating expenses reflected on Tab 26 include an increase in property management fees to 5%, updates from increased unit counts, and the 50% property tax exemption.

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

Sincerely,



Lora Myrick, Principal
BETCO Consulting, LLC

CC: Michael Beard, Rosalio Banuelos, Ronnie Gyani, Jonathan Estrada, Josh Goldberger

LOFTS AT BIRDWELL

BIG SPRING, HOWARD COUNTY, TEXAS

INDEX TO DRAWINGS

AP0	COVER SHEET
AP1	BUILDING & UNIT MATRIX
AP2	PROPOSED SITE PLAN
AP3	FIRST FLOOR BUILDING PLAN
AP4	SECOND FLOOR BUILDING PLAN
AP5	THIRD FLOOR BUILDING PLAN
AP6	COMMON AREA PLANS
AP7	1-BR UNIT PLANS
AP8	2-BR UNIT PLANS
AP9	EXTERIOR BUILDING ELEVATIONS
AP10	SAMPLE EXTERIOR RENDERINGS

SAMPLE EXTERIOR RENDERING

PROJECT LOCATION

MARCH 2026

Wallace Architects LLC

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LOFTS AT BIRDWELL

BIG SPRING, HOWARD COUNTY, TEXAS

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NET RENTABLE AREA (NRA) - MEASURED TO THE OUTSIDE OF THE STUDS OF A UNIT OR TO THE MIDDLE OF WALLS IN COMMON WITH OTHER UNITS

UNIT LABEL	BEDROOM(S) PER UNIT	BATHROOM(S) PER UNIT	NRA PER UNIT	BUILDING / LEVEL IDENTIFICATION "A" NUMBER OF UNIT(S) PER FLOOR FIRST	SECOND	THIRD	TOTAL NUMBER OF LEVEL(S) (3) NUMBER OF UNIT(S) PER UNIT TYPE	RESIDENTIAL AREA PER UNIT TYPE: TOTAL NRA
(12) 1-BR UNIT(S) 24%								
TYP. 1-BR-A	1	1	659 SF	-	3	3	6	3,954 SF
FHA 1-BR-A	1	1	659 SF	1	-	-	1	659 SF
TYP. 1-BR-B	1	1	714 SF	-	1	1	2	1,428 SF
FHA HEARING/VISUAL 1-BR-B	1	1	714 SF	1	-	-	1	714 SF
ADA 1-BR-A	1	1	659 SF	2	-	-	2	1,318 SF
(37) 2-BR UNIT(S) 76%								
TYP. 2-BR-A	2	2	861 SF	-	12	12	24	20,664 SF
FHA 2-BR-A	2	2	861 SF	9	-	-	9	7,749 SF
TYP. 2-BR-B	2	2	861 SF	-	1	1	2	1,722 SF
FHA 2-BR-B	2	2	861 SF	1	-	-	1	861 SF
ADA 2-BR-A	2	2	861 SF	1	-	-	1	861 SF
TOTAL NUMBER OF UNITS PER FLOOR:				15	17	17	49	39,930 SF
TOTAL NRA PER FLOOR:				12,162 SF	13,884 SF	13,884 SF		

NON-RESIDENTIAL AREA:				TOTAL
BREEZEWAY AREA PER FLOOR:	2,345 SF	2,345 SF	2,001 SF	6,691 SF
COMMON AREA - ACCESSIBLE TO TENANTS AREA PER FLOOR:	1,479 SF	"	"	1,479 SF
UTILITY CLOSET - RESTRICTED TO EMPLOYEES AREA PER FLOOR:	304 SF	"	"	304 SF

RESIDENTIAL BUILDING(S)	TOTAL RESIDENTIAL AREA:	39,930 SF
	TOTAL NON-RESIDENTIAL AREA:	8,474 SF
	RESIDENTIAL BUILDING(S) TOTAL AREA:	48,404 SF
	TOTAL DEVELOPMENT AREA:	48,404 SF

MARCH 2026

Wallace ARCHITECTS LLC

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LOFTS AT BIRDWELL

BIG SPRING, HOWARD COUNTY, TEXAS

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TABLE 1: UNITS PER BUILDING TYPE

UNIT LABEL	NRA PER UNIT TYPE	BUILDING / LEVEL IDENTIFICATION "A" FIRST	"A" SECOND	"A" THIRD	TOTAL NUMBER OF UNITS PER UNIT TYPE
		NUMBER OF UNIT(S) PER FLOOR			
TYP. 1-BR-A	659 SF	-	3	3	6
FHA 1-BR-A	659 SF	1	-	-	1
TYP. 1-BR-B	714 SF	-	1	1	2
FHA HEARING/VISUAL 1-BR-B	714 SF	1	-	-	1
ADA 1-BR-A	659 SF	2	-	-	2
TYP. 2-BR-A	861 SF	-	12	12	24
FHA 2-BR-A	861 SF	9	-	-	9
TYP. 2-BR-B	861 SF	-	1	1	2
FHA 2-BR-B	861 SF	1	-	-	1
ADA 2-BR-A	861 SF	1	-	-	1
TOTAL NUMBER OF UNITS PER FLOOR:		15	17	17	49

TABLE 2: REQUIRED ACCESSIBLE UNITS

UNIT TYPE	IN COMPLIANCE WITH	BUILDING / LEVEL IDENTIFICATION FIRST	SECOND	THIRD	TOTAL
ADA 1-BR	ADA / MOBILITY	2	-	-	2
FHA / H/V 1-BR	HEARING/VISUAL	1	-	-	1
ADA 2-BR	ADA / MOBILITY	1	-	-	1
MOBILITY UNITS REQUIRED (49 X 5% =2.45)					
MOBILITY UNITS PROVIDED = 3					
HEARING/VISUAL UNITS REQUIRED (49 X 2% =0.98)					
HEARING/VISUAL UNITS PROVIDED = 1					

TABLE 3: SQUARE FOOT CALCULATIONS PER BUILDING

NOTE: SQUARE FOOT CALCULATIONS ARE MEASURED FROM OUT TO OUTSIDE FACE OF STUD TO CENTERLINE OF UNIT PARTITION

AREA TYPE	BUILDING / LEVEL IDENTIFICATION "A" FIRST	"A" SECOND	"A" THIRD	DEV. TOTAL
TOTAL NRA	12,162 SF	13,884 SF	13,884 SF	39,930 SF
COMMON AREA - ACCESSIBLE TO TENANT(S)	1,479 SF	-	-	1,479 SF
BREEZEWAY(S)	2,345 SF	2,345 SF	2,001 SF	6,691 SF
UTILITY CLOSETS - RESTRICTED TO EMPLOYEE(S)	304 SF	-	-	304 SF
TOTAL BUILDING AREA PER BUILDING:	16,290 SF	16,229 SF	15,885 SF	48,404 SF

TABLE 4: PARKING PROVIDED

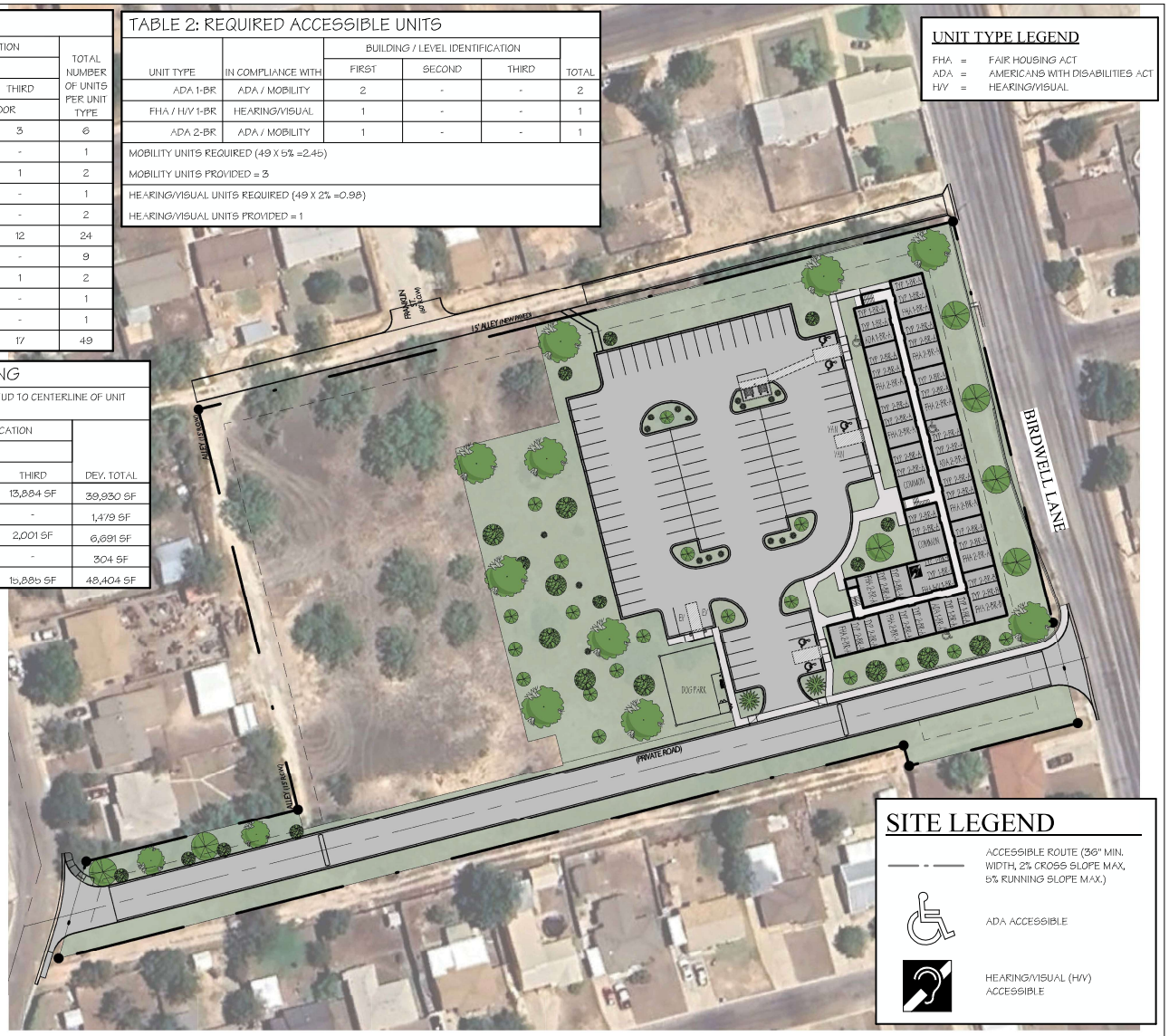
NOTE: ALL PARKING PROVIDED IS UNCOVERED

TYPE	QUANTITY
STANDARD SPACE(S)	85
STANDARD ACCESSIBLE SPACE(S)	5
VAN ACCESSIBLE SPACE(S)	2
TOTAL PARKING PROVIDED:	92
LOCAL PARKING REQUIREMENTS:	(1.5) SPACE(S) PER 1-BR UNIT (2) SPACE(S) PER 2-BR UNIT
PARKING PROVIDED MEETS ZONING REQUIREMENT	

SITE INFORMATION

LAND AREA:	+/- 3.429 ACRE(S)
EXISTING USE:	VACANT
CURRENT ZONING:	MULTIFAMILY DWELLING
PROPOSED USE:	MULTIFAMILY APARTMENTS
DETENTION/RETENTION POND:	NO DETENTION/RETENTION POND EXISTS
FLOOD PLAIN:	FLOOD ZONE X, NO MITIGATION REQUIRED

NOTE: DEVELOPMENT WILL BE BUILT IN ACCORDANCE WITH TDHCA'S FLOODPLAIN REQUIREMENTS



PROPOSED SITE PLAN

SCALE: 1" = 80'-0"

80 40 0 80 FEET

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MARCH 2026

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LOFTS AT BIRDWELL

BIG SPRING, HOWARD COUNTY, TEXAS

AP2

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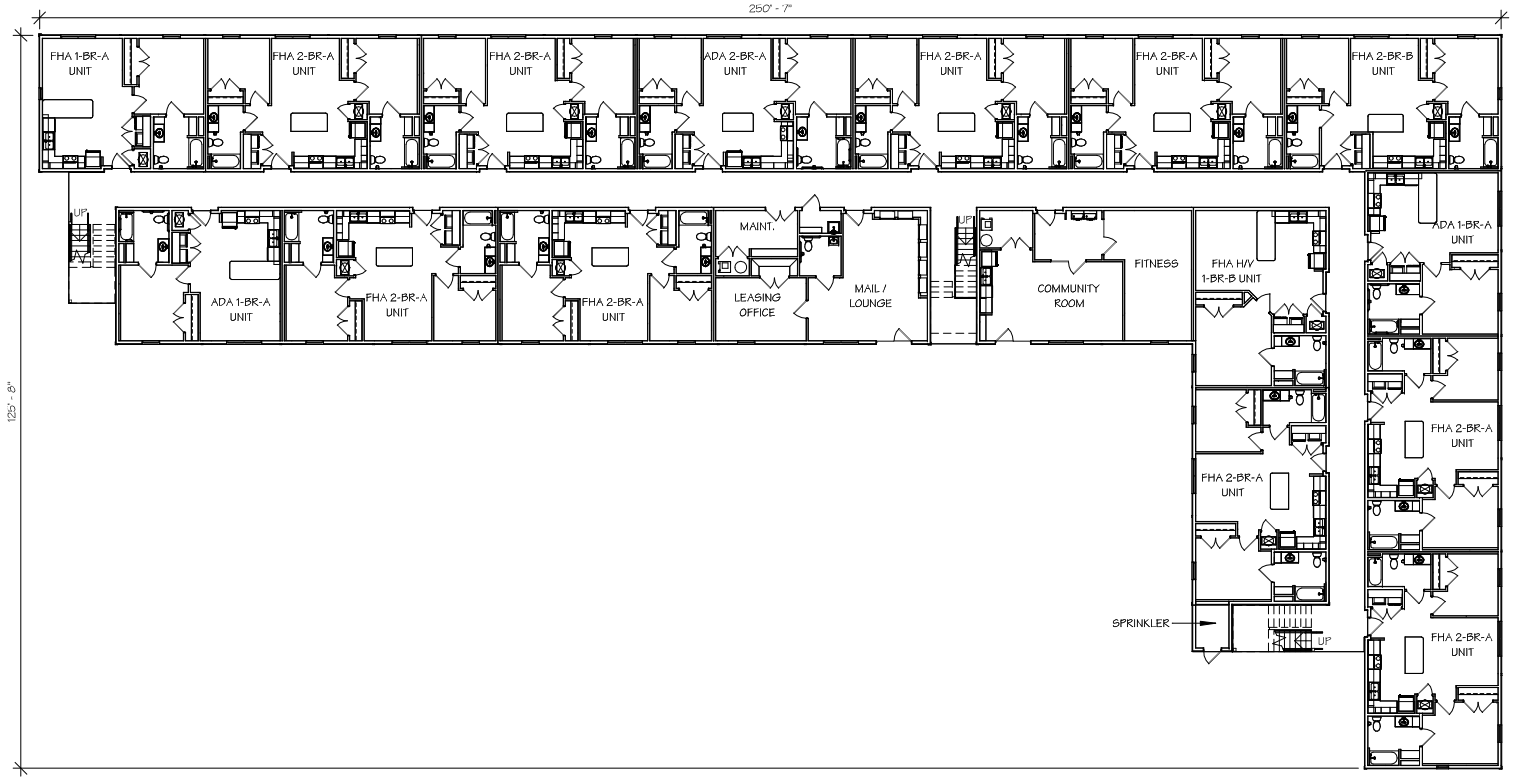
TABLE 3: SQUARE FOOT CALCULATIONS PER BUILDING				
NOTE: SQUARE FOOT CALCULATIONS ARE MEASURED FROM OUT TO OUTSIDE FACE OF STUD TO CENTERLINE OF UNIT PARTITION				
	BUILDING / LEVEL IDENTIFICATION			
	"A"			
AREA TYPE	FIRST	SECOND	THIRD	DEV. TOTAL
TOTAL NRA	12,162 SF	13,884 SF	13,884 SF	39,930 SF
COMMON AREA - ACCESSIBLE TO TENANT(S)	1,479 SF	-	-	1,479 SF
BREEZEWAY(S)	2,345 SF	2,345 SF	2,001 SF	6,691 SF
UTILITY CLOSETS - RESTRICTED TO EMPLOYEE(S)	304 SF	-	-	304 SF
TOTAL BUILDING AREA PER BUILDING:	16,290 SF	16,229 SF	15,885 SF	48,404 SF

UNIT TYPE LEGEND

FHA = FAIR HOUSING ACT
ADA = AMERICANS WITH DISABILITIES ACT
H/V = HEARING/VISUAL



FIRST FLOOR BUILDING PLAN

SCALE: 3/64" = 1'-0"

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AP3

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TABLE 3: SQUARE FOOT CALCULATIONS PER BUILDING				
NOTE: SQUARE FOOT CALCULATIONS ARE MEASURED FROM OUT TO OUTSIDE FACE OF STUD TO CENTERLINE OF UNIT PARTITION				
	BUILDING / LEVEL IDENTIFICATION			
	"A"			
AREA TYPE	FIRST	SECOND	THIRD	DEV. TOTAL
TOTAL NRA	12,162 SF	13,884 SF	13,884 SF	39,930 SF
COMMON AREA - ACCESSIBLE TO TENANT(S)	1,479 SF	-	-	1,479 SF
BREEZEWAY(S)	2,345 SF	2,345 SF	2,001 SF	6,691 SF
UTILITY CLOSETS - RESTRICTED TO EMPLOYEE(S)	304 SF	-	-	304 SF
TOTAL BUILDING AREA PER BUILDING:	16,290 SF	16,229 SF	15,885 SF	48,404 SF

UNIT TYPE LEGEND

FHA = FAIR HOUSING ACT
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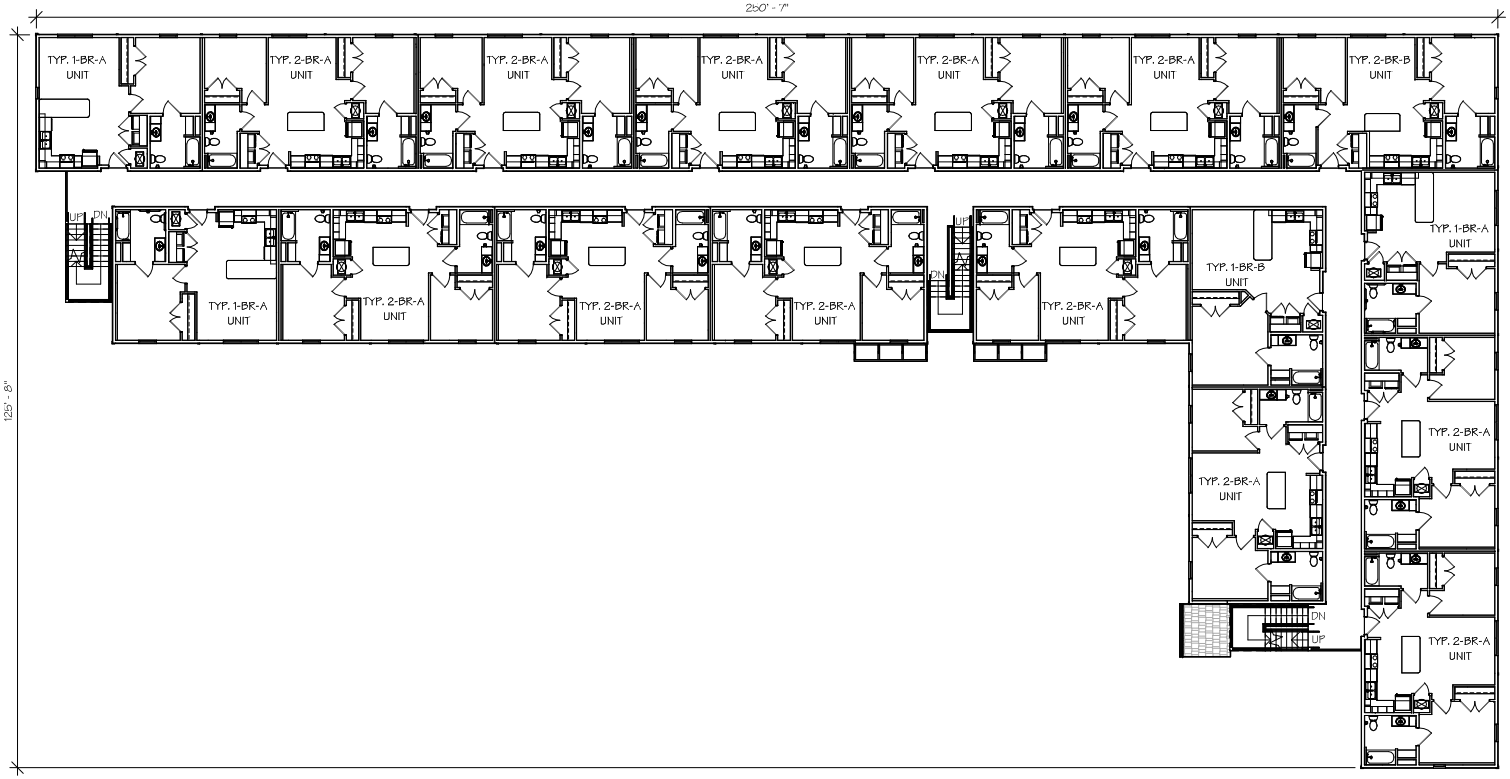
H/V = HEARING/VISUAL



SECOND FLOOR BUILDING PLAN

SCALE: 3/64" = 1'-0"

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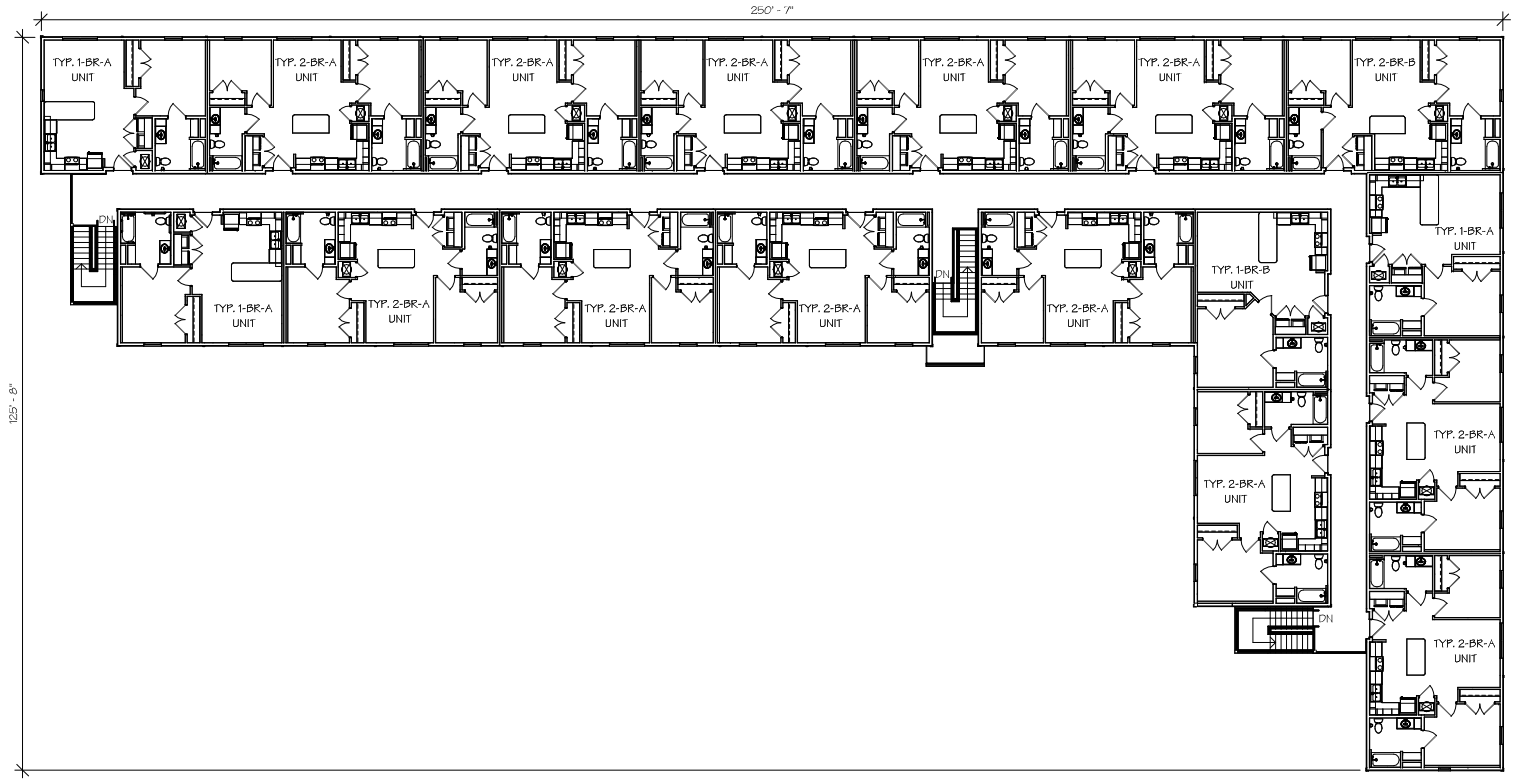
TABLE 3: SQUARE FOOT CALCULATIONS PER BUILDING				
NOTE: SQUARE FOOT CALCULATIONS ARE MEASURED FROM OUT TO OUTSIDE FACE OF STUD TO CENTERLINE OF UNIT PARTITION				
	BUILDING / LEVEL IDENTIFICATION			
	"A"			
AREA TYPE	FIRST	SECOND	THIRD	DEV. TOTAL
TOTAL NRA	12,162 SF	13,884 SF	13,884 SF	39,930 SF
COMMON AREA - ACCESSIBLE TO TENANT(S)	1,479 SF	-	-	1,479 SF
BREEZEWAY(S)	2,345 SF	2,345 SF	2,001 SF	6,691 SF
UTILITY CLOSETS - RESTRICTED TO EMPLOYEE(S)	304 SF	-	-	304 SF
TOTAL BUILDING AREA PER BUILDING:	16,290 SF	16,229 SF	15,885 SF	48,404 SF

UNIT TYPE LEGEND

FHA = FAIR HOUSING ACT
ADA = AMERICANS WITH DISABILITIES ACT
H/V = HEARING/VISUAL



THIRD FLOOR BUILDING PLAN

SCALE: 3/64" = 1'-0"

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COMMON AREA MATRIX

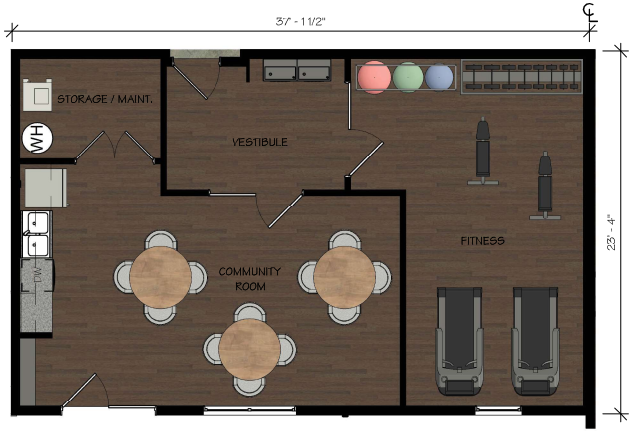
NOTE: SQUARE FOOT CALCULATIONS ARE MEASURED FROM OUTSIDE FACE OF STUD ON EXTERIOR WALLS TO CENTERLINE OF INTERIOR WALLS

SQUARE FOOTAGE ACCESSIBLE TO TENANTS

DESCRIPTION	CONDITIONED	UNCONDITIONED
COMMUNITY ROOM	378 SF	-
VESTIBULE	105 SF	-
FITNESS	312 SF	-
MAIL / LOUNGE	419 SF	-
LEASING OFFICE	184 SF	-
OFFICE CLOSET	27 SF	-
RESTROOM	54 SF	-
TOTAL CONDITIONED/UNCONDITIONED:	1,479 SF	-
TOTAL COMMON AREA - ACCESSIBLE TO TENANTS:	1,479 SF	

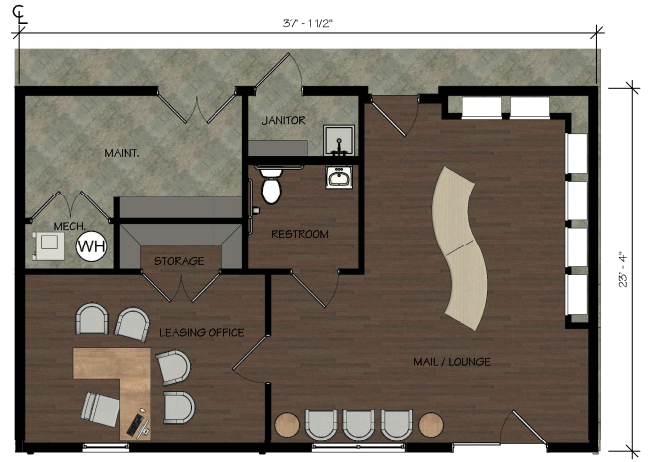
SQUARE FOOTAGE RESTRICTED TO EMPLOYEES

DESCRIPTION	CONDITIONED	UNCONDITIONED
JANITOR	35 SF	-
MAINTENANCE	125 SF	-
MECH.	21 SF	-
STORAGE / MAINT.	69 SF	-
SPRINKLER	-	54 SF
TOTAL CONDITIONED/UNCONDITIONED:	250 SF	54 SF
TOTAL UTILITY CLOSETS - RESTRICTED TO EMPLOYEES:	304 SF	
TOTAL AREA:	1,783 SF	



COMMON AREA 1 PLAN

SCALE: 1/8" = 1'-0"



COMMON AREA 2 PLAN

SCALE: 1/8" = 1'-0"

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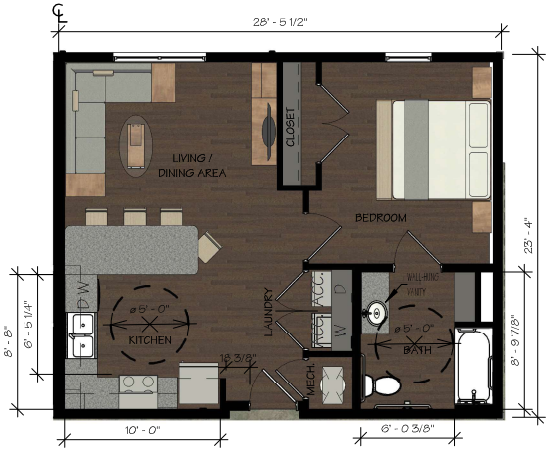
UNIT MATRIX

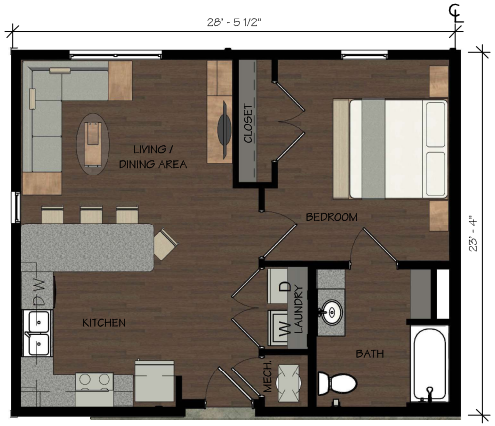
NET RENTABLE AREA (NRA) - MEASURED TO THE OUTSIDE OF THE STUDS OF A UNIT OR TO THE MIDDLE OF WALLS IN COMMON WITH OTHER UNITS

UNIT LABEL	BEDROOM(S) PER UNIT	BATHROOM(S) PER UNIT	NRA PER UNIT
(12) 1-BR UNIT(S) 24%			
TYP. 1-BR-A	1	1	659 SF
FHA 1-BR-A	1	1	659 SF
TYP. 1-BR-B	1	1	714 SF
FHA HEARING/VISUAL 1-BR-B	1	1	714 SF
ADA 1-BR-A	1	1	659 SF
(37) 2-BR UNIT(S) 76%			
TYP. 2-BR-A	2	2	861 SF
FHA 2-BR-A	2	2	861 SF
TYP. 2-BR-B	2	2	861 SF
FHA 2-BR-B	2	2	861 SF
ADA 2-BR-A	2	2	861 SF



ADA 1-BR-A UNIT PLAN

SCALE: 1/8" = 1'-0"



FHA /TYP. 1-BR-A UNIT PLAN

SCALE: 1/8" = 1'-0"

FHA /TYP. 1-BR-B UNIT PLAN

SCALE: 1/8" = 1'-0"

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LOFTS AT BIRDWELL

BIG SPRING, HOWARD COUNTY, TEXAS

AP7

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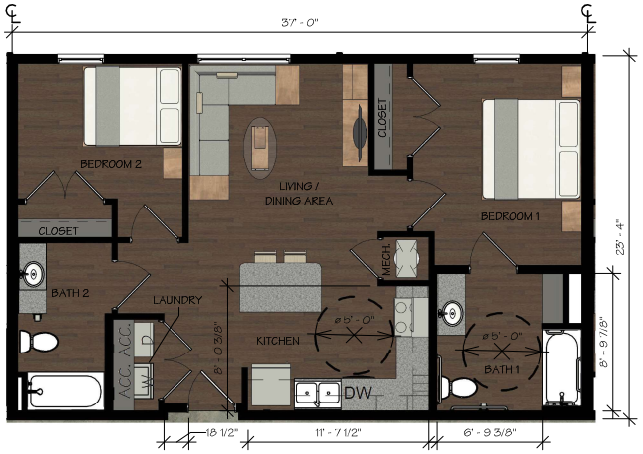
UNIT MATRIX

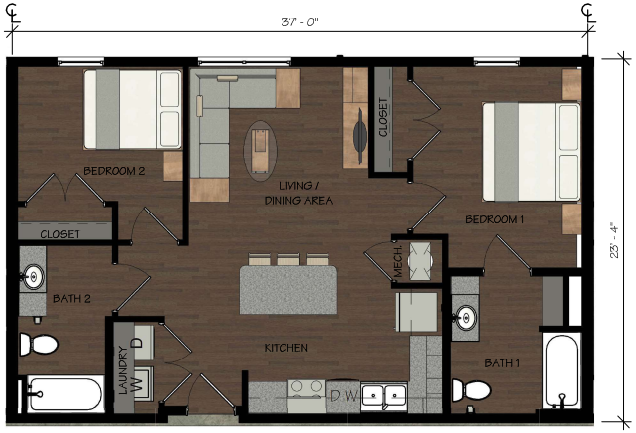
NET RENTABLE AREA (NRA) - MEASURED TO THE OUTSIDE OF THE STUDS OF A UNIT OR TO THE MIDDLE OF WALLS IN COMMON WITH OTHER UNITS

UNIT LABEL	BEDROOM(S) PER UNIT	BATHROOM(S) PER UNIT	NRA PER UNIT
(12) 1-BR UNIT(S) 24%			
TYP. 1-BR-A	1	1	659 SF
FHA 1-BR-A	1	1	659 SF
TYP. 1-BR-B	1	1	714 SF
FHA HEARING/VISUAL 1-BR-B	1	1	714 SF
ADA 1-BR-A	1	1	659 SF
(37) 2-BR UNIT(S) 76%			
TYP. 2-BR-A	2	2	861 SF
FHA 2-BR-A	2	2	861 SF
TYP. 2-BR-B	2	2	861 SF
FHA 2-BR-B	2	2	861 SF
ADA 2-BR-A	2	2	861 SF



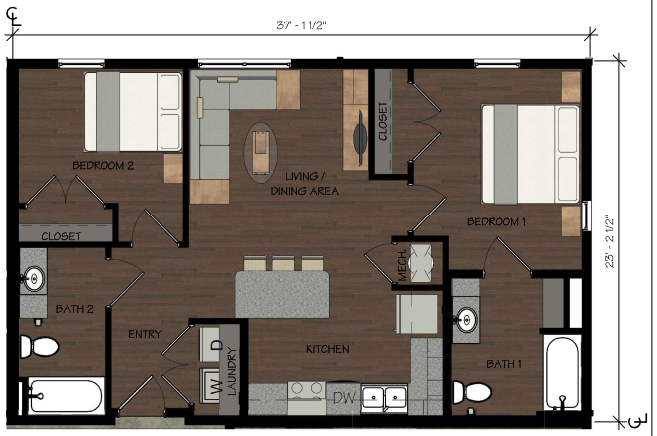
ADA 2-BR-A UNIT PLAN

SCALE: 1/8" = 1'-0"



FHA /TYP. 2-BR-A UNIT PLAN

SCALE: 1/8" = 1'-0"



FHA /TYP. 2-BR-B UNIT PLAN

SCALE: 1/8" = 1'-0"

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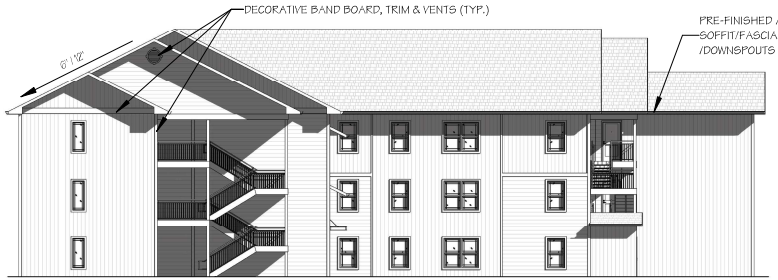
TOTAL APPROXIMATE BUILDING EXTERIOR COMPOSITION
SIDING: 100%

APPROXIMATE BUILDING EXTERIOR COMPOSITION
SIDING: 100%

BUILDING TYPE "A" FRONT ELEVATION

SCALE: 3/64" = 1'-0"

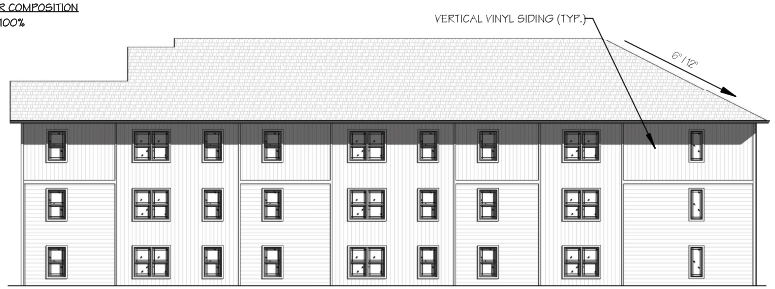
APPROXIMATE BUILDING EXTERIOR COMPOSITION
SIDING: 100%



BUILDING TYPE "A" LEFT EEVATION

SCALE: 3/64" = 1'-0"

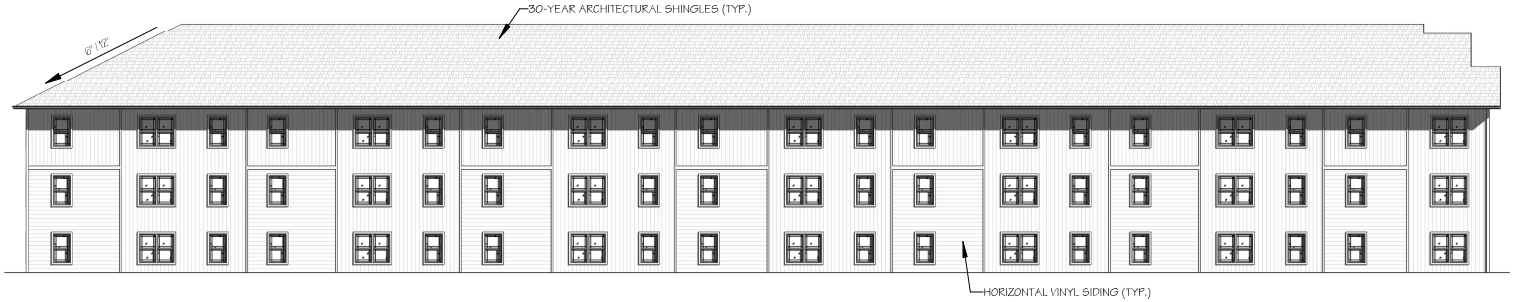
APPROXIMATE BUILDING EXTERIOR COMPOSITION
SIDING: 100%



BUILDING TYPE "A" RIGHT ELEVATION

SCALE: 3/64" = 1'-0"

APPROXIMATE BUILDING EXTERIOR COMPOSITION
SIDING: 100%



BUILDING TYPE "A" REAR ELEVATION

SCALE: 3/64" = 1'-0"

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SAMPLE RESIDENTIAL BUILDING

LOFTS AT BIRDWELL

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SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq. Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns T through AD.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):		Single Family Construction		SRO		Transitional (per §42(i)(3)(B))		Duplex
		Scattered Site		Fourplex	x	> 4 Units Per Building		Townhome
Development will have:	x	Fire Sprinklers		Elevators		# of Elevators		Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):	Free	Paid		Free	Paid	
			Shed or Flat Roof Carport Spaces			Detached Garage Spaces
			Attached Garage Spaces	92		Uncovered Spaces
			Structured Parking Garage Spaces			

****If a waiver or variance of local code parking requirements has been requested, then evidence to that effect is submitted behind this tab.****

Floor Composition/Wall Height:	100	% Carpet/Vinyl/Resilient Flooring	9'	Ceiling Height
		% Ceramic Tile		Upper Floor(s) Ceiling Height (Townhome Only)
		% Other	*Describe:*	

DO NOT distinguish the HC or AV Units from other Units that are the same size/floor plan.

																Total # of Residential Buildings	
				Building Type	A												
				Number of Stories	3												
Unit Type				**Number of Buildings**	1											1	
Unit Label	**# of Bed-rooms**	**# of Baths**	**Sq. Ft. Per Unit**		**Number of Units Per Building**											**Total # of Units**	**Total Sq. Ft for Unit Type**
1-BR	1	1	659		9											9	5,931
1-BR	1	1	714		3											3	2,142
2-BR	2	2	861		37											37	31,857
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				Totals	49	-	-	-	-	-	-	-	-	-	49	39,930	

Net Rentable Square Footage from Rent Schedule: 39,930

Common Area Square Footage (MUST be consistent with Architectural Drawings. Include description of common area spaces in the box below for purposes of comparison at Cost Certification): 8,170

Common area includes all areas, conditioned and unconditioned, which includes 6,691 SF in breeseways, and 1,479 SF in common areas available to tenants, but excludes the utility closets restricted to employees of 304 SF.

Note: 10 TAC §11.9(e)(2) allows 75 square feet of Common Area per unit to be added to NRA for scoring only if the Development is Supportive Housing and only if at least 50 square feet of each 75 square feet of the Common Area added is conditioned space.

The additional square footage allowed for Supportive Housing per 11.9(e)(2) is: -

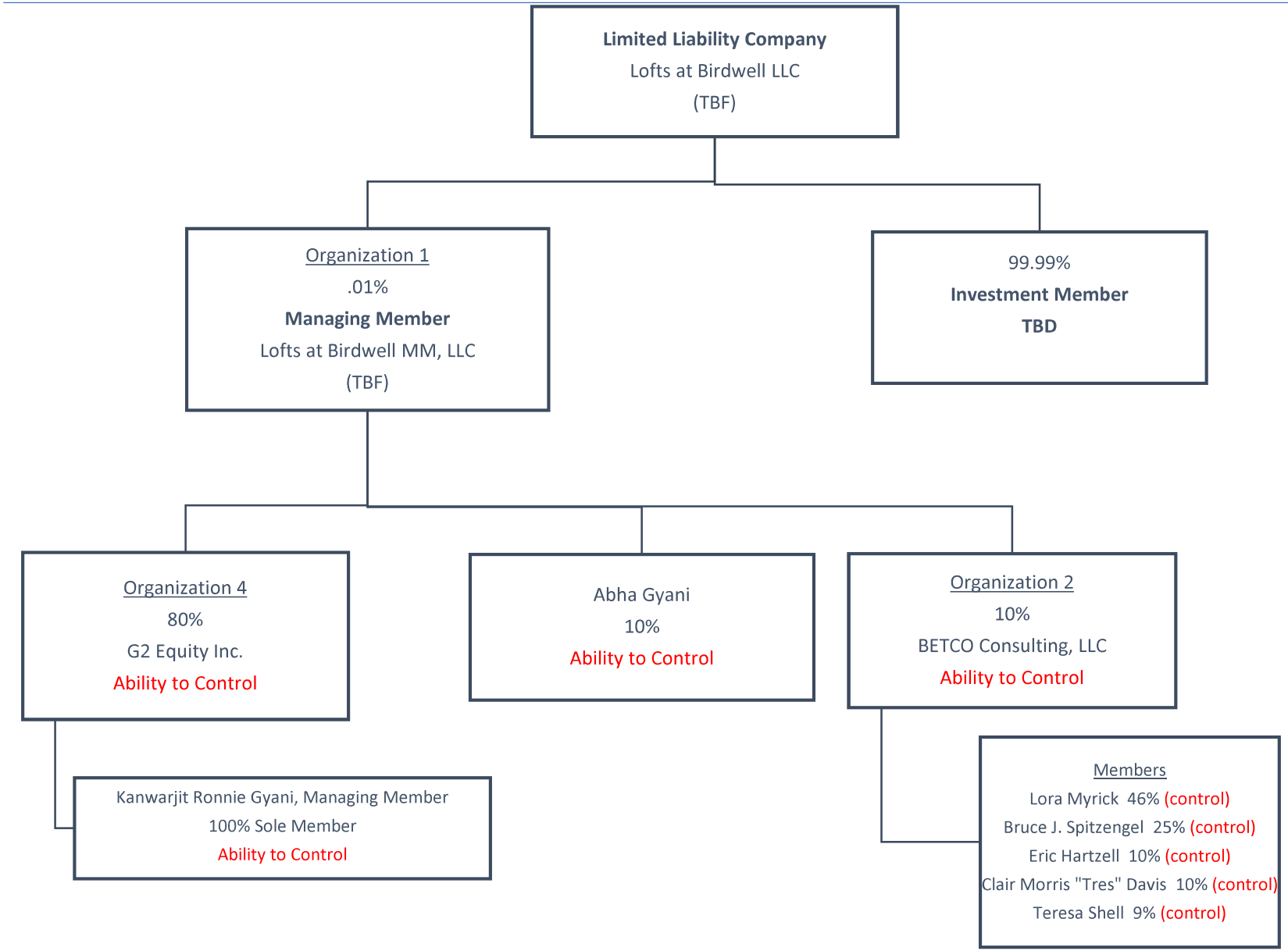
Use this number to calculate points for **Supportive Housing** under 11.9(e)(2) only if the conditions are met for the number above : 39,930

If a revised form is submitted, date of submission:

Pre-Transfer

Organizational Chart
Lofts at Birdwell

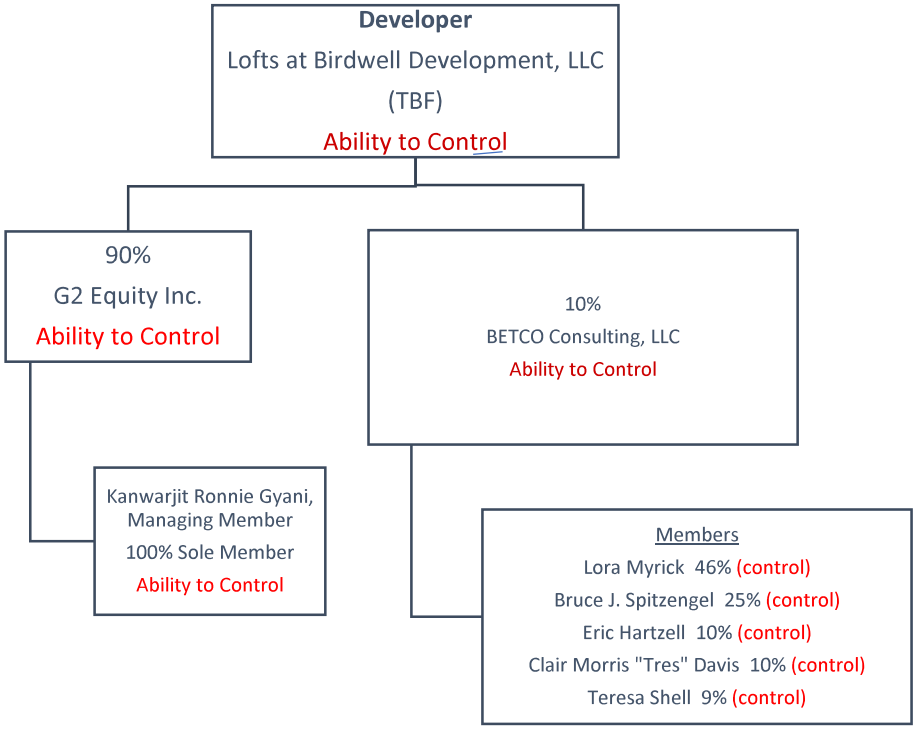
Owner Chart



Pre-Transfer

Organizational Chart
Lofts at Birdwell

Developer Chart



Organizational Chart
Lofts at Birdwell

Pre-Transfer

Guarantors Chart

Guarantors

Kanwarjit Ronnie Gyani

Ability to Control

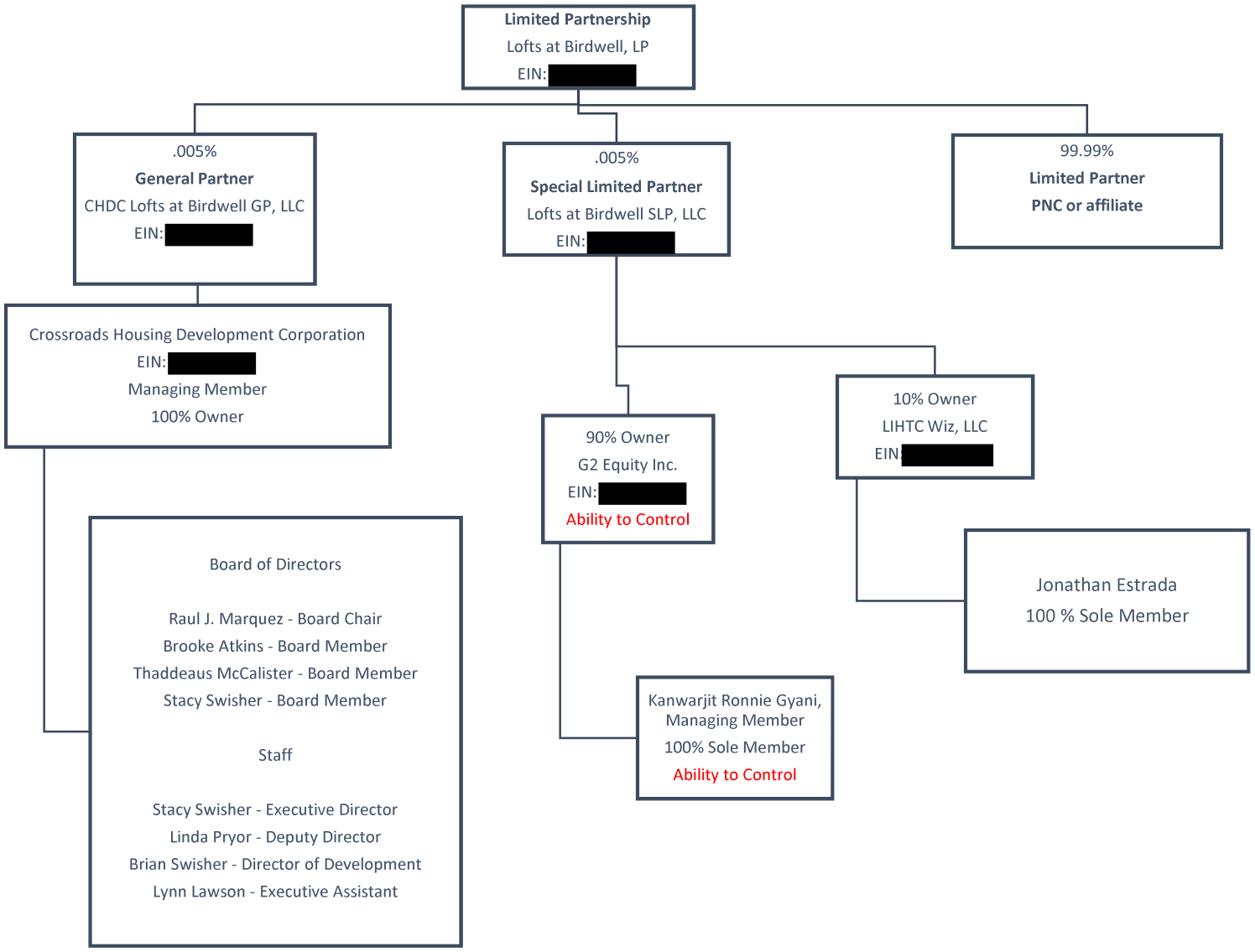
Abha Gyani

Ability to Control

Post Transfer

Organizational Chart
Lofts at Birdwell

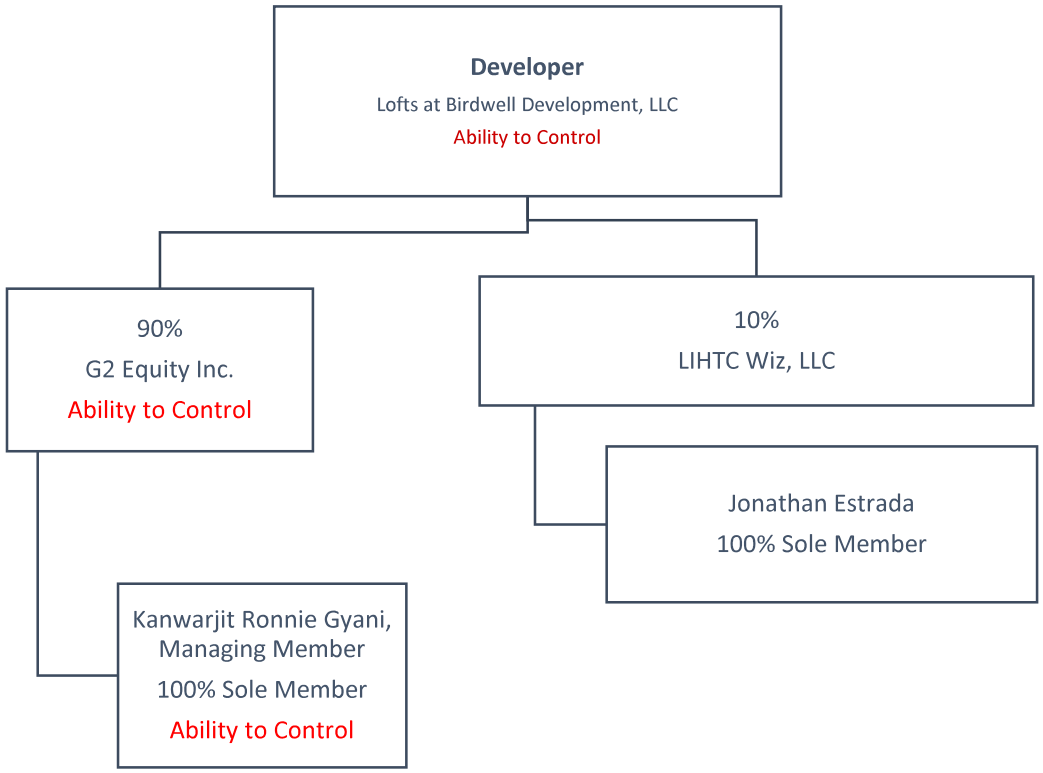
Owner Chart



Post Transfer

Organizational Chart
Lofts at Birdwell

Developer Chart



Organizational Chart
Lofts at Birdwell

Post Transfer

Guarantors Chart

Guarantors

Kanwarjit Ronnie Gyani
Ability to Control

Paul D. Stell

File #: 1486 **Agenda Date:** 6/4/2026 **Agenda #:** 8.

Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for The Henderson at Reinli (HTC #21429)

RECOMMENDED ACTION

WHEREAS, The Henderson at Reinli (the Development) received a 4% Housing Tax Credit (HTC) award in 2021 for the new construction of 306 units for the general population in Austin, Travis County;

WHEREAS, construction of the Development has been completed, and due to increased development costs, LDG The Henderson on Reinli, LP (the Development Owner or Owner) requests, at cost certification, to increase the annual HTC amount from $3,601,141, the amount reflected in the Determination Notice, to $4,331,400, a difference of $730,259, which represents a 20.28% increase;

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

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

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

NOW, therefore, it is hereby

RESOLVED, that the increase to the housing tax credit amount for The Henderson at Reinli requested by the Development Owner is approved as presented to this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

The Henderson at Reinli received a 4% HTC award in 2021 for the construction of 306 units for the general population in Austin, Travis County. On June 1, 2021, a Determination Notice was issued with an approved annual tax credit amount of $3,601,141. The residential buildings in

the Development placed in service between July 15, 2025, and October 20, 2025, and the cost certification documentation for the Development is currently under review by the Department.

During the review of the cost certification, Jason Trevino, the representative for the Development Owner, requested an annual tax credit award of $4,331,400, and this tax credit amount represents an increase of $730,259 (20.28%) from the amount reflected in the Determination Notice. The representative for the Development Owner explained that the Development incurred increased costs during construction. A comparison of the development costs from the time of the Application, in 2020, to Cost Certification indicates that total development costs increased approximately $12,630,355 (15.74%), from $80,249,450 to $92,879,805.

The Owner representative indicated that since the time of the initial Application there were increases in construction costs, construction delays, increases in financing costs, and increases in developer fees. Specifically, for construction costs, the Owner representative indicated that direct construction costs were underestimated at the time of Application, as they did not have actual construction bids at that time. Previously unknown site conditions caused additional grading, earthwork, and underground utilities. Additionally, there were several change orders and material price escalations, such as for lumber, which also increased the direct construction costs. Subcontractor price increases were added for flooring, steel, paving, site concrete, and drywall. Also, an upgrade in countertops from laminate to granite also added to the additional costs.

Construction delays resulted in increases in General Conditions and Overhead costs due to a lengthened schedule. Delays were encountered due to miscommunication on connectivity parts with Austin Energy, required redesign of water line plans by the civil engineer, and unexpected delays obtaining Demolition and Traffic Control Permits from the City of Austin. The construction delays resulted in increased financing costs, such as construction interest and financing fees. The developer fees, which is allowed to be up 15% of the project's eligible costs, also increased as a result of the total cost increases.

Staff's analysis of this transaction at cost certification has concluded that the Development supports an annual tax credit allocation of $4,331,400, and that the requested increase is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. This results in a 20.28% increase from $3,601,141, the original annual HTC amount in the Determination Notice.

In accordance with 10 TAC §10.401(d), Board approval is required because the requested tax credit amount exceeds 120% of the HTC amount reflected in the Determination Notice. The Development Owner will be required to submit the Tax-Exempt Bond Credit Increase Request Fee required in 10 TAC §11.901(8) prior to issuance of Forms 8609. Additionally, all required pending documentation for the cost certification review must be provided for the issuance of 8609s.

Staff recommends approval of the increase to the tax credit amount as presented herein.

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UNIT MIX/RENT SCHEDULE

The Henderson on Reinli, Austin, # 21429

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

UNIT DISTRIBUTION					
# Beds	# Units	% Total		Income	# Units
Eff				20%	0
1	155	50.7%		30%	0
2	151	49.3%		40%	0
3				50%	144
4				60%	74
TOTAL	306	100.0%		70%	88
				80%	0
				MR	0
				TOTAL	306
				Average Income:	58.17%

Applicable Programs
4% Housing Tax Credits

PRO FORMA ASSUMPTIONS	
REVENUE GROWTH:	2.00%
EXPENSE GROWTH:	3.00%
HIGH COST ADJUSTMENT:	130%
APPLICABLE FRACTION:	100.00%
APP % - ACQUISITION:	
APP % - CONSTRUCTION:	4.00%
AVERAGE SF	714

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		Unit Mix				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS					TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Pd UA's (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit		Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	Market Rent	Rent per NRA	TDHCA Savings to Market
TC60%	$1,506	2	1	1	614	$1,506	$107	$1,399	($184)	$1.98	$1,215		$2,430	$2,086	$1,043	$1.70	($356)	$1,043	1.70	$0
TC50%	$1,255	10	1	1	614	$1,255	$107	$1,148	$0	$1.87	$1,148		$11,480	$10,899	$1,090	$1.78	($58)	$1,090	1.78	$0
TC50%	$1,255	10	1	1	607	$1,255	$107	$1,148	$0	$1.89	$1,148		$11,480	$10,899	$1,090	$1.80	($58)	$1,090	1.80	$0
TC60%	$1,506	4	1	1	607	$1,506	$107	$1,399	($184)	$2.00	$1,215		$4,860	$4,173	$1,043	$1.72	($356)	$1,043	1.72	$0
TC70%	$1,757	2	1	1	607	$1,757	$107	$1,650	($351)	$2.14	$1,299		$2,598	$2,179	$1,089	$1.79	($561)	$1,089	1.79	$0
TC50%	$1,255	34	1	1	610	$1,255	$107	$1,148	$0	$1.88	$1,148		$39,032	$37,057	$1,090	$1.79	($58)	$1,090	1.79	$0
TC60%	$1,506	10	1	1	610	$1,506	$107	$1,399	($184)	$1.99	$1,215		$12,150	$10,432	$1,043	$1.71	($356)	$1,043	1.71	$0
TC70%	$1,757	2	1	1	610	$1,757	$107	$1,650	($351)	$2.13	$1,299		$2,598	$2,179	$1,089	$1.79	($561)	$1,089	1.79	$0
TC50%	$1,255	44	1	1	615	$1,255	$107	$1,148	$0	$1.87	$1,148		$50,512	$47,956	$1,090	$1.77	($58)	$1,090	1.77	$0
TC60%	$1,506	14	1	1	615	$1,506	$107	$1,399	($184)	$1.98	$1,215		$17,010	$14,604	$1,043	$1.70	($356)	$1,043	1.70	$0
TC70%	$1,757	8	1	1	615	$1,757	$107	$1,650	($351)	$2.11	$1,299		$10,392	$8,716	$1,089	$1.77	($561)	$1,089	1.77	$0
TC50%	$1,255	6	1	1	619	$1,255	$107	$1,148	$0	$1.85	$1,148		$6,888	$6,540	$1,090	$1.76	($58)	$1,090	1.76	$0
TC60%	$1,506	1	1	1	619	$1,506	$107	$1,399	($184)	$1.96	$1,215		$1,215	$1,043	$1,043	$1.69	($356)	$1,043	1.69	$0
TC70%	$1,757	1	1	1	619	$1,757	$107	$1,650	($351)	$2.10	$1,299		$1,299	$1,089	$1,089	$1.76	($561)	$1,089	1.76	$0
TC50%	$1,255	3	1	1	620	$1,255	$107	$1,148	$0	$1.85	$1,148		$3,444	$3,270	$1,090	$1.76	($58)	$1,090	1.76	$0
TC60%	$1,506	3	1	1	620	$1,506	$107	$1,399	($184)	$1.96	$1,215		$3,645	$3,129	$1,043	$1.68	($356)	$1,043	1.68	$0
TC60%	$1,506	1	1	1	624	$1,506	$107	$1,399	($184)	$1.95	$1,215		$1,215	$1,043	$1,043	$1.67	($356)	$1,043	1.67	$0
TC50%	$1,506	1	2	2	792	$1,506	$123	$1,383	$0	$1.75	$1,383		$1,383	$1,272	$1,272	$1.61	($111)	$1,272	1.61	$0
TC60%	$1,807	1	2	2	792	$1,807	$123	$1,684	($85)	$2.02	$1,599		$1,599	$1,406	$1,406	$1.78	($278)	$1,406	1.78	$0
TC70%	$2,108	1	2	2	792	$2,108	$123	$1,985	($335)	$2.08	$1,650		$1,650	$1,583	$1,583	$2.00	($402)	$1,583	2.00	$0
TC50%	$1,506	6	2	2	799	$1,506	$123	$1,383	$0	$1.73	$1,383		$8,298	$7,630	$1,272	$1.59	($111)	$1,272	1.59	$0
TC70%	$2,108	2	2	2	799	$2,108	$123	$1,985	($335)	$2.07	$1,650		$3,300	$3,167	$1,583	$1.98	($402)	$1,583	1.98	$0
TC50%	$1,506	6	2	2	800	$1,506	$123	$1,383	$0	$1.73	$1,383		$8,298	$7,630	$1,272	$1.59	($111)	$1,272	1.59	$0
TC60%	$1,807	1	2	2	800	$1,807	$123	$1,684	($85)	$2.00	$1,599		$1,599	$1,406	$1,406	$1.76	($278)	$1,406	1.76	$0
TC70%	$2,108	5	2	2	800	$2,108	$123	$1,985	($335)	$2.06	$1,650		$8,250	$7,917	$1,583	$1.98	($402)	$1,583	1.98	$0
TC50%	$1,506	1	2	2	804	$1,506	$123	$1,383	$0	$1.72	$1,383		$1,383	$1,272	$1,272	$1.58	($111)	$1,272	1.58	$0
TC60%	$1,807	2	2	2	804	$1,807	$123	$1,684	($85)	$1.99	$1,599		$3,198	$2,813	$1,406	$1.75	($278)	$1,406	1.75	$0
TC70%	$2,108	1	2	2	804	$2,108	$123	$1,985	($335)	$2.05	$1,650		$1,650	$1,583	$1,583	$1.97	($402)	$1,583	1.97	$0
TC50%	$1,506	16	2	2	813	$1,506	$123	$1,383	$0	$1.70	$1,383		$22,128	$20,345	$1,272	$1.56	($111)	$1,272	1.56	$0
TC60%	$1,807	16	2	2	813	$1,807	$123	$1,684	($85)	$1.97	$1,599		$25,584	$22,501	$1,406	$1.73	($278)	$1,406	1.73	$0
TC70%	$2,108	38	2	2	813	$2,108	$123	$1,985	($335)	$2.03	$1,650		$62,700	$60,168	$1,583	$1.95	($402)	$1,583	1.95	$0
TC50%	$1,506	7	2	2	817	$1,506	$123	$1,383	$0	$1.69	$1,383		$9,681	$8,901	$1,272	$1.56	($111)	$1,272	1.56	$0
TC60%	$1,807	4	2	2	817	$1,807	$123	$1,684	($85)	$1.96	$1,599		$6,396	$5,625	$1,406	$1.72	($278)	$1,406	1.72	$0
TC70%	$2,108	11	2	2	817	$2,108	$123	$1,985	($335)	$2.02	$1,650		$18,150	$17,417	$1,583	$1.94	($402)	$1,583	1.94	$0
TC60%	$1,807	5	2	2	839	$1,807	$123	$1,684	($85)	$1.91	$1,599		$7,995	$7,032	$1,406	$1.68	($278)	$1,406	1.68	$0
TC60%	$1,807	10	2	2	839	$1,807	$123	$1,684	($85)	$1.91	$1,599		$15,990	$14,063	$1,406	$1.68	($278)	$1,406	1.68	$0
TC70%	$2,108	17	2	2	839	$2,108	$123	$1,985	($335)	$1.97	$1,650		$28,050	$26,917	$1,583	$1.89	($402)	$1,583	1.89	$0
TOTALS / AVERAGE		306			218,342				($129)	$1.92	$1,371		$419,530	$387,942	$1,268	$1.78	($232)	$1,268	$1.78	$0
ANNUAL POTENTIAL GROSS RENT:													$5,034,360	$4,655,309						

PRO FORMA ANALYSIS & DEVELOPMENT COSTS

				TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	$ DIFF			
POTENTIAL GROSS RENT				$4,655,309	$4,215,852	8%	$4,215,852	$5,034,360	$379,051			
Secondary Income		Per Unit/Month	$20.00	$73,440	$73,440	0%	$73,440	$73,440	$0	$20.00	Per Unit Per Month	
Other Income:	storages spaces					#DIV/0!	$0	$18,000	$18,000	$4.90	Per Unit Per Month	
Other Income:	Late, Pet & application Fees					#DIV/0!	$0	$0	$0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$4,728,749	$4,289,292	8%	$4,289,292	$5,125,800	$397,051			
Vacancy & Collection Loss		% of PGI	-7.5%	($354,656)	(321,697)	8%	(321,697)	(384,435)	($29,779)	-7.5%	% of PGI	
EO/Non-Rental Units/Concessions				$0	-	#DIV/0!	-	-	$0			
EFFECTIVE GROSS INCOME				$4,374,093	$3,967,595	8.40%	$3,967,595	$4,741,365	$367,272			

EXPENSES		% of EGI	Per Unit	Per SF						Per SF	Per Unit	% of EGI
General & Administrative		3.17%	$453	$0.64	$138,702	$130,950	16%	$130,950	$160,950	$22,248	$0.74	$526	3.39%
Management		3.50%	$500	$0.70	$153,093	$119,028	8%	$119,028	$165,948	$12,855	$0.76	$542	3.50%
Payroll & Payroll Tax		10.89%	$1,557	$2.18	$476,361	$413,100	21%	$413,100	$575,000	$98,639	$2.63	$1,879	12.13%
Repairs & Maintenance		5.36%	$767	$1.07	$234,559	$198,000	-10%	$198,000	$210,500	($24,059)	$0.96	$688	4.44%
Electric/Gas		1.90%	$271	$0.38	$83,004	$106,000	33%	$106,000	$110,500	$27,496	$0.51	$361	2.33%
Water, Sewer, & Trash		4.86%	$694	$0.97	$212,453	$169,400	-43%	$169,400	$121,781	($90,672)	$0.56	$398	2.57%
Property Insurance		2.82%	$403	$0.56	$123,200	$91,800	0%	$91,800	$123,200	$0	$0.56	$403	2.60%
Property Tax	0%	0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%
Reserve for Replacements		1.75%	$250	$0.35	$76,500	$76,500	0%	$76,500	$76,500	$0	$0.35	$250	1.61%
Cable TV		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%
Supportive service contract fees		0.28%	$40	$0.06	$12,240	$12,240	145%	$12,240	$29,980	$17,740	$0.14	$98	0.63%
TDHCA Compliance fees		0.28%	$40	$0.06	$12,240	$12,240	0%	$12,240	$12,240	$0	$0.06	$40	0.26%
Bond Trustee Fees		0.10%	$15	$0.02	$4,500	$4,500	0%	$4,500	$4,500	$0	$0.02	$15	0.09%
Security		0.00%	$0	$0.00	$0	$21,420	#DIV/0!	$21,420	$45,000	$45,000	$0.21	$147	0.95%
Other - Issuer Admin & Compliance Fee		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$12,240	$12,240	$0.06	$40	0.26%
TOTAL EXPENSES		34.91%	$4,990	$6.99	$1,526,852	$1,355,178	8%	$1,355,178	$1,648,339	$121,487	$7.55	$5,387	34.77%
NET OPERATING INCOME		65.09%	$9,305	$13.04	$2,847,240	$2,612,417	9%	$2,612,417	$3,093,026	$245,786	$14.17	$10,108	65.23%

DEBT												
First Lien: Bond issuer AUSTIN AFFORDABLE PFC, INC, Bond Holder: Red Stone/Ready Capital					$2,240,105	$2,227,779	0%	$2,227,759	$2,240,105	$0		
Other: Rickhaus Note -soft loan					$151,859		-100%	$0	$0	($151,859)		
Other:							#VALUE!	$0		#VALUE!		
TOTAL DEBT SERVICE					$2,391,963	$2,227,779	-6%	$2,227,759	$2,240,105	($151,859)		
NET CASH FLOW					$455,277	$384,638	87%	$384,658	$852,922	$397,645		
AGGREGATE DEBT COVERAGE RATIO					1.19	1.17		1.17	1.38			
RECOMMENDED DEBT COVERAGE RATIO					1.19							

CONSTRUCTION COST		% of TOTAL	Per Unit	Per SF	TDHCA CC	TDHCA -Prior		APP - Orig	Owner CC		Per SF	Per Unit	% of TOTAL
Land Acquisition		5.83%	$17,702	$24.81	$5,416,960	$5,256,960	0%	$5,256,960	$5,416,960	$0	$25	$17,702	5.83%
Building Acquisition		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0	$0	0.00%
Closing costs & acq. legal fees		0.11%	$327	$0.46	$100,000	$0	0%	$0	$100,000	$0	$0	$327	0.11%
Off-Sites		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0	$0	0.00%
Sitework		4.12%	$12,510	$17.53	$3,828,068	$4,590,000	0%	$4,590,000	$3,828,068	($0)	$18	$12,510	4.12%
Site Amenities						$425,000		$425,000					
Other Construction Cost						$1,000,000	#DIV/0!	$1,000,000		$0			
Building Costs		48.52%	$147,284	$206.41	$45,068,773	$36,457,000	0%	$36,457,000	$45,068,773	$0	$206	$147,284	48.52%
Contingency						$2,546,679	#DIV/0!	$2,546,679		$0			
Contractor's Fees		7.37%	$22,371	$31.35	$6,845,558	$5,886,580	0%	$5,886,580	$6,845,562	$4	$31	$22,371	7.37%
Indirect Construction		6.22%	$18,890	$26.47	$5,780,344	$4,593,309	0%	$4,593,309	$5,780,344	$0	$26	$18,890	6.22%
Developer's Fees	13.45%	10.64%	$32,281	$45.24	$9,877,841	$9,042,561	0%	$9,042,561	$9,877,841	$0	$45	$32,281	10.64%
Financing		15.19%	$46,117	$64.63	$14,111,912	$9,137,495	0%	$9,137,495	$14,111,912	$0	$65	$46,117	15.19%
Reserves		1.99%	$6,047	$8.47	$1,850,345	$1,313,866	0%	$1,313,866	$1,850,345	$0	$8	$6,047	1.99%
TOTAL COST		100%	$303,529	$425	$92,879,801	$80,249,450	0%	$80,249,450	$92,879,805	$4	$425	$303,529	100%
Construction Cost Recap		**52.65%**	**$159,794**	**$223.95**	**$48,896,841**				**$48,896,841**		**$223.95**	**$159,794**	**52.65%**

SOURCES OF FUNDS									% TDC	RECOMMENDED		
First Lien: Bond issuer AUSTIN AFFORDABLE PFC, INC, Bond Holder: Red Stone/Ready Capital	48%	$147,059	$206	$45,000,000	$44,420,000	-1%	$44,420,000	$45,000,000	48%	$45,000,000	Developer Fee Available	
Other: Rickhaus Note -soft loan	2%	$7,516	$11	$2,300,000	$0	#DIV/0!	$0	$2,300,000	2%	2,300,000	$9,877,841	
HTC Equity: PNC Bank, National Association	40%	$120,305	$169	$36,813,221	$31,683,701	-16%	$31,683,701	$36,816,903	40%	36,813,221		
Timing Adjuster - PNC Bank, National Association	0%	$0	$0	$0		#DIV/0!		($5,134,061)	0%	0		
SLP Equity: Columbia Housing SLP 100%Corporation	0%	$0	$0	$10	$0	#DIV/0!	$0	$10	0%	10		
GP Equity: LDG THE HENDERSON ON REINLI GP, LLC	0%	$0	$0	$100	$0	#DIV/0!	$0	$100	0%	100		
SLP Equity: LDG The Henderson on Reinli SLP, LLC	0%	$0	$0	$100	$0	#DIV/0!	$0	$100	0%	100	% of Dev. Fee Deferred	
Deferred Developer Fee: LDG Multifamily LLC	9%	$28,648	$40	$8,766,370	$4,145,749	-138%	$4,145,749	$9,877,841	9%	8,766,370	89%	
GP advances: LDG Multifamily LLC	0%	$0	$0	$0		#DIV/0!		$4,018,912	0%			
Additional (Excess) Funds Req'd	0%	$0	$0	$0	$0	#DIV/0!	$0	$0	0%	0	15-Yr Cumulative Cash Flow	
TOTAL SOURCES				$92,879,801	$80,249,450	-16%	$80,249,450	$92,879,805	100%	$92,879,801	$11,565,626	

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

The Henderson on Reinli, Austin, # 21429

PROPOSED PAYMENT COMPUTATION

First Lien: Bond issuer AUSTIN AFFORDABLE PFC, INC, Bond Holder: Red Stone/Ready Capital	$45,000,000	Amort	480
Int Rate	3.95%	DCR	1.27
Other: Rickhaus Note -soft loan	$2,300,000	Amort	480
Int Rate	6.00%	DCR	1.19
Other:	$0	Amort	0
Int Rate	0.00%	DCR	1.19

RECOMMENDED FINANCING STRUCTURE: TDHCA NOI

First Lien: Bond issuer AUSTIN AFFORDABLE PFC, INC, Bond Holder: Red Stone/Ready Capital	$2,240,105
Other: Rickhaus Note -soft loan	151,859
Other:	0
TOTAL DEBT SERVICE	**$2,391,963**

First Lien: Bond issuer AUSTIN AFFORDABLE PFC, INC, Bond Hold	$45,000,000	Amort	480
Int Rate	3.95%	DCR	1.27
Other: Rickhaus Note -soft loan	$2,300,000	Amort	480
Int Rate	6.00%	Aggregate DCI	1.19
Other:	$0	Amort	0
Int Rate	0.00%	Aggregate DCI	1.19

LONG TERM OPERATING PRO FORMA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
EFFECTIVE GROSS INCOME	$4,374,093	$4,461,575	$4,550,806	$4,641,822	$4,734,659	$5,227,446	$5,771,522	$6,372,227	$7,035,454	$7,767,709	$8,576,179	$9,468,794
LESS: TOTAL EXPENSES	1,526,852	1,571,127	1,616,699	1,663,607	$1,711,891	1,975,404	$2,279,937	2,631,923	3,038,810	3,509,223	4,053,146	4,682,140
NET OPERATING INCOME	**$2,847,240**	**$2,890,448**	**$2,934,107**	**$2,978,215**	**$3,022,768**	**$3,252,041**	**$3,491,585**	**$3,740,305**	**$3,996,644**	**$4,258,486**	**$4,523,033**	**$4,786,655**
LESS: DEBT SERVICE	2,391,963	2,391,963	2,391,963	2,391,963	2,391,963	2,391,963	2,391,963	2,391,963	2,391,963	2,391,963	2,391,963	2,391,963
NET CASH FLOW	**$455,277**	**$498,484**	**$542,143**	**$586,251**	**$630,804**	**$860,078**	**$1,099,622**	**$1,348,341**	**$1,604,680**	**$1,866,523**	**$2,131,070**	**$2,394,691**
CUMULATIVE NET CASH FLOW	$455,277	$953,761	$1,495,905	$2,082,156	$2,712,960	$6,550,525	$11,565,626	$17,806,497	$25,314,549	$34,121,782	$44,247,614	$55,695,042
DEFERRED DEVELOPER FEE BALANCE	$8,311,093	$7,812,608	$7,270,465	$6,684,213	$6,053,409	$2,215,845	$0	$0	$0	$0	$0	$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.19	1.21	1.23	1.25	1.26	1.36	1.46	1.56	1.67	1.78	1.89	2.00
EXPENSE/EGI RATIO	34.91%	35.21%	35.53%	35.84%	36.16%	37.79%	39.50%	41.30%	43.19%	45.18%	47.26%	49.45%

HTC ALLOCATION ANALYSIS - The Henderson on Reinli, Austin, # 21429

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$5,416,960	$5,416,960		
Purchase of buildings	$0	$0		
Closing costs & Acq. Legal Fees	$100,000	$100,000		
Off-Site Improvements	$0	$0		
Sitework	$3,828,068	$3,828,068	$3,828,068	$3,828,068
Building Costs	$45,068,773	$45,068,773	$44,922,627	$44,922,627
Contingency	$0	$0		
Contractor's Fees	$6,845,562	$6,845,558	$6,825,097	$6,825,097
Indirect Construction	$5,780,344	$5,780,344	$5,712,368	$5,712,368
Interim Financing	$14,111,912	$14,111,912	$12,130,162	$12,130,162
Developer Fees				
Developer Fees	$9,877,841	$9,877,841	$9,877,841	$9,877,841
Development Reserves	$1,850,345	$1,850,345		
TOTAL DEVELOPMENT COSTS	$92,879,805	$92,879,801	$83,296,163	$83,296,163

TOTAL ELIGIBLE BASIS			$83,296,163	$83,296,163
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			$108,285,012	$108,285,012
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			$108,285,012	$108,285,012
Applicable Percentage			4.00%	4.00%
TOTAL AMOUNT OF TAX CREDITS			$4,331,400	$4,331,400

Syndication Rate	**0.8499**	**$36,813,225**	**$36,813,225**
Total Tax Credits (Eligible Basis Method)		**$4,331,400**	**$4,331,400**
Syndication Proceeds		**$36,813,225**	**$36,813,225**
Requested Tax Credits		**$4,331,400**	
Syndication Proceeds		**$36,813,221**	
Gap of Syndication Proceeds Needed		**$45,579,591**	
Total Tax Credits (Gap Method)		**$5,362,841**	
Recommended Tax Credits		**4,331,400**	
Syndication Proceeds		**$36,813,221**	

April 24, 2026

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

Re: The Henderson on Reinli #21429 – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 6/1/2021 for the above referenced application reflected an Annual Tax Credit Amount of $3,601,141. The final Eligible Basis of $83,296,163 (adjusted $108,285,012) now calculates an Annual Tax Credit amount of $4,331,400 which is approximately 20.28% higher. These figures are supported by an Independent Auditor's Report which has been included in the Cost Certification Package. Per TDHCA rules any increase over 20% from the initial Tax Credit amount must be approved by the board. Therefore, LDG is formally requesting the additional credits due to unavoidable obstacles and increased costs during the construction of this development.

Below are some of the main reasons for the cost increases since the time of the initial application:

Construction Costs:

- Direct construction costs were underestimated at the time of application as we did not have actual construction bids at that time. Therefore, Building Costs and Site Work Costs had significant variances from the time of initial application. Additionally, there were several change orders and material price escalations which also increased the direct construction costs. These change orders are included within the Cost Cert package.
- Lumber/Trim had a significant price escalation during this timeframe.
- Site Prep: previously unknown site conditions caused additional grading, earthwork, and underground utilities.
- Subcontractor price increases for flooring and steel added to increases in overall construction costs.
- Subcontractor price increases for paving, site concrete, and drywall added to increases in overall construction costs.
- A decision to upgrade countertops from laminate to granite was made by the partnership post-closing.
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

Construction Delays:

- Miscommunication with Austin Energy. Connectivity parts that were typically covered by Austin Energy's scope of work were not installed and were made the responsibility of our contractors. (+2 months)
- The waterline plans required redesign by the Civil engineer post-closing. (+2 months delay)
- The City of Austin unexpectedly delayed the Demolition Permit and the Traffic Control Permit. (+2 months delay)

Financing Costs:

- Construction delays caused an increase to financing costs such as construction interest and financing fees.

Developer Fees:

- Developer fees are calculated at 15% of the project's eligible costs and this increase is a direct result of the increases detailed above.

Please let us know if you need any further information to process this request.

Sincerely,

Jason Trevino

Jason Trevino
Owner Representative
LDG Development, LLC
512-578-8488

File #: 1487 **Agenda Date:** 6/4/2026 **Agenda #:** 9.

Presentation, discussion, and possible action regarding a waiver and extension of the 10% Test submission deadline in 10 TAC §10.401(a) and 10 TAC §11.2(a) for Cypress Creek Apartment Homes at Montfort Drive (HTC #22110/23806/24802)

RECOMMENDED ACTION

WHEREAS, Cypress Creek Apartment Homes at Montfort Drive (Development) received a 9% Housing Tax Credit (HTC) award in 2022 for the construction of 168 units, in Dallas, Dallas County, and was approved for reallocations of credits under Force Majeure in 2023 (HTC #23806) and in 2024 (HTC #24802);

WHEREAS, after the approval of the second Force Majeure, the Development was reissued a Carryover Allocation Agreement on June 11, 2024, that specifies that the 10% Test requirements identified in §11.2(a) of the 2024 Qualified Allocation Plan (QAP) and in §10.401 (a) of the Post Award and Asset Management Requirements (AM Rules) must be met by July 1, 2025, or such later date as is specifically granted by the Department pursuant to a written extension;

WHEREAS, pursuant to §42(h)(1)(E)(ii) of the Internal Revenue Code (Code), the Owner's basis in the Development as of the date which is one year after the date that the allocation was made must be more than 10% of the Owner's reasonably expected basis in the Development;

WHEREAS, Cypress Creek Montfort Drive LP (Development Owner or Owner) submitted documentation to the Department on April 28, 2026, confirming that the Owner met the 10% expenditure threshold required by the Code by June 28, 2024, but the Owner did not meet the July 1, 2025, submission deadline requirements specified in the 2024 QAP and AM Rules;

WHEREAS, the Owner now requests approval for a waiver of the 10% Test Documentation Delivery Date specified in the 2024 QAP and AM Rules and to extend the submission deadline from July 1, 2025, to April 28, 2026;

WHEREAS, §11.9(f) of the QAP states that, for failure to meet a 10% Test deadline, staff may recommend that an Applicant or Affiliate should be found ineligible to compete in the following year's competitive Application Round or that they should be assigned a penalty deduction in the following year's competitive Application Round of no more than two points for each submitted Application; 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 requested waiver of the 10% Test submission deadline in 10 TAC §10.401(a) and 10 TAC §11.2(a) and the extension of the deadline from July 1, 2025, to April 28, 2026, for Cypress Creek Apartment Homes at Montfort Drive are approved as presented at this meeting, with no point penalty to Applications submitted by the Owner or their Affiliates in the 2027 competitive Application Round, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Cypress Creek Apartment Homes at Monfort Drive received a 9% HTC award in 2022 and reallocations of credits under Force Majeure in 2023 and in 2024 for the construction of 168 multifamily housing units, out of which 116 are designated as low-income units, for the general population in Dallas, Dallas County. Construction of the Development has been completed, and in a letter dated April 24, 2026, Stuart Shaw, the representative for the Owner, requests a waiver of the 10% Test Documentation Delivery date identified in 10 TAC §11.2(a) of the 2024 Qualified Allocation Plan (QAP) and as specified in 10 TAC §10.401(a) of the Post Award and Asset Management Requirements (AM Rules). Mr. Shaw states that although the federal requirement had been met, the required 10% Test package was not submitted to the Department until April 28, 2026, due to human oversight. Consequently, the Owner did not meet the Department's July 1, 2025, 10% Test Documentation Delivery Date. The letter from Mr. Shaw states that the 10% Test submitted to the Department substantiates the Owner met the 10% Test expenditure requirement and deadline under §42(h)(1)(E)(ii) of the Code.

Staff reviewed the Report of Independent Auditors issued April 23, 2026, that was submitted with the 10% Test package on April 28, 2026. The report confirms the basis incurred by the Owner as of June 28, 2024, was $5,500,000, representing 12.67% of the $43,416,270 total reasonably expected basis for the Development, which meets the Code requirements. The 10% Test package indicates that the site acquisition cost of $5.5MM, which is counted as part of the incurred basis for the 10% Test, was incurred on June 28, 2024. The report from the auditor was issued on June 27, 2025, and in a supplemental Report on Applying Agreed-Upon Procedures dated April 23, 2026, the CPA confirmed that no material changes have occurred to the scope, projected development costs, or financing structure since June 28, 2024, and that costs incurred to date as of March 31, 2026, total $44,451,048. The Development has been placed in service as of April 1, 2026. The non-upload of the 10% Test package was an administrative oversight; no substantive compliance failure occurred.

Mr. Shaw states that the Owner and its Affiliates are experienced operators in affordable housing in Texas and that this is the first time an oversight of this kind has occurred. He further states that the Owner has implemented safeguards for all their projects to avoid a recurrence of this incident. Therefore, as allowed under 10 TAC §11.207, the Owner requests a waiver of the

QAP and AM Rules to allow the 10% Test Documentation Delivery Date submission deadline to be extended from July 1, 2025, to the date the Department received the complete 10% Test package, which is April 28, 2026. Mr. Shaw states that granting this waiver better serves the policies and purposes articulated in Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701. Without the waiver, the Development would be jeopardized. Therefore, by granting the requested waiver, the Owner can continue to develop the project as the Owner represented in the Application.

Staff recommends approval of the waiver of the 10% Test submission deadline in 10 TAC §10.401(a) and 10 TAC §11.2(a) and the request to extend the 10% Test Documentation Delivery Date deadline from July 1, 2025, to April 28, 2026, as presented herein. Additionally, staff recommends assessing no point penalty to Applications submitted by the Owner or their Affiliates in the 2027 competitive Application Round as a result of this extension.

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April 24, 2026

Texas Department of Housing and Community Affairs
Attn: Lucy Weber, Asset Manager, Region 3
221 East 11th Street
Austin, Texas 78701

RE: Cypress Creek Apartment Homes at Montfort Drive
TDHCA #24802 (FKA 23806; FKA 22110) — CMTS #5919
Ten Percent Test Package Submission and Waiver Request

Dear Ms. Weber:

The Carryover Allocation Agreement for TDHCA #24802 was executed on June 11, 2024. The general contractor agreement was executed on June 24, 2024, the Limited Partnership Agreement was executed on June 28, 2024, and the construction loan closed during the same period. Novogradac & Company LLP confirmed in its Report of Independent Auditors (Effective Date June 28, 2024; signed June 27, 2025) that the Owner had incurred $5,500,000, or 12.67% of the project's reasonably expected basis, exceeding the ten percent threshold required under IRC §42(h)(1)(E) approximately eleven months prior to the federal deadline of June 11, 2025.

In a supplemental Report on Applying Agreed-Upon Procedures dated April 23, 2026, Novogradac confirmed that no material changes have occurred to the scope, projected development costs, or financing structure since the Effective Date, and that costs incurred to date as of March 31, 2026 total $44,451,048. Both reports are enclosed with this submission.

The Owner has maintained consistent compliance reporting with TDHCA, submitting all required post-award deliverables on schedule — including quarterly Construction Status Reports beginning October 7, 2024 and continuing through the current reporting period. The 10% Test package was the sole item not uploaded to MF Serv-U by its submission deadline, although the underlying federal requirement was met as of June 28, 2024.

The Owner respectfully requests that the Board waive the July 1, 2025 submission deadline for the 10% Test package. The federal ten percent test under IRC §42(h)(1)(E) was substantively met as of June 28, 2024 — approximately eleven months before the federal deadline of June 11, 2025. As of March 31, 2026, $44,451,048 in costs have been incurred, and Novogradac has confirmed no material changes to the scope, projected costs, or financing structure since the Effective Date. The development has been placed in service as of April 1, 2026. The non-upload was an administrative oversight; no substantive compliance failure occurred.

Enclosed is the 10% Test package, including the Novogradac Report of Independent Auditors and the supplemental Report on Applying Agreed-Upon Procedures. We are available to provide any additional documentation as needed.

Respectfully,

Stuart Shaw
Applicant's Representative for Cypress Creek Montfort Drive LP

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1421 **Agenda Date:** 6/4/2026 **Agenda #:** 10.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 8, Project Rental Assistance Program Rule; an order proposing new retitled 10 TAC Chapter 8, 811 PRA Program Rule; and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, 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 some sections of this chapter were last considered in 2022;

WHEREAS, staff has assessed 10 TAC Chapter 8, Project Rental Assistance 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 Section 811 Project Rental Assistance Program;

WHEREAS, staff has evaluated the rule and the rule is in need of revisions to clarify the chapter title and to reflect updates to the policies of the program; and

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommend potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggested opportunities for improvement; and, as requested by TREO, such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report, at the initiation of the Department, that Chapter 8 could be amended to simplify the regulation and improve efficiency of the rule, and therefore the rule is also being revised in response to that Report;

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment to be received from June 19, 2026, to July 20, 2026, and returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

This rule lays out the parameters for administration of the Section 811 Project Rental Assistance Program (811

PRA Program). As part of the rule's four year rule review, it has been identified by staff as needing revisions. The title of the rule is being changed to more accurately reflect the Program name since it previously did not refer to the 811 Program. Changes being made include removing reference to outdated materials or regulations; removing reference to Historically Underutilized Businesses; updating requirements for Existing Developments primarily to update time periods (for instance, as it relates to the age of a prior award this was updated from 2002 to 2012); removing redundancies; and adding clarifications to improve readability.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026 to May 14, 2026.

The report included a recommendation, initiated by the Department that Chapter 8 be revised to improve efficiency and remove unnecessary language. No feedback on the suggestion was received. Therefore, staff is recommending that the rule also be revised to address the recommendations of the Report.

Upon Board approval, the proposed rule actions will be published in the *Texas Register* and released for public comment from June 19, 2026, to July 20, 2026. Behind the preamble is a copy of the rule in blackline form reflecting the changes being proposed from the current version of the rule.

Attachment 1: Preamble, including required analysis, for the proposed repeal of 10 TAC Chapter 8, Project Rental Assistance Program Rule

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 8, Project Rental Assistance (PRA) Program Rule. The purpose of the proposed 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 proposed for repeal 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 Section 811 PRA 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 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 the existing procedures for the 811 PRA 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 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 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 reflects current policies. 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.

REQUEST FOR PUBLIC COMMENT. The Department requests comments on the repeal. The public comment period will be held June 19, 2026, to July 20, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, July 20, 2026.

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

10 TAC Chapter 8, Project Rental Assistance Program Rule

§8.1. Purpose.

§8.2. Definitions.

§8.3. Participation as a Proposed Development.

§8.4. Qualification Requirements for Existing Developments.

§8.5. Disposition of Conflicts with other Department Rules.

§8.6. Program Regulations and Requirements.

Attachment B: Preamble, including required analysis, for proposed new 10 TAC Chapter 8, 811 PRA Program Rule

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 8, 811 PRA Program Rule. The purpose of the proposed new rule is to make changes that will update the policies of the 811 Project Rental Assistance (PRA) Program. Some of the sections of this chapter had not been updated in four years and this action refreshes the policies to bring them up to date with current practices. Changes being made include removing reference to outdated materials or regulations; removing reference to Historically Underutilized Businesses; updating requirements for Existing Developments primarily to update time periods (for instance, as it relates to the age of a prior award this was updated from 2002 to 2012); removing redundancies; and adding clarifications to improve readability.

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 policies that govern the 811 PRA 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 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 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 811 PRA Program. The beneficiaries of this

program are individual households residing at multifamily properties in major metropolitan areas, 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 rental assistance provided to specific properties housing individual households in specific metropolitan areas. 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 rule is in effect, the public benefit anticipated as a result of the proposed new rule will be a more updated rule reflecting transparent policies. There will be no economic cost to any individuals required to comply with the proposed new rule because the activities described by the rule have 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 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 as this rule relates only to a process that already exists and is not being significantly revised.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held June 19, 2026, to July 20, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, July 20, 2026.

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

CHAPTER 8, 811 PRA ~~PROJECT RENTAL ASSISTANCE~~ PROGRAM RULE

§8.1. Purpose

The purpose of the Section 811 Project Rental Assistance Program (~~"~~Section ~~"~~) is to provide federally funded project-based rental assistance to participating multifamily properties on behalf of extremely low-income persons with disabilities linked with long term services provided through a formalized partnership with~~and~~ other state of Texas agencies that provide health and human services.

§8.2. Definitions

Terms defined in this chapter apply to the 811 PRA Program administered by the Department. Any capitalized terms not specifically mentioned in this section or any section referenced in this document shall have the meaning ascribed to them in or for the purposes of the Program Requirements or in Chapters 1, 2, 10, or 11 of the Texas Administrative Code, as applicable.

(1) Assisted Units--rental units made available to or occupied by an Eligible Tenant in Eligible Multifamily Properties receiving assistance under 42 U.S.C. §8013(b)(3)(A).

(2) Contract Rent--the total amount of rent specified in the Rental Assistance Contract (RAC) as payable to the Owner for the Assisted Unit.

(3) Cooperative Agreement--the Section 811 Project Rental Assistance Program Cooperative Agreement including all exhibits and attachments thereto, by and between the Department as "Grantee" and HUD, entered into as a condition to and in consideration of the Department's participation in the Section 811 Project Rental Assistance Program.

(4) Eligible Applicant--an Extremely Low-Income Person with Disabilities, between the ages of 18 and 61 and who meets the requirements of the Target Population, and Extremely Low Income Families, which includes at least one Person with a Disability, who is between the ages of 18 and 61 and who meets the requirements of the Target Population, at the time of referral~~admission~~. The Person with a Disability must be eligible for community-based, long-term care services as provided through Medicaid waivers, Medicaid state plan options, comparable state funded services or other appropriate services related to the type of disability(ies) targeted under the Inter-Agency Partnership Agreement.

(5) Eligible Families or Eligible Family--shall have the same meaning as Eligible Tenant.

(6) Eligible Multifamily Property or Eligible Multifamily Properties--any new or existing property owned by a private or public nonprofit, or for-profit entity with at least five (5) housing units and as specifically identified in a Participation Agreement.

(7) Eligible Tenant--an Eligible Applicant, also referred to as an Eligible Family, who is being referred to available Assisted Units in accordance with the Inter-Agency Partnership Agreement and for whom community-based, long-term care services are available at the time of referral. Such services are voluntary; referral shall not be based on willingness to accept such services. Eligible Tenant also means an Extremely Low-Income Person with a Disability, between the ages of 18 and 61 at the time of referral, who meets the requirements of the Target Population and Extremely Low-Income Families,

which includes at least one Person with a Disability, who is between the ages of 18 and 61 at the time of admission~~referral~~ and who meets the requirements of the Target Population.

(8) Enterprise Income Verification System (EIV)--a HUD web-based application which provides Owners with employment, unemployment and Social Security benefit information for tenants participating in U.S. Department of Housing and Urban Development assisted housing programs.

(9) Existing Development--for purposes of 811 PRA Program participation, an awarded property within the Department's Multifamily Program ~~Applicant's~~ portfolio that is not actively applying for a multifamily award at the time, and is being considered to serve as the Eligible Multifamily Property for 811 Program purposes as part of an Applicant's or an Affiliate's current multifamily application. ~~For full applications made on or after January 1, 2018, Existing Developments do not include properties for which the only Ownership interest is through the participation of a Historically Underutilized Business, which owns less than 50% of an Existing Development.~~

(10) Extremely Low-Income--a household whose annual income does not exceed ~~thirty percent (~~30%~~)~~ of the median income for the area, as determined by HUD's Extremely-Low Income Limit: families whose incomes do not exceed the higher of ~~T~~the Federal Poverty Level; or 30%~~30 percent~~ of Area Median Income, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than ~~thirty percent (~~30%~~)~~ of the median income for the area if HUD finds that such variations are necessary because of unusually high or low family incomes. HUD's income exclusions, as defined under 24 CFR §5.609 (as amended), apply in determining income eligibility and Eligible Tenant's rent.

(11) HUD--the U. S. Department of Housing and Urban Development.

(12) Inter-Agency Partnership Agreement--the Inter-Agency Partnership Agreement between TDHCA and State Health and Human Services Medicaid Agency(ies) including the Department of Family Protective Services that provides a formal structure for collaboration in implementation of ~~to participate in~~ TDHCA's ~~Section~~ 811 PRA ~~Project Rental Assistance~~ Program to provide~~develop permanent supportive~~ housing for Extremely Low-Income Persons with Disabilities.

(13) Multifamily Rules--Chapters 10, 11, 12, and/or 13 of this Title, as applicable.

(14) Owner--the entity that owns the Eligible Multifamily Property. Additionally, Owner means the entity named as such in the Property Agreement, its successors, and assigns.

~~(15) Owner & Property Management Manual--a set of guidelines designed to be an implementation tool for the Program, which allows the Owner and the Owner's designated property manager to better administer the Program, which also includes adherence to the "Owner Occupancy Requirements" set forth in Section IV of HUD Notice H 2013-24.~~

(15~~6~~) Participation Agreement--(also known as Property Agreement) agreement to be executed by the Owner and the Department reflecting the agreement of participation in the ~~Section~~ 811 PRA~~Project Rental Assistance~~ Program with regards to a given number of assisted housing units on a certain multifamily rental housing property.

(16~~7~~) Person~~s~~ with Disability or Persons with Disabilities--shall have the same meaning as defined under 42 U.S.C. §8013(k)(2) and 24 CFR §891.305.

(17~~8~~) 811 PRA Program--The Department's Section 811 Project Rental Assistance Program under Section 811 of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. §8013(b)(3)(A)), as amended by the Frank Melville Supportive Housing Investment Act of 2010 (Public Law 111-374) designed to provide permanent supportive housing for Extremely Low-Income persons with disabilities receiving long term supports and services in the community.

(18~~9~~) Program Requirements--means but is not limited to: the Participation Agreement; Tex. Gov't Code Ann. Chapter 2306; the applicable state program rules under Title 10, Chapters 1, 2, and 8 of the Texas Administrative Code; ~~the Owner & Property Management Manual~~; the Cooperative Agreement; HUD Notice 2013-24 issued on August 23, 2013; Section 811 of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. §8013(b)(3)(A)), as amended by the Frank Melville Supportive Housing Act of 2010 (Public Law 111-374; Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55); Notice of Funding Availability (NOFA) for Fiscal Year 2012 Section 811 Project Rental Assistance Program published on May 15, 2012; ~~(~~NOFA~~)~~ for Fiscal Year 2013 Section 811 Project Rental Assistance Program published on March 4, 2014; ~~, for~~ NOFA for Fiscal Year 2019 Project Rental Assistance Section 811 Program for Persons with Disabilities published on October 8, 2019; Notice of Funding Opportunity (NOFO) for Fiscal Year 2023 published on October 12, 2023; ~~,~~ and Technical Corrections to any preceding NOFAs or NOFO; ~~;~~ and all laws applicable to the Program.

(19~~20~~) Proposed Development--the Development proposed~~s~~ to be awarded funds or an allocation as part of a Multifamily application.

(20~~1~~) Rental Assistance Contract (RAC)--the HUD contract (form HUD-92235-PRA and form HUD-92237-PRA) by and between the Department and the Owner of the Eligible Multifamily Property which sets forth additional terms, conditions and duties of the Parties with respect to the Eligible Multifamily Property and the Assisted Units.

(21~~2~~) Rental Assistance Payments--the payment made by the Department to Owners as provided in the Rental Assistance Contract. Where the Assisted Units are leased to an Eligible Tenant, the payment is the difference between the Contract Rent and the Tenant Rent. An additional payment is made to the Eligible Tenant when the Utility Allowance is greater than the Total Tenant Payment. A vacancy payment may be made to the Owner when an Assisted Unit is vacant, in accordance with the RAC and other Program Requirements.

(22~~3~~) Target Population--the specific group or groups of Eligible Applicants and Eligible Tenants described in the Department's Inter-Agency Partnership Agreement who are intended to be solely served or to be prioritized under the Department's Program.

(23~~4~~) Tenant Rent--the rent as defined in 24 CFR Part 5.

(24~~5~~) Total Tenant Payment--the payment as defined in 24 CFR Part 5.

(25~~6~~) Use Agreement--an agreement by and between the Department and Owner in the form prescribed by HUD under Exhibit 10 of the Cooperative Agreement (form HUD-92238-PRA) encumbering the Eligible Multifamily Property with restrictions and guidelines under the Program for operating Assisted

Units during a minimum thirty (30) year period, to be recorded in the official public property records in the county where the Eligible Multifamily Property is located.

§8.3. Participation as a Proposed Development

(a) To the extent that Applications under Department's rules or NOFAs allow for and/or require use of a Proposed Development to participate in the 811 PRA Program, the Proposed Development must satisfy the following criteria:

(1) Unless the Development is also proposing to use any federal funding subject to 24 CFR Part 35 or has received federal funding after ~~1978~~September 15, 2023 that meets the current requirements in 24 CFR Part 35, the Development must not be originally constructed before 1978;

(2) The Development ~~Site~~ must be located in one of the following areas: Austin-Round Rock MSA, Brownsville-Harlingen MSA, Corpus Christi MSA; Dallas-Fort Worth-Arlington MSA; El Paso MSA; Houston-The Woodlands-Sugar Land MSA; McAllen-Edinburg-Mission MSA; or San Antonio-New Braunfels MSA; and

(3) No new construction of structures shall be located in the mapped 500-year floodplain or in the 100-year floodplain according to FEMA's Flood Insurance Rate Maps (FIRM). Rehabilitation Developments that have previously received HUD funding or obtained HUD insurance do not have to follow subparagraphs (A) - (C) of this paragraph. Except for sites located in coastal high hazard areas (V Zones) or regulatory floodways, existing structures are eligible in these areas, but must meet the following requirements:

(A) The existing structures must be flood-proofed or must have the lowest habitable floor and utilities elevated above both the 500-year floodplain and the 100-year floodplain.

(B) The project must have an early warning system and evacuation plan that includes evacuation routing to areas outside of the applicable floodplains.

(C) Existing structures in the 100-year floodplain must obtain flood insurance under the National Insurance Program. No activities or projects located within the 100-year floodplain may be assisted in a community that is not participating in or has been suspended from the National Flood Insurance Program.

(b) The following requirements must be satisfied for the Units that participate in the 811 PRA Program. Failure for a Unit to meet these requirements does not make the entire Development ineligible, rather only those Units.

(1) Units in the Development are not eligible for Section 811 assistance if they have an existing or proposed project-based or an operating housing subsidy attached to them or if they have received any form of long-term operating subsidy within six months prior to receiving Section 811 Rental Assistance Payments.

(2) Units with an existing or proposed 62 or up age restriction are not eligible.

(3) Units with an existing or proposed limitation for persons with disabilities are not eligible. A Development having a preference for Persons with Disabilities, or a use restriction for Special Needs Populations, which could include but is not limited to Persons with Disabilities, is not a Unit limitation for purposes of this item.

(4) Units with an existing or proposed occupancy restriction for households at 30% or below are not eligible, unless there are no other Units at the Development.

(c) Developments cannot exceed the integration requirements of the Department and HUD. Properties that are exempt from ~~the Department's Integrated Housing Rule at~~ §1.15 of this title (relating to the Department's Integrated Housing Rule) are not exempt from HUD's Integration Requirement maximum of 25%. The maximum number of units a Development can exclusively set aside or have an occupancy preference for persons with disabilities, including Section 811 PRA units is 25% of the total units in the Eligible Multifamily Property.

(d) Section 811 PRA units must be dispersed throughout the Development.

§8.4. Qualification Requirements for Existing Developments

Eligible Existing Developments must meet all of the requirements in §8.3 of this chapter (relating to Participation as a Proposed Development). In addition, the Existing Development must meet the following requirements:

(1) The Development received an award (tax credit, direct loan, etc.) under a Department administered program in or after ~~2002~~2012, or has been otherwise approved by the Department in writing;

(2) The Development has at least 5 housing units;

(3) For Developments that were placed in service on or before January 1, 2024~~20~~, the most current vacancy report as reflected in CMTS evidences that the Development maintained at least 85% physical occupancy for a period of at least 3 consecutive months;

(4) For Developments that have received a UPCS inspection, the Development received a UPCS score of at least 80 on its most recent Department REAC inspection and all compliance issues associated with that inspection have been resolved; or for Developments whose most recent Department inspection is an NSPIRE inspection, the Development must have received a NSPIRE score of at least 75 and all compliance issues associated with that inspection must have been resolved;

(5) The Development is operating in accordance with the accessibility requirements of Section 504, the Rehabilitation Act of 1973 (29 U.S.C. Section 794), as specified under 24 C.F.R. Part 8, Subpart C, or operating under the 2010 ADA standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" *Federal Register* 79 FR 29671; and

(6) The Development is not Transitional Housing as defined in Chapter 11 of this title.

§8.5. Disposition of Conflicts with Other Department Rules

To the extent that any conflicts arise between this rule and the rules provided in the Multifamily Rules for the 811 Units, the federal requirements for the 811 Units will prevail, after which the requirements of the other Multifamily Rules will take precedence over this chapter.~~Chapter 1, Administration, Chapter 2 Enforcement, Chapter 10, Uniform Multifamily Rules, Chapter 11, Qualified Allocation Plan, and Chapter 13, Multifamily Direct Loan Rule, federal requirements will first prevail, after which the requirements of the other Multifamily Rules will take precedence over this chapter~~.

§8.6. Program Regulations and Requirements

(a) Participation in the 811 PRA Program ~~is encouraged and~~ may be incentivized through the Department's Rules and NOFAs. Once committed to participate in the 811 PRA Program in a submitted~~the~~ Multifamily Application, a Development must not accept a fund source that would prevent it from participating in the 811 PRA Program.

(b) An Existing Development that is already participating in the 811 PRA Program is eligible to have an additional commitment of 811 PRA Units as long as the integrated housing requirements as noted in §8.3(c) of this chapter (relating to Participation as a Proposed Development) are not violated.

(c) The types (e.g., accessible, one bedroom, first floor, etc.) and the specific number of Assisted Units (e.g., units 101, 201, etc.) will be "floating" (flexible) and dependent on the needs of the Department and the availability of the Assisted Units on the Eligible Multifamily Property.

(d) Occupancy Requirements. Owner is required to follow all applicable Program Requirements including but not limited to the following occupancy requirements found in HUD Handbook 4350.3 REV-1 and all applicable HUD Housing Notices as amended or superseded from time to time.~~:~~

~~(1) H 2012-06, Enterprise Income Verification (EIV) System;~~

~~(2) H 2012-26, Extension of Housing Notice 2011-25, Enterprise Income Verification (EIV) & You Brochure-Requirements for Distribution and Use;~~

~~(3) H 2012-22, Further Encouragement for O/As to Adopt Optional Smoke-Free Housing Policies;~~

~~(4) H 2012-11, State Registered Lifetime Sex Offenders in Federally Assisted Housing;~~

~~(5) H 2012-09, Supplemental Information to Application for Assistance Regarding Identification of Family Member, Friend or Other Persons or Organization Supportive of a Tenant for Occupancy in HUD Assisted Housing;~~

~~(6) H 2017-05, Violence Against Women Act (VAWA) Reauthorization Act of 2013, Additional Guidance for Multifamily Owners and Management Agents, as revised by FHEO-2023-01, Notice to Public Regarding FHEO Enforcement Authority and Procedures: Violence Against Women Act 2022 (VAWA);~~

~~(7) H 2022-01, Carbon Monoxide Alarms or Detectors in U.S. Housing and Urban Development (HUD) - Assisted Housing;~~

~~(8) H 2023-10, Implementation Guidance: Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA); and~~

~~(9) H 2013-24, Section 811 Project Rental Assistance (PRA) Occupancy Interim Notice.~~

(e) Use Agreements. The Owner must execute the Use Agreement at the execution of the RAC and comply with the following:

(1) Use Agreement must be properly recorded according to local laws in the official public records on the Eligible Multifamily Property. The Owner shall provide to the Department within 30 days of its receipt of the recorded Use Agreement, a copy of the executed, recorded Use Agreement.

(2) From the date the Property Agreement is entered into, the Owner shall not enter into any future use agreements or other subsidy programs that would diminish the number of Assisted Units that can be placed on the Eligible Multifamily Property.

(3) The Department will enforce the provisions of the Use Agreement and RAC consistent with HUD's internal control and fraud monitoring requirements.

(f) TRACS & EIV, Reporting, Tenant Certifications and Compliance.

(1) TRACS & EIV Systems. The Owner shall have appropriate methods to access the Tenant Rental Assistance Certification System (TRACS) and the EIV System. The Owner shall be responsible for ensuring Program information is entered into these systems. TRACS is the only system by which an Eligible Multifamily Property can request Project Rental Assistance payments.

~~(2) EIV Policies and Procedures. Upon the execution of a RAC, the Owner must submit a copy of the property's EIV Policies and Procedures to the Department for review. If deficiencies are identified, the Owner will be required to correct and resubmit to the Department until all deficiencies have been properly corrected.~~

~~(3) Outside Vendors. The Owner has the right to refuse assistance from outside vendors hired by the Department, but is still required to satisfy the Program Requirements.~~

(~~4~~2) Tenant Certification. The Owner shall transmit Eligible Tenant's certification and recertification data, transmit voucher data, and communicate errors electronically in a form consistent with HUD reporting requirements for HUD Secure Systems.

(~~5~~3) Compliance Reviews. The Department's Compliance Division will conduct a monitoring review in conjunction with the review of any other Department administered housing program layered with the Development. If the Development is layered with Housing Tax Credits and has exceeded the 15-year Federal Compliance Period, monitoring reviews of the Program will still be conducted at least every three years.

(~~6~~4) The Department will review the Property's Tenant Selection Plan and Criteria, as defined by and in accordance with §10.802 of this chapter (relating to Written Policies and Procedures).

(g) Tenant Selection and Screening.

(1) Target Population. The Department will screen Eligible Applicants for compliance with the Department's ~~Program~~ Target Population criteria and do an initial screening for Program Requirements. The Inter-Agency Partnership Agreement describes the specific Target Populations eligible for the Department's Program. The Target Populations may be revised, with HUD approval.

(2) Tenant Eligibility and Selection. The Owner is responsible for the ultimate eligibility determination and selection of an Eligible Tenant and will comply with the following:

(A) The Owner must accept referrals of an Eligible Tenant from the Department and retain copies of all applications received. The Owner is responsible for notifying the prospective Eligible Tenant and the Department in writing regarding any denial of a prospective Eligible Tenant's application to an Eligible Multifamily Property and the reason for said denial. In the notice of denial, the Owner is responsible for notifying the Eligible Tenant of the right to dispute a denial, as outlined in HUD Handbook 4350.3. The results of the dispute must be sent to the Eligible Tenant and the Department in writing.

(B) The Owner is responsible for determining the age of the qualifying member of the Eligible Families. The Eligible Family member must be at least 18 years of age and under the age of 62 at the time of referral.

(C) The Owner is responsible for criminal background screening as required by HUD Handbook 4350.3.

(D) Verification of Income, Assets, and Deductions. The Owner is responsible for determining income of Eligible Families. The Owner shall verify income through the Enterprise Income Verification (EIV) System per HUD Handbook 4350.3 and HUD Notices. The Owner must certify an Eligible Tenant and Eligible Families at least annually and verify their income. Use of the EIV system as third party verification is not acceptable for the Housing Tax Credit or Multifamily Direct Loan Program.

(h) Rental Assistance Contracts.

(1) Applicability. If requested by the Department, the Owner shall enter into a RAC. Not all properties with an Owner Participation Agreement will have a RAC, but when notified by the Department, the Eligible Multifamily Property must enter into a RAC(s) and begin serving referred Eligible Applicants.

(2) Notice. The Department will provide written notice to the Owner if and when it intends to enter into a RAC with the Owner.

(3) Assisted Units. The Department will determine the number of Units (up to the maximum listed in the Property Agreement) to place in the RAC(s) which may be fewer than the number of Units identified in the Property Agreement.

(4) The Department will designate the bedroom composition of the Assisted Units, as required by the RAC. However, based on an actual Eligible Tenant, bedroom composition ~~this~~ may fluctuate. ~~It is~~

~~possible that an Eligible Multifamily Property will have a RAC for fewer units than the number committed in the Participation Agreement.~~

(5) If no additional applicants are referred to the Development, the Department may begin a RAC amendment to reduce the number of Assisted Units. An Owner who has an amended, executed RAC must continue to notify the Department of units that become vacant that are committed under the Agreement.

(6) Amendments. The Owner agrees to amend the RAC(s) upon request of the Department. Some examples of such requests are amendments that may either increase or decrease the total number of Assisted Units or increase or decrease the associated bedroom sizes. ~~; m~~Multiple amendments to the RAC may occur over time. The total number of Assisted Units in the RAC will not exceed the number of Assisted Units committed in the Participation Agreement, unless by request of the Owner.

(7) Contract Term. The Department will specify the effective date of the RAC. During the first year of the RAC and with approval from HUD, the Owner may request to align the anniversary date of the RAC with existing federal or state housing programs layered on the Eligible Multifamily Property.

(8) Rent Increase. Owners must submit a written request to the Department 30 days prior to the anniversary date of the RAC to request an annual increase.

(9) Utility Allowance. The RAC will identify the Department approved Utility Allowance used for the Assisted Units for the Eligible Multifamily Property. The Owner must notify the Department if there are changes to the Utility Allowance calculation methodology being used.

(10) Termination. Although the Department has discretion to terminate a RAC due to good cause, an Owner cannot opt-out of a RAC. ~~The RAC survives a foreclosure, assignment, sale in lieu of foreclosure, or sale of the Eligible Multifamily Property to the extent allowed by law.~~

(11) ~~Foreclosure~~ Transfer of Eligible Multifamily Property. The RAC survives ~~Upon~~ a foreclosure, assignment, sale in lieu of foreclosure, or sale of the Eligible Multifamily Property, to the extent allowed by law. Additionally~~,~~:

(A) The RAC shall be ~~transferred~~ assigned to new owner by contractual agreement or by the new owner's consent to comply with the RAC, ~~as~~ or both as applicable;

(B) Rental Assistance Payments will continue uninterrupted in accordance with the terms of the RAC; and

(C) Voluntary and involuntary transfers or conveyances of property must adhere to the ownership transfer process in §10.406 of this title (relating to Ownership Transfers (§2306.6713)).

(i) Advertising and Affirmative Marketing.

~~(1) Advertising Materials. Upon the execution of the Property Agreement, the Owner must provide materials for the purpose of advertising the Eligible Multifamily Property, including but not limited to:~~

~~(A) Depictions of the units including floor plans;~~

~~(B) Brochures;~~

~~(C) Tenant selection criteria;~~

~~(D) House rules;~~

~~(E) Number and size of available units;~~

~~(F) Number of units with accessible features (including, but not limited to units designed to meet Uniform Federal Accessibility Standards, the Fair Housing Act, or the Americans with Disabilities Act);~~

~~(G) Documentation on access to transportation and commercial facilities; and~~

~~(H) A description of onsite amenities.~~

(2) Affirmative Marketing. The Department and its service partners are responsible for affirmatively marketing the Program to Eligible Applicants in accordance with HUD's requirements.

(3) At any time, the Department may choose to advertise the Eligible Multifamily Property, even if the Eligible Multifamily Property has not yet entered into a RAC.

(j) Leasing Activities.

(1) Segregation of Assisted Units. The Owner must take actions or adopt procedures to ensure that the Assisted Units are not segregated to one area of a building (such as on a particular floor or part of a floor in a building) or in certain sections within the Eligible Multifamily Property.

(2) Form of Lease. The Owner will use the HUD Section 811 PRA Model Lease (HUD-92236-PRA), Exhibit 11 of the Cooperative Agreement and any Department approved Addendums, for all Eligible Families once a RAC is signed. The initial lease will be for not less than one year.

(3) Communication. Owners are required to document in writing all communication between the Eligible Tenant and the Owner, or Owner-designated agent regarding applications, notifications, evictions, complaints, non-renewals and move outs.

(4) Lease Renewals and Changes. The Owner must notify the Department of renewals of leases with Eligible Families and any changes to the terms of the lease.

(5) ~~Development Policies. Upon the execution of the RAC, an Owner is required to submit a copy of the Development Policies (House Rules) to the Department for review. If deficiencies are noted, the Development will be required to correct and resubmit to the Department until all deficiencies have been properly corrected. The Owner is required to send a copy of amendments to the House Rules to the Department before implementing changes.~~Development Policies. Upon the execution of the RAC, the Owner is required to submit to the Section 811 Program Administrator for review the following Development Policies: Tenant Selection Plan (which also must be in compliance with 10 TAC §10.802 relating to Written Policies and Procedures), House Rules, EIV Policies and Termination Notices. Owner must provide updates to the Department whenever they are revised, and must self-certify against a provided checklist that they remain compliant. Review by the Department may be based on sampling or

risk-based. Notification of review and any noncompliance will be submitted to the Compliance Division for issuance through the Compliance Monitoring and Tracking System (CMTS). The Owner will have 90 days to correct any noncompliance, unless a shorter period is required federally or for health and safety reasons.

(k) Rent.

(1) Tenant Rent Payment. The Owner will determine the Tenant Rent payment of the Eligible Tenant, based on HUD Handbook 4350.3 and HUD Notices, and is responsible for collecting the Tenant Rent payment.

(2) Utility Reimbursement. The Owner is responsible for remitting any Tenant Rent payment due to the Eligible Tenant if the Utility Allowance exceeds the Total Tenant Payment no later than the 5th day of each month, beginning 30 days after initial move in.

(3) Rent Increase. Owner must provide the Eligible Tenant with at least 30 days notice before increasing rent, in accordance with HUD Handbook 4350.3.

(4) Rent Restrictions. Owner will comply with the following rent restrictions:

(A) If a Unit at the Development has a Department enforced rent restriction that is equal to or lower than Fair Market Rent (FMR), the initial rent is the maximum Department enforced rent restriction for that Unit, not to exceed the 60% Area Median Family Income limit.

(B) If there is no existing Department enforced rent restriction on the Unit, or the existing Department enforced rent restriction is higher than FMR, the Department will work with the Owner to conduct a market analysis of the Eligible Multifamily Property to support that a rent higher than FMR is attainable.

~~(C) After the signing of the original RAC with the Department, the Owner may request a new anniversary date to be consistent with other rent restrictions on the Eligible Multifamily Property allowed by the Department.~~

(~~D~~C) After the signing of the original RAC, upon request from the Owner to the Department, Rents may be adjusted on the anniversary date of the RAC.

(~~E~~D) Adjustments may not result in higher rents charged for an Assisted Unit as compared to a non-assisted unit. The calculation or methodology used for the annual increase amount will be identified in the Eligible Multifamily Property's RAC.

(~~F~~E) Owner can submit a request for a rent increase or to change the contract anniversary date using HUD Form 92458.

(l) Vacancy; Household Changes; Transfers; Eviction.

(1) Holding Assisted Units. Once an Owner signs a RAC, the Eligible Multifamily Property must hold an available Assisted Unit for 60 days from when the Owner notifies the Department of the available Unit while a qualified Eligible Applicant is referred by the Department and the applicant applies for and moves into the Assisted Unit.

(2) Notification. Owner will notify the Department of determination of ineligibility or the termination of any participating Eligible Families or any member of a participating Eligible Family.

(3) Initial Lease-up. Owners of a newly constructed, acquired and/or rehabilitated Eligible Multifamily Property must notify the Department no later than 180 days before the Eligible Multifamily Property will be available for initial move-in. Failure to reserve the agreed upon number of Assisted Units for Eligible Families will be cited as noncompliance, be referred for administrative penalties, and be considered possible grounds for Debarment.

(4) Vacancy. Upon execution of the RAC, the Owner must notify the Department of any vacancy of an Assisted Unit at the Eligible Multifamily Property as soon as possible, not to exceed seven calendar days from when the Owner becomes aware of the eligible Unit availability. Once the Department acknowledges receipt of the notice, the Department will notify the Owner within three business days if the Unit is acceptable and submit a referral. If the qualifying Eligible Tenant vacates the Assisted Unit, the Department will determine if the remaining family member(s) is eligible for continued assistance from the Program.

(5) Vacancy Payment. The Department may provide vacancy payments that cannot exceed 80% of the Contract Rent for up to 60 days from the effective date of the RAC. After the 60 days, the Owner may lease the Assisted Unit to a non-Eligible Tenant. Developments without an executed RAC are not eligible for vacancy payments.

(6) Household Changes. Owner will notify the Department of any changes in family composition in an Assisted Unit within three business days. If the change results in the Assisted Unit being smaller or larger than is appropriate for the Eligible Family size, the Owner must refer to the Department's written policies regarding family size, unit transfers and waitlist management. If the Department discovers the Eligible Family is ineligible for the size of the Assisted Unit, the Owner will be notified but Rental Assistance Payments will not be reduced or terminated until the Eligible Family can be transferred to an appropriate sized Assisted Unit.

(7) Transfers. Owner must notify the Department if the Eligible Family requests a transfer to another Assisted Unit within the Development. The Department will determine if the Eligible Family qualifies for the unit transfer, if the new Unit is eligible as an Assisted Unit and then notify the Owner. If the Department determines the Eligible Family is ineligible for the size of the Assisted Unit, the Department will notify the Owner and Rental Assistance Payments will not be reduced or terminated until the Eligible Family can be transferred to an appropriate sized Assisted Unit.

(8) Notice to Vacate and Nonrenewal. Owners are required to notify the Department at least three calendar days prior to issuing a Notice to Vacate or a Notice of Non-Renewal to the Eligible Family. Notices must be in compliance with HUD Handbook 4350.3 8-13(B)(2) and HUD Notices. A copy of the applicable Notice must be submitted via email to 811info@tdhca.texas.gov~~811info@tdhca.state.tx.us~~.

(A) Owner is required to notify the Department within seven calendar days of when the Development is notified that the Eligible Family will vacate or in the event that the Eligible Family vacates without notice, upon discovery that the Assisted Unit is vacant. Notification of vacancy must be submitted to 811info@tdhca.texas.gov~~811info@tdhca.state.tx.us~~.

(B) Upon move out, Owner must submit a move out disposition to the Department to ensure proper processing of the security deposit per HUD Handbook 4350.3 6-18.

(m) Construction Standards, Inspections, Repair and Maintenance, and Accessibility.

(1) Construction Standards. Upon execution of a RAC, the Eligible Multifamily Property shall be required to conform to National Standards for the Physical Standards of Real Estate (NSPIRE) which are uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair. The site, building exterior, building systems, dwelling units and common areas of the Eligible Multifamily Property, as more specifically described in 24 CFR §5.703, must be inspected in any physical inspection of the property.

(2) Inspection. Prior to occupancy, the Eligible Tenant must be given the opportunity to be present for the move-in unit inspection.

(3) Repair and Maintenance. Owner will perform all repair and maintenance functions, including ordinary and extraordinary maintenance; will replace capital items; and will maintain the premises and equipment, appurtenant thereto, in good repair, safe and sanitary condition consistent with HUD and Department requirements.

(4) Accessibility. Owner must ensure that the Eligible Multifamily Property meets or exceeds the accessibility requirements under 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973; the Fair Housing Act Design Manual; Titles II and III of the Americans with Disabilities Act (42 U.S.C. §§12131 - 12189), as implemented by the U.S. Department of Justice regulations at 28 CFR Parts 35 and 36; and the Federal Fair Housing Act as implemented by HUD at 24 CFR Part 100. However, Assisted Units can consist of a mix of accessible units for those persons with physical disabilities and non-accessible units for those persons without physical disabilities.

(n) Owner Training. The Owner is required to train all property management staff engaging with Eligible Families on the requirements of the Program. Owner training must include, but is not limited to, the HUD Handbook 4350.3 and the information provided on the Department's 811 Program webpage. ~~at https://www.tdhca.state.tx.us/section-811-pra/index.htm~~.

(o) Reporting Requirements. Owner shall submit to the Department such reports on the operation and performance of the Program as required by the Participation Agreement and as may be required by the Department. Owner shall provide the Department with all reports necessary for the Department's compliance with 24 CFR Part 5, or any other federal or state law or regulation.

(p) Environmental Laws and Regulations.

(1) Compliance with Laws and Regulations. Owner must comply with, as applicable, any federal, state, or local law, statute, ordinance, or regulation, whether now or hereafter in effect, pertaining to health, industrial hygiene, or the environmental conditions on, under, or about the Land or the Improvements, ~~including without limitation, the following, as now or hereafter amended:~~

~~(A) Hazardous Materials Transportation Act (49 U.S.C.A. §1801 et seq.);~~

~~(B) Insecticide Fungicide and Rodenticide Act (7 U.S.C.A. §136 et seq.);~~

~~(C) National Environmental Policy Act (42 U.S.C. §4321 et seq.) (NEPA);~~

~~(D) Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C.A. §9601 et seq.) (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub. L. No. 99-499, 100 Stat. 1613, as amended Pub. L. No. 107-377) (Superfund or SARA);~~

~~(E) Resource, Conservation and Recovery Act (24 U.S.C.A. §6901 et seq.) (RCRA);~~

~~(F) Toxic Substances Control Act, (15 U.S.C.A. §2601 et seq.);~~

~~(G) Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C.A. §1101 et seq.);~~

~~(H) Clean Air Act (42 U.S.C.A. §7401 et seq.) (CAA);~~

~~(I) Federal Water Pollution Control Act and amendments (33 U.S.C.A. §1251 et seq.) (Clean Water Act or CWA);~~

~~(J) Any corresponding state laws or ordinances including but not limited to Chapter 26 of the Texas Water Code regarding Water Quality Control;~~

~~(K) Texas Solid Waste Disposal Act (Chapter 361 of the Texas Health & Safety Code, formerly Tex. Rev. Civ. Stat. Ann. Art. 4477-7);~~

~~(L) Comprehensive Municipal Solid Waste Management, Resource Recovery, and Conservation Act (Chapter 363 of the Texas Health & Safety Code);~~

~~(M) County Solid Waste Control Act (Chapter 364 of the Texas Health & Safety Code);~~

~~(N) Texas Clean Air Act (Chapter 382 of the Texas Health & Safety Code);~~

~~(O) Hazardous Communication Act (Chapter 502 of the Texas Health & Safety Code); and~~

~~(P) Regulations, rules, guidelines, or standards promulgated pursuant to such laws, statute and regulations, as such statutes, regulations, rules, guidelines, and standards, as amended from time to time.~~

(2) Environmental Review. The environmental effects of each activity carried out with funds provided under this Agreement must be assessed in accordance with the provisions of the Program Requirements, National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. §432 et seq.). Each such activity must have an environmental review completed and support documentation prepared in accordance with §11.305 of this title (relating to complying with the NEPA, including screening for vapor encroachment following American Society for Testing and Materials (ASTM) 2600-10.

(q) Labor Standards.

(1) ~~Owner understands and acknowledges that e~~Every contract for the construction (rehabilitation, adaptive reuse, or new construction) of housing that includes 12 or more units assisted with Program funds must contain provisions in accordance with Davis-Bacon Regulations.

(2) ~~Owner understands and acknowledges that e~~Every contract involving the employment of mechanics and laborers of said construction shall be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. §§3701 to 3708), Copeland (Anti-Kickback) Act (40 U.S.C. §3145), the Fair Labor Standards Act of 1938, as amended (29 U.S.C. §201, et seq.) and Davis-Bacon and Related Acts (40 U.S.C. §§3141 - 3148).

(3) ~~Owner further acknowledges that i~~If more housing units are constructed than the anticipated 11 or fewer housing units, it is the Owner's responsibility to ensure that all the housing units will comply with these federal labor standards and requirements under the Davis-Bacon Act as supplemented by the U.S. Department of Labor regulations ("Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction" at 29 CFR Part 5).

(4) ~~Owner also understands that s~~Structuring the proposed assistance for the rehabilitation or construction of housing under this Agreement to avoid the applicability of the Davis-Bacon Act is prohibited.

(5) Construction contractors and subcontractors must comply with regulations issued under ~~these federal acts described herein, with other~~ federal laws, regulations pertaining to labor standards, including but not limited to "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction" at 29 CFR Part 5, HUD Federal Labor Provisions (HUD form 4010).

(r) Lead-Based Paint. Housing assisted with Program funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4821 - 4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. §§4851 - 4856), and implementing regulations Title X of the 1992 Housing and Community Development Act at 24 CFR Part 35, (including subparts A, B, J, K, M and R). Owner shall also comply with the Lead: Renovation, Repair, and Painting Program Final Rule, 40 CFR Part 745 and Response to Children with Environmental Intervention Blood Lead Levels. Failure to comply with the lead-based paint requirements may be subject to sanctions and penalties pursuant to 24 CFR §35.170.

(s) Limited English Proficiency. ~~Owner shall comply with the requirements in Executive Order 13166 of August 11, 2000, reprinted at 65 FR 50121, August 16, 2000, Improving Access to Services for Persons with Limited English Proficiency and 67 FR 41455. To ensure compliance the~~The Owner must take reasonable steps to ensure~~insure~~ that ~~LEP~~ persons with Limited English Proficiency have meaningful access to the program and activities. Meaningful access may entail providing language assistance services, including oral and written translation, where necessary.

(t) Procurement of Recovered Materials. Owner, its subrecipients, and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired by the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

(u) Drug-Free Workplace. Owner will follow the Drug-Free Workplace Act of 1988 (41 U.S.C §701, et seq.) and HUD's implementing regulations at 2 CFR Part 2429. Owner affirms by executing the

Certification Regarding Drug-Free Workplace Requirements attached hereto as Addendum B, that it is implementing the Drug-Free Workplace Act of 1988.

(v) ~~Equal Opportunity,~~ Fair Housing, Nondiscrimination, and Equal Access.

~~(1) Equal Opportunity. The Owner agrees to carry out an Equal Employment Opportunity Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1965, as amended, and its implementing regulations at 41 CFR Part 60.~~

(~~2~~1) Fair Housing Poster. The Owner is required to place a fair housing poster (HUD-928.1 and HUD-9281.A) provided by the Department in the leasing office, online, or anywhere else rental activities occur pursuant to 24 CFR §200.620(e). A copy of the poster in Spanish and in English can be found at http://www.tdhca.state.tx.us/section-811-pra/participating-agents.htm.

(~~3~~2) Nondiscrimination Laws. Owner shall ensure that no person shall, on the grounds of race, color, religion, sex, disability, familial status, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any Program or activity funded in whole or in part with funds provided under this Agreement. Owner shall follow Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. §2000d et seq.), the Age Discrimination Act of 1975 (42 U.S.C. §6101 et seq.) and its implementing regulations at 24 CFR Part 146, Titles II and III of the Americans with Disabilities Act (42 U.S.C. §§12131 - 12189; 47 U.S.C. §§155, 201, 218 and 255) as implemented by U.S. Department of Justice at 28 CFR Parts 35 and 36, Section 527 of the National Housing Act (12 U.S.C. §1701z-22), the Equal Credit Opportunity Act (15 U.S.C. §1691 et seq.), the Equal Opportunity in Housing (Executive Order 11063 as amended by Executive Order 12259) and its implementing regulations at 24 CFR Part 107 and The Fair Housing Act (42 U.S.C. §3601 et seq.), as implemented by HUD at 24 CFR Part 100-115.

(3~~4~~) Affirmatively Furthering Fair Housing. By Owner's execution of the Agreement and pursuant to Section 808(e)(5) of the Fair Housing Act, Owner agrees to use funds in a manner that follows the State of Texas' "Analysis of Impediments" or "Assessment of Fair Housing", as applicable and as amended, and will maintain records in this regard.

(4~~5~~) Protections for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking. Subpart L of 24 CFR part 5 shall apply to the Assisted Units in Eligible Multifamily Properties.

(w) Security of Confidential Information.

(1) Systems Confidentiality Protocols. Owner must undertake customary and industry standard efforts to ensure that the systems developed and utilized under this Agreement protect the confidentiality of every Eligible Applicant's and Eligible Tenant's personal and financial information, both electronic and paper, including credit reports, whether the information is received from the Eligible Applicants, Tenants or from another source. Owner must undertake customary and industry standard efforts so that neither they nor their systems vendors disclose any Eligible Applicant's or Tenant's personal or financial information to any third party, except for authorized personnel in accordance with this Agreement.

(2) Protected Health Information. If Owner collects or receives documentation for disability, medical records or any other medical information in the course of administering the Program, Owner shall comply with the Protected Health Information state and federal laws and regulations, as applicable,

under §1.24 of this title (relating to Information Security and Privacy Requirements ~~Protected Health Information~~), Chapter 181 of the Texas Health and Safety Code, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) (Pub. L. 104-191, 110 Stat. 1936, enacted August 21, 1996), and the HIPAA Privacy Rules (45 CFR Part 160 and Subparts A and E of 45 CFR Part 164).

(x) Real Property Acquisition and Relocation. Except as otherwise provided by federal statute, HUD-assisted programs or projects are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA) (42 U.S.C. §4601), and the government wide implementing regulations issued by the U.S. Department of Transportation at 49 CFR Part 24. The Uniform Act's protections and assistance apply to acquisitions of real property and displacements resulting from the acquisition, rehabilitation, or demolition of real property for federal or federally assisted programs or projects. With certain limited exceptions, real property acquisitions for a HUD-assisted program or project must comply with 49 CFR Part 24, Subpart B. To be exempt from the URA's acquisition policies, real property acquisitions conducted without the threat or use of eminent domain, commonly referred to as voluntary acquisitions, the Owner must satisfy the applicable requirements of 49 CFR §24.101(b)(1) - (5). Evidence of compliance with these requirements must be maintained by the Owner~~recipient~~. The URA's relocation requirements remain applicable to any tenant who is displaced by an acquisition that meets the requirements of 49 CFR §24.101(b)(1) - (5). The relocation requirements of the Uniform Act, and its implementing regulations at 49 CFR Part 24, cover any person who moves permanently from real property or moves personal property from real property as a direct result of acquisition, rehabilitation, or demolition for a program or project receiving HUD assistance. While there are no statutory provisions for temporary relocation under the URA, the URA regulations recognize that there are circumstances where a person will not be permanently displaced but may need to be moved from a project for a short period of time. Appendix A of the URA regulation (49 CFR §24.2(a)(9)(ii)(D)) explains that any tenant who has been temporarily relocated for a period beyond one year must be contacted by the displacing agency and offered URA relocation assistance.

(y) Dispute Resolution; Conflict Management.

(1) Eligible Tenant Disputes. The Owner or Owner's representative is required to participate in a Dispute Resolution process, as required by HUD, to resolve an appeal of an Eligible Tenant dispute with the Owner.

(2) Agreement Disputes. In accordance with Tex. Gov't Code 2306.082, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures (ADR) under the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2006 respectively, Tex. Gov't Code), to assist in the fair and expeditious resolution of internal and external disputes involving the Department and the use of negotiated rulemaking procedures for the adoption of Department rules. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and the Owner, to exchange information and informally resolve disputes. ~~The Department also has administrative appeals processes to fairly and expeditiously resolve disputes.~~ If at any time the Owner would like to engage the Department in an ADR procedure, the Owner may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR policy, see the Department's Alternative Dispute Resolution and Negotiated Rulemaking at §1.17 of this title (relating to Alternative Dispute Resolution). The Department also has administrative appeals processes to fairly and expeditiously resolve the types of disputes discussed in §1.7 (relating to Appeals Process).

(3) Conflict Management. The purpose of the Conflict Management process is to address any concerns that Owner or Owner's agent or representative may have with an Eligible Family. At any time, an Eligible Family may choose to give consent to their Section 811 service coordinator to work directly with the property manager of the Eligible Multifamily Property. However, such consent cannot be made a condition of tenancy.

(z) Deadlines.

Section Requirement	Deadline
(e)(1)	The Owner shall provide to the Department within 30 days of its receipt of the recorded Use Agreement, a copy of the executed, recorded Use Agreement.
(h)(8)	Rent Increase. Owners must submit a written request to the Department 30 days prior to the anniversary date of the RAC to request an annual increase.
(j)(5)	Upon the execution of the RAC, the Owner is required to submit to the Section 811 Program Administrator for review the following Development Policies: Tenant Selection Plan, House Rules, EIV Policies and Termination Notices.
(l)(3)	Initial Lease-up. Owners of a newly constructed, acquired and/or rehabilitated Eligible Multifamily Property must notify the Department no later than 180 days before the Eligible Multifamily Property will be available for initial move-in.
(l)(4)	Vacancy. Upon execution of the RAC, the Owner must notify the Department of any vacancy of an Assisted Unit at the Eligible Multifamily Property as soon as possible, not to exceed seven calendar days from when the Owner becomes aware of the eligible Unit availability.
(l)(6)	(6) Household Changes. Owner will notify the Department of any changes in family composition in an Assisted Unit within three business days.
(l)(8)	Notice to Vacate and Nonrenewal. Owners are required to notify the Department at least three calendar days prior to issuing a Notice to Vacate or a Notice of Non-Renewal to the Eligible Family.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1452 **Agenda Date:** 6/4/2026 **Agenda #:** 11.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 23, Single Family HOME Program, Subchapter B, and Subchapter F; an order proposing new 10 TAC Chapter 23, Single Family HOME Program, Subchapter B and Subchapter F; and an order directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, staff has assessed 10 TAC Chapter 23, Single Family HOME Program, Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, and Subchapter F, Single Family Development Program, and recommends amendments to clarify requirements, update threshold requirements, and update requirements for the Single Family Development Program to reduce administrative burden and align with existing loan closing procedures;

WHEREAS, such revisions are being proposed through the repeal of the current rule and a simultaneous new rule to be proposed in its place; and

WHEREAS, upon Board approval, such proposed rulemaking will be published in the *Texas Register* for public comment from June 19, 2026, through July 20, 2026, and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

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

The Single Family HOME Program offers the Single Family Development (SFD) program activity to increase the supply of quality affordable housing. SFD offers HOME Program funds in the

form of a deferred zero percent interest interim construction loan to developers of affordable housing for low-income homebuyers. To further support the development, funds are offered for developer fees, and the interim loan may be converted into permanent mortgage financing for the homebuyer. The permanent financing is a monthly amortizing loan. Additional funds for the homebuyer may be offered as a separate deferred forgivable loan for closing cost assistance and principal reduction in order to increase affordability, depending on the needs of the homebuyer.

The rule revisions include updates to Subchapter B, related to Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, and Subchapter F, related specifically to SFD. Changes to Subchapter B focus on updates to threshold requirements for projects and applicants, updates to contract terms and benchmarks, clarifications to allowable costs for construction projects, and removal of minimum size requirements for housing constructed with HOME funds. Changes to Subchapter F related to Single Family Development focus on expanding the program to incorporate flexibilities and incentives for developers of self-help housing, as well as updating the rule to conform to existing loan closing procedures.

The rule, as proposed, will be released for public comment from June 19, 2026, through July 20, 2026, and returned to the Board for final approval.

A summary of substantive changes is as follows:

Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds

§23.23(a)(5)(A)

Includes Single Family Development as a program activity subject to the existing Match requirements.

§23.23(a)(5)

Increases the cash reserve required for an entity applying for HOME funds to $100,000 from $80,000 for program activities involving construction and from $30,000 to $50,000 for tenant-based rental assistance. This increase reflects the need for Administrator's to have cash on hand to effectively operate the programs prior to reimbursement.

§23.23(a)(10)

Incorporates a threshold requirement related to prior monitoring. The new requirement considers as ineligible Applicants who have had closed, unresolved monitoring findings with disallowed costs in excess of $5,000 in the past 3 years, even if they are already in a repayment plan.

§23.24(b) and (c)

Extends term for contracts, including benchmarks within the contract, to incorporate extended deadlines now permitted in federal regulations.

§23.27(f)

Allows for additional hard costs for abatement of hazardous conditions on the site other than those identified in the environmental review but that would cause a code violation, such as abandoning disused wells and filling in cisterns.

§23.28(a)(6)

Removes minimum unit size requirements for single family construction.

Subchapter F, Single Family Development Program

§23.60(b)

Moves requirements necessary for a commitment of funds for Single Family Development contracts into the application requirements to ensure that awards are made only for projects that are ready for the commitment of funds.

§23.60(c)(2)

Incorporates a provision allowing for a preference for self-help housing models for award.

§23.60(f)

Incorporates a provision that would allow for the value of volunteer labor and donated materials to be included in the calculation for the developer fee, increasing the available fee for developers utilizing these components in the project.

§23.60(h-i)

Allows for construction to commence prior to identification and qualification of an eligible buyer.

§23.60(j)

Clarifies that Developer's estimated costs to close the interim loan may be included in the interim construction loan if they are HOME eligible costs.

§23.60(k)

Removes the requirement for the HOME permanent loan to be in first or second lien position and defers to the lien position requirements as outlined in the Single Family Umbrella rule.

§23.60(k)(1)(C)

Removes the required front-end ratio for households with income exceeding 50% of Area Median Family Income.

§23.61

Changes to the overall structure of the rule to align with the existing loan closing process and to conform to changes allowing construction to commence prior to identifying the homebuyer.

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Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 23, Single Family HOME Program, Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, and Subchapter F, Single Family Development Program

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 23, Single Family HOME Program, Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, and Subchapter F, Single Family Development Program. The purpose of the proposed repeal is to eliminate the current rule while replacing it with a more current version of the rule.

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

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

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

Mr. Bobby Wilkinson, 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 how the Department will reallocate financial assistance.

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

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

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

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

6. The repeal will not expand or contract the applicability of an existing regulation.

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

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

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

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

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held June 19, 2026, through July 20, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Abigail Versyp at abigail.versyp@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, July 20, 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 action affects no other code, article, or statute.

10 TAC Chapter 23, Single Family HOME Program

Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds

Subchapter F, Single Family Development Program

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 23, Single Family HOME Program, Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, and Subchapter F, Single Family Development Program

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 23, Single Family HOME Program, Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, and Subchapter F, Single Family Development Program. The purpose of the proposed rule is to make clarifying updates, to update threshold requirements for necessary cash reserves to operate HOME Program activities, and to update the requirements for the Single Family Development Program to reduce administrative burden and align with existing loan closing procedures.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset. While the requirements for cash reserves are increased, these reserves are utilized to pay costs temporarily prior to reimbursement by the Department.

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

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

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

1. The new section does not create or eliminate a government program but relates to how the Department will reallocate financial assistance.

2. The new section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The new section does not require additional future legislative appropriations.

4. The new section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The new section does not create a new regulation, except that it is replacing a section being repealed simultaneously to provide for revisions.

6. The new section will not expand or contract an existing regulation.

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

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

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

The Department has evaluated the new section and determined that the action 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 effect 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 an updated and clearer rule. There will not be economic costs to individuals required to comply with the new section.

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

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed action and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the rule action or any other interested person. REQUEST FOR PUBLIC COMMENT. The public comment period will be held June 19, 2026, through July 20, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Abigail Versyp, ATTN: Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or by email to abigail.versyp@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, July 20, 2026.

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

CHAPTER 23 SINGLE FAMILY HOME PROGRAM

SUBCHAPTER B AVAILABILITY OF FUNDS, APPLICATION REQUIREMENTS, REVIEW AND AWARD PROCEDURES, GENERAL ADMINISTRATIVE REQUIREMENTS, AND RESALE AND RECAPTURE OF FUNDS

§23.20 Availability of Funds and Regional Allocation Formula

Funds made available through an open Application cycle and subject to regional allocation formula shall be made available to each region and subregion for a time period to be specified in the applicable NOFA, after which the funds remaining shall collapse and be made available statewide.

§23.21 Application Forms and Materials and Deadlines

(a) The Department will produce an Application to satisfy the Department's requirements to be qualified to administer HOME activities. The Application will be available on the Department's website.

(b) The Department must receive all Applications by the deadline specified in the NOFA.

§23.22 Application Review Process

(a) Contract award review process for open Application cycles. An Application received by the Department in response to an open Application cycle NOFA will be assigned a "Received Date." An Application will be prioritized for review based on its "Received Date." Application acceptance dates may be staggered under an open Application cycle to prioritize Applications which propose to serve areas identified in Tex. Gov't Code §2306.127 as priority for certain communities. An Application with outstanding administrative deficiencies under this section, may be suspended from further review until all administrative deficiencies have been cured or addressed to the Department's satisfaction. Applications that have completed the review process may be presented to the Board for approval with priority over Applications that continue to have administrative deficiencies at the time Board materials are prepared, regardless of "Received Date." If all funds available under a NOFA are awarded, all remaining Applicants will be notified and the remaining Applications will not be processed.

(b) Reservation System Participant review process. An Application for a Reservation System Participant (RSP) Agreement shall be reviewed and if approved under Chapter 1, Subchapter C of this Title, as amended or superseded, concerning Previous Participation Review of Department Awards, and not denied under this section, will be drafted and processed in the order in which it was accepted to be executed and made effective.

(c) Administrative deficiency review process. The administrative deficiency process allows staff to request that an Applicant provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. Staff will request such information via a deficiency notice. Staff will send the deficiency notice via an email or if an email address is not provided in the Application, by facsimile to the Applicant. Responses must be submitted electronically to the Department. A review of the Applicant's response may reveal 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 being resolved. Department staff may, in good faith, provide an Applicant confirmation that an administrative deficiency response has been received 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 having fulfilled any requirements. Final determination regarding

the sufficiency of documentation submitted to cure an administrative deficiency as well as the distinction between material and non-material missing information are reserved for the Executive Director or authorized designee, and Board, as applicable.

(d) An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, and may not add any set-asides, except in response to a direct request from the Department to remedy an administrative deficiency or by amendment of an Application after the Board approval of a HOME award. An administrative deficiency may not be cured if it would, in the Department's determination, substantially change an Application, or if the Applicant provides any new unrequested information to cure the deficiency.

(e) The time period for responding to a deficiency notice commences on the first day following the deficiency notice date. If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 p.m., central time, on the 14th day following the date of the deficiency notice, the application may be terminated. The Department may accept a corrected Board Resolution submitted after the deficiency deadline on the condition that the corrected Board Resolution resolves the deficiencies to the satisfaction of the Department, but the Board Resolution must be received and deemed satisfactory by the Department before the RSP Agreement or Contract start date. Applicants that have been terminated may reapply.

§23.23 General Threshold Criteria

General Threshold. All Applicants and Applications to administer a HOME Program award from the Department must submit or comply with the following:

(1) An Applicant certification of compliance with state rules promulgated by the Department, and federal laws, rules and guidance governing the HOME Program as provided in the Application.

(2) A Resolution from the Applicant's direct governing body which includes:

(A) Authorization of the submission of the Application specifying the NOFA under which funds are requested for Contract award Applications;

(B) Commitment and amount of cash reserves, if applicable, for use during the Contract or RSP Agreement term;

(C) Source of funds for Match obligation and Match amount to be contributed as a percentage of Direct Activity Costs, if applicable;

(D) Title of the person authorized to represent the organization and who also has signature authority to execute a Contract and grant agreement or loan documents, as applicable, unless otherwise stated; and

(E) Date that the resolution was passed by the governing body, which must be within six months preceding Application submission for Reservation System Participation Agreement Applications, and no earlier than the date of the Department's Governing Board approval of the NOFA for Contract award Applications.

(3) An Applicant must be registered in the System for Award Management (SAM) and have a current Unique Entity Identification (UEID) number.

(4) Service Area. Applicants must include the Service Area proposed for the Contract or RSP Agreement for all Activity types. Administrators must state whether the Service Area is limited to only certain cities within any county in the proposed Service Area.

(A) The Service Area for TBRA must include the entire rural or urban area of a county as identified in the Application, excluding Participating Jurisdictions. However, Service Areas must include Participating Jurisdictions as applicable if the Agreement includes access to the Persons with Disabilities set-aside; or

(B) The Service Area may be limited to the boundaries of the jurisdiction of the Applicant if the Applicant for TBRA is a unit of local government.

(5) Match. The Department shall use population figures from the most recently available U.S. Census Bureau's American Community Survey (ACS) as of the date of submission of the Application to determine the applicable Match for cities with a population of less than 5,000 persons. The Department shall use the population figures from the most recent Population Estimates from the U.S. Census Bureau's QuickFacts for all counties and for cities with a population that exceeds 5,000 persons. The Department may incentivize or provide preference to Applicants committing to provide additional Match above the requirement of this paragraph. Such incentives may be established as selection criteria in the NOFA.

(A) Excluding Applications under the disaster relief and persons with disabilities set-asides, Match shall be required for Homeowner Reconstruction Assistance (HRA), ~~ and~~ Homebuyer Assistance with New Construction (HANC), and Single Family Development (SFD) based on the tiers described in clauses (i) and (ii) of this subparagraph:

(i) Zero percent of Direct Activity Costs, exclusive of Match, is required as Match when:

(I) the Service Area includes the entire unincorporated area of a county and where the population of Administrator's Service Area is less than or equal to 20,000 persons; or

(II) When the Service Area does not include the entire unincorporated area of a county and the population of the Administrator's Service Area is less than or equal to 3,000 persons.

(ii) One percent of Direct Activity Costs, exclusive of Match, is required as Match for every 1,000 in population to a maximum of 25 percent.

(B) Applicants that charge customary fees related to the construction of single-family housing must waive all fees that otherwise apply to any HOME Activity. These fee waivers must be reported as Match, regardless of whether Match is otherwise required based on population and activity type. Applicants must submit their schedule of fees related to construction, if applicable, with their Application for a Contract or Reservation System Participation Agreement.

(6) Cash Reserve Threshold Requirements. Documentation, as described in subparagraphs (A) and (B) of this paragraph, must be submitted at the time of Application that demonstrates that the Applicant has at least $~~80~~100,000 in cash reserves if the Application includes construction Activities, and at least $~~30~~50,000 in cash reserves if the Application is for Tenant-Based Rental Assistance only. The cash reserves may be utilized to facilitate administration of the program, and to ensure the capacity to cover costs prior to reimbursement or costs determined to be ineligible for reimbursement. The amount of the cash reserve commitment must be included in the Applicant's resolution. To meet this requirement, Applicants must submit:

(A) financial statements indicating adequate local unrestricted cash or cash equivalents to utilize as cash reserves and a letter from the Applicant's bank(s) or financial institution(s) indicating that current account balances are sufficient; or

(B) evidence of an available line of credit or equivalent tool in an amount equal to or exceeding the requirement in this paragraph.

~~(7) A NOFA may include incentives or otherwise require architectural plans to incorporate "green building" elements.~~

(~~8~~7) Applications proposing development using the Community Housing Development Organization (CHDO) set-aside must submit an Application for CHDO certification. Applicants must meet the requirement for CHDO certification as defined in §13.2 of this Title (relating to ~~the Multifamily Direct Loan Rule~~Definitions).

(8) In addition to the requirements in §1.21 (relating to Action by Department if Outstanding Balances Exist), Applicants with closed unresolved findings in accordance with 10 TAC §20.14(h) which include questioned costs in excess of $5,000 from a monitoring that occurred within three years from the date of Application submission are ineligible until questioned costs have been repaid.

(9) Other Threshold and/or Selection criteria for this Activity may be outlined in the NOFA.

(10) An Application must be substantially complete when received by the Department. An Application will be terminated if an entire tab of the Application is missing; has excessive omissions of documentation from the threshold or selection criteria or uniform Application documentation; or is so unclear, disjointed, or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department. Such Application will be terminated without being processed as an administrative deficiency. To the extent that a review was able to be performed, specific reasons for the Department's termination will be included in the notification sent to the Applicant but, because of the suspended review, may not include an all-inclusive list of deficiencies in the Application.

§23.24 Contract Benchmarks and Limitations

(a) Contract Award Funding Limits. Limits on the total amount of a Contract award will be established in the NOFA.

(b) Contract Award Terms. Homeowner Reconstruction Assistance awards will have a Contract term of not more than 21 months, exclusive of any applicable affordability period or loan term. Single Family Development awards will have a Contract term of not more than ~~24~~ 36 months, exclusive of any applicable affordability period or loan term. Tenant-Based Rental Assistance awards will have a Contract term of not more than 36 months.

(c) Contract Award Benchmarks. Administrators must have attained environmental clearance for the contractually required number of Households served within six months of the effective date of the Contract. Contract Administrators must submit to the Department complete Activity setup information for the Commitment of Funds of all contractually required ~~Households~~ Activities in accordance with the requirements herein within ~~nine~~ twelve months from the effective date of the Contract. All remaining funds will be deobligated and reallocated in accordance with Chapter 1 of this Title relating to Reallocation of Financial Assistance.

(d) Voluntary deobligation. The Administrator may fully deobligate funds in the form of a written request signed by the signatory, or successor thereto, of the Contract. The Administrator may partially deobligate funds under a Contract in the form of a written request from the signatory if the letter also deobligates the associated number of targeted Households, funds for administrative costs, and Match and the partial deobligation would not have impacted the award of the Contract. Voluntary deobligation that occurs within twelve months from the effective date of a Contract does not limit an Administrator's ability to participate in an open application cycle.

(e) The Department may request information regarding the performance or status under a Contract prior to a Contract benchmark or at various times during the term of a Contract. Administrator must respond within the time limit stated in the request. Prolonged or repeated failure to respond may result in suspension of funds and ultimately in termination of the Contract by the Department.

(f) Pre-Contract Costs.

(1) The Administrator may be reimbursed for eligible administrative and Activity soft costs incurred before the effective date of the Contract in accordance with 24 CFR §92.212 and at the sole discretion of the Department.

(2) A ~~Community Housing Development Organization~~Developer may be reimbursed for Predevelopment Costs as defined in this Chapter for an Activity funded under Single Family Development.

(3) In no event will the Department reimburse expenses incurred more than six months prior to Governing Board approval of the Administrator's award.

(g) Amendments to Contract awards will be processed in accordance with Chapter 20 of this Title, relating to Single Family Programs Umbrella Rule.

§23.25 Reservation System Participant (RSP) Agreement

(a) Terms of Agreement. The term of an RSP Agreement will not exceed 36 months. Execution of an RSP Agreement does not guarantee the availability of funds under a reservation system. Reservations submitted under an RSP agreement will be subject to the provisions of this Chapter in effect as of the date of submission by the Administrator.

(b) Limits on Number of Reservations. Except for Activities submitted under the Disaster set-aside, RSP Administrators may have no more than five Reservations per county within the RSP's Service Area submitted to the Department for approval at any given time, except that Tenant-Based Rental Assistance Reservations submitted for approval under an RSP Agreement is limited to 30 at any given time.

(c) Extremely Low-Income Households. Except for Households submitted under the Disaster set-aside, each RSP will be required to serve at least one extremely low-income Household out of every four Households submitted and approved for assistance. For purposes of this subsection, extremely low-income is defined as families that are either at or below 30 percent AMFI for the county in which they will reside or have an income that is lower than the statewide 30 percent income limit without adjustments to HUD limits.

(d) Match. Administrators must meet the Match requirement per Activity approved for assistance. Match may not be transferred from one Activity to another Activity.

(e) Completion of Construction. For Activities involving construction, construction must be complete within 12 months from the Commitment of Funds for the Activity, unless amended in accordance with subsection (g) of this section.

(f) Household commitment contract term. The term of a Household commitment contract may not exceed 12 months, except that the Household commitment contract term for Tenant-Based Rental Assistance may not exceed 24 months. Household commitment contracts may commence after the end date of an RSP Agreement only in cases when the Administrator has submitted a Reservation on or before the termination date of the RSP Agreement.

(g) Amendments to Household commitment contracts may be considered by the Department provided the approval does not conflict with the federal regulations governing use of these funds, or impact federally imposed obligation or expenditure deadlines.

(1) The Executive Director's authorized designee may approve an amendment that extends the term of a Household commitment contract by not more than six months, except that the term of a Household commitment contract for Tenant-Based Rental Assistance may not be extended to exceed a total Household commitment contract term of 24 months.

(2) The Executive Director's authorized designee may approve one or more amendments to a Household commitment contract to:

(A) extend the Construction Completion Date by not more than six months;

(B) extend the term of rental subsidy up to a total term of 24 months;

(C) extend the draw period by not more than three months after the Construction Completion Date or termination of rental subsidy; or

(D) to increase Activity funds within the limitations set forth in this Chapter.

(3) The Executive Director may approve amendments to a Household commitment contract, except amendments to extend the contract term of a Household Commitment contract by more than 12 months.

(h) Pre-agreement costs. The Administrator may be reimbursed for eligible administrative and Activity soft costs incurred before the effective date of the RSP Agreement in accordance with 24 CFR §92.212 and at the sole discretion of the Department. In no event will the Department reimburse expenses incurred more than six months prior to the effective date of the RSP Agreement.

(i) Administrator must remain in good standing with the Department, the state of Texas, and HUD. If an Administrator is not in good standing, participation in the Reservation System will be suspended and may result in termination of the RSP Agreement.

§23.26 General Administrative Requirements

Unless otherwise provided in this Chapter, the Administrator or Developer must comply with the requirements described in paragraphs (1) - (~~21~~22) of this section, for the administration and use of HOME funds:

(1) Complete training, as applicable.

(2) Provide all applicable Department Housing Contract System access request information and documentation requirements.

(3) Establish and maintain sufficient records at its regular place of business and make available for examination by the Department, HUD, the U.S. General Accounting Office, the U.S. Comptroller, the State Auditor's Office of Texas, the Comptroller of Public Accounts, or any of their duly authorized representatives, throughout the applicable record retention period.

(4) For non-Single Family Development Contracts, develop and establish written procurement procedures that comply with federal, state, and local procurement requirements including:

(A) Develop and comply with written procurement selection criteria and committees, including appointment of a procurement officer to manage any bid process;

(B) Develop and comply with a written code of conduct governing employees, officers, or agents engaged in administering HOME funds;

(C) Ensure consultant or any procured service provider does not participate in or direct the process of procurement for services. A consultant cannot assist in their own procurement before or after an award is made;

(D) Ensure that procedures established for procurement of building construction contractors do not include requirements for the provision of general liability insurance coverage in an amount to exceed the value of the contract and do not give preference for contractors in specific geographic locations;

(E) Ensure that building construction contractors are procured in accordance with State and Federal regulations for single family HOME Activities;

~~(F) To the extent that a set of architectural plans are generated and used by an Administrator for more than one Single Family Housing Unit, the Department will reimburse only for the first time a set of architectural plans is used, unless any subsequent site specific fees are paid to a Third Party architect or licensed engineer for the reuse of the plans on that subsequent specific site, as demonstrated by a contract with the third-party;~~

(~~G~~F) Ensure that professional service providers (consultants) are procured using an open competitive procedure and are not procured based solely on the lowest priced bid; and

(~~H~~G) Ensure that any Request for Proposals or Invitation for Bid include:

(i) an equal opportunity disclosure and a notice that bidders are subject to search for listing on the Excluded Parties List;

(ii) bidders' protest rights and an outline of the procedures bidders must take to address procurement related disputes;

(iii) a conflict of interest disclosure;

(iv) a clear and accurate description of the technical requirements for the material, product, or service to be procured. The description must include complete, adequate, and realistic specifications;

(v) for sealed bid procedures, disclose the date, time and location for public opening of bids and indicate a fixed-price contract;

(vi) must not have a term of services greater than five years; and

(vii) for competitive proposals, disclose the specific election/evaluation criteria.

(5) ~~(F)~~ To the extent that a set of architectural plans are generated and used by an Administrator or Developer for more than one Single Family Housing Unit, the Department will reimburse only for the first time a set of architectural plans is used, unless any subsequent site specific fees are paid to a Third Party architect or licensed engineer for the reuse of the plans on that subsequent specific site, as demonstrated by a contract with the third-party.~~;~~

(~~5~~6) In instances where a potential prohibited conflict of interest exists, follow procedures to submit required documentation to the Department sufficient to submit an exception request to HUD for any conflicts prohibited by 24 CFR §92.356. 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 by newspaper publication, 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 HOME funds will be committed to or reserved to assist a Household impacted by the conflict of interest regulations until HUD has granted an exception to the conflict of interest provisions.

(~~6~~7) Perform environmental clearance procedures, as required, before acquiring any Property or before performing any construction activities, including demolition, or before the occurrence of the loan closing, if applicable.

(~~7~~8) Develop and comply with written Applicant intake and selection criteria for program eligibility that promote and comply with Fair Housing requirements and the State's One Year Action Plan.

(~~8~~9) Complete Applicant intake and Applicant selection. Notify each Applicant Household in writing of either acceptance or denial of HOME assistance within 60 days following receipt of the intake application.

(~~9~~10) Determine the income eligibility of a Household using the "Annual Income" as defined at 24 CFR §5.609, by using the list of income included in HUD Handbook 4350.3 (or most recent version), and excluding from income those items listed in HUD's Updated List of Federally Mandated Exclusions from Income. The Single Family HOME Program will implement the applicable requirements of the Housing Opportunity Through Modernization Act (HOTMA) not later than January 1, ~~2026~~2027.

(~~10~~11) Complete an updated income eligibility determination of a Household if the date of certification is more than six months prior to the Date of Assistance.

(~~11~~12) For single family Activities involving construction, perform initial inspection in accordance with Chapter 20 of this Title (relating to Single Family Programs Umbrella Rule). Property inspections must include photographs of the front, back, and side elevations of the housing unit and at least one picture of each of the kitchen, family room, each bedroom and each bathroom. The inspection must be signed and dated by the inspector and the Administrator. The photographs submitted with the initial inspection should evidence the deficiencies noted on the initial inspection and must clearly show the entire property, including other buildings located on the property.

(~~12~~13) Submit a substantially complete request for the Commitment or Reservation of Funds, loan closing preparation, and for disbursements. Administrators must upload all required information and verification documentation in the Housing Contract System. Requests determined to be substantially incomplete will not be reviewed and may be disapproved by the Department. Expenses for which reimbursement is requested must be documented as incurred. If the Department identifies administrative deficiencies during review, the Department will allow a cure period of 14 calendar days beginning at the start of the first day following the date the Administrator or Developer is notified of the deficiency. If any administrative deficiencies remain after the cure period, the Department, in its sole discretion, may disapprove the request. Disapproved requests will not be considered sufficient to meet the performance benchmark and shall not constitute a Reservation of Funds.

(~~13~~14) Submit signed program documents timely as may be required for the completion of a Commitment or Reservation of Funds, and for closing preparation of the loan or grant documents. Department reserves the right to cancel or terminate Activities when program documents are not executed timely, in the Department's sole and reasonable discretion.

(~~14~~15) Not proceed or allow a contractor to proceed with construction, including demolition, on any Activity or development without first completing the required environmental clearance procedures, preconstruction conference and receiving notice to proceed, if applicable, and execution of grant agreement or loan closing with the Department, whichever is applicable.

(~~15~~16) Submit any Program Income received by the Administrator or Developer to the Department within 14 days of receipt; any fund remittance to the Department, including refunds, must include a written explanation of the return of funds, the Contract number, name of Administrator or Developer, Activity address and Activity number, and must be sent to the Department's accounting division.

(~~16~~17) Submit required documentation for project completion reports no later than 60 days after the completion of the Activity, unless this term is extended though amendment.

(~~17~~18) For Contract awards, submit certificate of Contract Completion within 14 days of the Department's request.

(~~18~~19) Submit to the Department reports or information regarding the operations related to HOME funds provided by the Department.

(~~19~~20) Submit evidence with the final draw for construction related activities that the builder has provided a one-year warranty specifying at a minimum that materials and equipment used by the contractor will be new and of good quality unless otherwise required, the work will be free from defects other than those inherent in the work as specified, and the work will conform to the requirements of the contract documents.

(~~20~~21) Provide the Household all warranty information for work performed by the builder and any materials purchased for which a manufacturer or installer's warranty is included in the price.

(~~21~~22) If required by state or federal law, place the appropriate bonding requirement in any contract or subcontract entered into by the Administrator or Developer in connection with a HOME award. Failure to include the bonding requirement in subcontracts may result in termination of the RSP Agreement.

§ 23.27 Project Cost Limitations.

(a) Direct Activity Costs for construction, exclusive of Match funds, are limited to the amounts described in this section; however, not more than once per year, the Board in its sole discretion, may increase or decrease by up to five percent of the limitation for Direct Activity Costs. Total Activity costs may not exceed HUD Subsidy Limits. Dollar amounts in a Household commitment contract are set at the time of Contract execution and may not be adjusted through this process. Current limit amounts under this section will be reflected on the Department's website.

(b) Reconstruction and New Construction of site-built housing: the lesser of $150 per square foot of conditioned space or $175,000; or for Households of five or more Persons that require a four-bedroom unit, the lesser of $150 per square foot of conditioned space, or $200,000; and

(c) Direct Activity Costs for acquisition and placement of a unit of Manufactured Housing, including demolition or removal of existing housing and exclusive of Match funds, is limited to $125,000.

(d) Direct Activity Costs for conversion of a Contract for Deed, including closing costs paid from HOME funds, is limited to $40,000.

(e) In addition to the Direct Activity Costs allowable under subsections (b) and (c) of this section, additional funds in the amount of $15,000 may be used to pay for each of the following, as applicable:

(1) Necessary environmental mitigation as identified during the Environmental review process or ~~;~~abatement of hazardous conditions on the site other than those identified during the Environmental

review process that would preclude the entire assisted property from meeting required property standards;

(2) Installation of an aerobic septic system; and

(3) Homeowner requests for accessibility features for a household member who is a person with disabilities.

(f) Activity soft costs eligible for reimbursement for Activities of the following types are limited to:

(1) Acquisition or refinance in conjunction with New Construction of site-built housing or placement of an MHU: no more than $2,500 per housing unit;

(2) Replacement with an MHU: no more than $10,000 per housing unit;

(3) Reconstruction or New Construction of site-built housing: $15,000 per housing unit; and

(4) For HRA, ~~R~~reasonable and necessary third-party costs incurred in connection with required housing counseling, appraisals, title reports or insurance, tax certificates, recording fees, surveys, and first year hazard and flood insurance.

(g) Project Cost Limitations for Tenant-Based Rental Assistance Activities are limited as described in Subchapter E of this Chapter.

(h) Projects Costs must not exceed the federal subsidy limit, unless waived by HUD.

(i) Unless waived by HUD, the purchase price of acquired property and the post-improvement value of the unit may not exceed the limitations set forth in 24 CFR §92.254. Compliance with the purchase price limitation must be evidenced prior to loan closing with an as-built appraisal.

(j) Administrative Cost Limitations.

(1) Funds for administrative costs are limited to no more than five percent of the Direct Activity Costs, exclusive of Match funds, for HRA.

(2) Funds for administrative costs are limited to no more than eight percent of the Direct Activity Costs, exclusive of Match funds, for CFD and HANC.

(3) For TBRA, Administrators must select one method under which funds for administrative costs and Activity soft costs may be reimbursed prior to execution of an RSP agreement or at Application for an award of funds. All costs must be reasonable and customary for the Administrator's Service Area. Applicants and Administrators may choose from one of the following options, and in any case funds for Administrative costs may be increased by an additional one percent of Direct Activity Costs if Match is provided in an amount equal to five percent or more of Direct Activity Costs:

(A) Funds for Administrative costs are limited to four percent of Direct Activity Costs, excluding Match funds, and Activity soft costs are limited to $1,200 per Household assisted. Activity soft costs may reimburse expenses for costs related to determining Household income eligibility, including ~~recertification~~revisions, and conducting ~~Housing Quality Standards (HQS)~~property standards inspections. All costs must be reasonable and customary for the Administrator's Service Area; or

(B) Funds for Administrative costs are limited to ten percent of Direct Activity Costs, excluding Match funds, and Administrator may not be reimbursed for Activity soft costs.

§ 23.28 Design and Quality Requirements.

(a) Each Single Family Housing Unit constructed with HOME funds must meet the design and quality requirements as described in paragraphs (1)- (6) of this subsection, and plans must be certified by a licensed architect or engineer:

(1) Current applicable International Residential Code, local codes, ordinances, and zoning ordinances in accordance with 24 CFR §92.251(a);

(2) Requirements in Chapters 20 and 21 of this Title;

(3) Units must Include the following amenities: Wired with RG-6 COAX or better and CAT3 phone cable or better to each bedroom and living room; Blinds or window coverings for all windows; Disposal and Energy-Star or equivalently rated dishwasher (must only be provided as an option to each Household); Oven/Range; and Exhaust/vent fans (vented to the outside) in bathrooms~~; Energy Star or equivalently rated lighting in all rooms, which may include LED bulbs~~. The living room and each bedroom must contain at least one ceiling lighting fixture and wiring must be capable of supporting ceiling fans~~; and~~. Paved- off-street parking for each unit to accommodate at least one mid-sized car and access to on-street parking for a second car must be present;

(4) ~~Units must contain no less than two bedrooms.~~ Each Single Family Housing Unit must contain complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation;

(5) Each bedroom must be no less than 100 square feet; have a length or width no less than 8 feet; be self-contained with a door; have at least one window that provides exterior access; and have at least one closet that is not less than two feet deep and three feet wide and high enough to contain at least five feet of hanging space; and

~~(6) Units must be no less than 800 total net square feet for a two bedroom Single Family Housing Unit; no less than 1,000 total net square feet for a three bedroom and two bathroom Single Family Housing Unit; and no less than 1,200 total net square feet for a four bedroom and two bathroom Single Family Housing Unit.~~

(~~7~~6) An exception to paragraphs (~~2~~3) - (~~6~~5) may be requested by the Household and approved by the Division Director prior to submission of the Activity. A request for an exception must include the specific feature or design requirement for which the exception is requested, and must include justification for the exception.

(b) Units selected by Households assisted under the Tenant-Based Rental Assistance Program must- be inspected for compliance with Housing Quality Standards, as established by HUD before occupancy and any subsequent inspection when the Commitment ~~Assistance Date~~ is on or before October 1, 2026. Thereafter, rental units must be inspected using the National Standards for the Physical Inspection of Real Estate, as modified for the HOME program.~~meet the applicable federal requirements for the HOME Program as of the date of initial occupancy and any subsequent inspection.~~

§23.29 Resale and Recapture Provisions

(a) Recapture is the primary method the Department will use to recoup HOME funds under 24 CFR §92.254(a)(5)(ii).

(b) To ensure continued affordability, the Department has established the recapture provisions described in paragraphs (1) - (4) of this subsection and further defined in 24 CFR §92.254(a)(5)(ii).

(1) In the event that a federal affordability period is required and the assisted property is rented, leased, or no member of the Household has it as the Principal Residence, the entire HOME investment is subject to recapture. The Department will include any loan payments previously made when calculating the amount subject to recapture. Loan forgiveness is not the same thing as loan payments for purposes of this subsection.

(2) In the event that a federal affordability period is required and the assisted property is sold, including through a short sale, deed in lieu of foreclosure, or foreclosure, prior to the end of the affordability period, the Department will recapture the available amount of net proceeds based on the requirements of 24 CFR §92.254, and as outlined in the State's One Year Action Plan.

(3) The Household can sell the unit to any willing buyer at any price. In the event of sale to a qualified low-income purchaser of a HOME-assisted unit, the qualified low-income purchaser may assume the existing HOME loan and assume the recapture obligation entered into by the original buyer if no additional HOME assistance is provided to the low-income purchaser. 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 24 CFR §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.

(4) If there are no net proceeds from the sale, no repayment will be required of the Household and the balance of the loan shall be forgiven as outlined in the State's applicable One Year Action Plan.

(c) The Department has established the resale provisions described in paragraphs (1) - (7) of this subsection, only in the event that the Department must impose the resale provisions of 24 CFR §92.254(a)(i).

(1) Resale is defined as the continuation of the affordability period upon the sale or transfer, rental or lease, refinancing, and no member of the Household is occupying the property as their Principal Residence.

(2) 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.

(3) 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) The resale provisions shall remain in force from the date of loan closing until the expiration of the required affordability period.

(5) The Household is required to sell the home at an affordable price to a reasonable range of low-income homebuyers that will occupy the home 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 AMFI and meet all program requirements.

(A) The seller will be afforded a fair return on investment 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.

(B) Fair return on investment is paid to the seller at sale once first mortgage debt 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 the appropriate partial fair return shall remain in force.

(6) The appreciated value is the affordable sales price less first mortgage debt less fair return.

(A) If appreciated value is zero, or less than zero, then no appreciated value exists.

(B) The initial homebuyer's investment of down payment and closing costs divided by the Department's HOME investment equals the percentage of appreciated value that shall be paid to the initial homebuyer or persons as otherwise directed by law. The balance of appreciated value shall be paid to the Department.

(7) The property qualified by the initial Household will be encumbered with a lien for the full affordability period.

(d) In the event the housing unit transfers by devise, descent, or operation of law upon the death of the assisted homeowner, forgiveness of installment payments under the loan may continue until maturity or the penalty amount for noncompliance under the conditional grant agreement may be waived, if the new Household qualifies for assistance in accordance with this subchapter. If the new Household does not qualify for assistance in accordance with this Chapter, forgiveness of installment payments will cease and repayment of scheduled payments under the loan will commence and continue until maturity or payment of a penalty amount under the conditional grant agreement may be required in accordance with the terms of the conditional grant agreement.

(e) Forgiveness of installment payments under the loan may continue until maturity or the penalty amount under conditional grant agreement may be waived by the Department if the housing unit is sold by the decedent's estate to a purchasing Household that qualifies for assistance in accordance with this Chapter.

(f) Grants subject to conditional grant agreements are not subject to the entire penalty amount in the event the property is no longer the Principal Residence of any Household member.

SUBCHAPTER F SINGLE FAMILY DEVELOPMENT PROGRAM

§23.60 Single Family Development (SFD) General Requirements

(a) Program funds under this subchapter may be used for the Development of new single family housing for homeownership that complies with affordability requirements as defined at 24 CFR §92.254. Direct Activity Costs, exclusive of Match funds, are limited to the amounts described in§ 23.27, Project Cost Limitations.

(b) In addition to the requirements of Chapter 1, Subchapter B of this Title and Subchapter B of this Chapter, Applicants for an award of Single Family Development funds must submit a proposed development plan. The proposed development plan must be consistent with the requirements of this Chapter, all other federal and state rules, and include:

(1) a floor plan and front exterior elevation for each proposed unit which reflects the exterior building composition;

(2) a FEMA Issued Flood Map that identifies the location of the proposed site(s) evidencing that the housing unit(s) will be outside of the 100-year floodplain;

(3) letters from local utility providers, on company letterhead, confirming each site has access to the following services: water and wastewater, sewer, electricity, garbage disposal and natural gas, if applicable;

(4) evidence that the site is zoned appropriately for the proposed housing, including a map with the site and zoning notated, or a letter from the local jurisdiction stating that the site is zoned for single family residential construction;

(45) documentation of site control of each proposed lot: A recorded warranty deed with corresponding executed settlement statement; or a contract or option for the purchase of the proposed lots that is valid for at least 180 days from the date of application submission; ~~and~~

(56) an "as vacant" appraisal of at least one of the proposed lots if the Applicant has an Identity of Interest with the seller or current owner of the property; or any of the proposed property is part of a newly developed or under-development subdivision in which at least three other third-party sales cannot be evidenced. The purchase price of any lot in which the current owner has an Identity of Interest must not exceed the appraised value of the vacant lot at the time of Activity submission. The appraised value of the lot may be included in the sales price for the homebuyer transaction; ~~.~~

(7) A title commitment to issue a title policy that evidences the property will transfer with no tax lien, child support lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. A title commitment must include the complete legal description, copies of covenants, conditions and restrictions, easements, and any supplements. The effective date of the title commitment must be no more than 60 days prior to the date of project submission. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close; ~~and~~

(8) Identification of Lead-Based Paint (LBP) if site remediation is needed;

(9) A subdivision plat that includes each proposed site on which housing is to be developed;

(10) An Elected Officials and Neighborhood Organizations form, including evidence of request for neighborhood organizations submitted at least 14 days prior to the Application submission date;

(11) a commitment, term sheet, or letter of interest/intent for each non-TDHCA source of funds to be provided for either interim construction or permanent mortgage financing for the Development;

(12) a completed market assessment demonstrating demand;

(~~2~~13) ~~A~~ a budget that includes the amount of Activity funds specifying the acquisition cost, construction costs, contractor fees, and developer fees, as applicable. A maximum of five percent of hard construction costs for contingency items, proposed Match to be provided, evidence that Activity Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed; and

(14) required certifications as described in the Application.

(~~6~~c) The Department may prioritize Applications or otherwise incentivize Applications that:

(1) ~~partner with other lenders~~include other lenders that commit to provide some or~~f~~ all of the permanent purchase money financing for the purchase of Single Family Housing Units developed with funds provided under this subchapter; or~~.~~

(2) include a self-help component as defined in the Notice of Funding Availability.

(~~c~~d) Program funds under this subchapter are only eligible to be administered by a CHDO certified as such by the Department if administered utilizing the CHDO set-aside. A separate grant for CHDO operating expenses may be awarded to CHDOs that receive a Contract award if funds are provided for this purpose in the NOFA. A CHDO may not receive more than one grant of CHDO operating funds in an amount not to exceed $50,000 within any one year period, and may not draw more than $25,000 in CHDO operating funds in any twelve month period from any source, including CHDO operating funds from other HOME Participating Jurisdictions.

(~~d~~e) Direct Activity Costs are limited to the costs described in § 23.27, Project Cost Limitations.

(~~e~~f) Developer fees (including consulting fees) are limited to 15 percent of the total hard construction costs. For self-help housing, total hard construction costs include the value of donated labor and materials calculated in accordance with Match requirements for the HOME Program, except that the source of the donated labor is not limited to parties eligible to provide Match. The developer fee will be reduced by one percent per month or partial month that the construction period exceeds the original term of the construction period financing.

(~~f~~g) General Contractor Fees are limited to 15 percent of the total hard construction costs. The General Contractor is defined as one who contracts for the construction of an entire development Activity, rather than a portion of the work. The General contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors. A prime subcontractor will also be treated as a General Contractor, and any fees payable to the prime subcontractor will be treated as fees to the General Contractor, in the scenarios described in paragraphs (1) and (2) of this subsection:

(1) Any subcontractor, material supplier, or equipment lessor receiving more than 50 percent of the contract sum in the construction contract will be deemed a prime subcontractor; or

(2) If more than 75 percent of the contract sum in the construction contract is subcontracted to three or fewer subcontractors, material suppliers, and equipment lessors, such parties will be deemed prime subcontractors.

(gh) Construction period financing for each unit shall be structured as a zero percent interest loan with a ~~12~~24-month term. The maximum construction loan amount may not exceed the total development cost less developer fees/profit, closing costs associated with the permanent mortgage financing, and ineligible Activity costs. ~~Prior to construction loan closing, a sales contract must be executed with a qualified homebuyer.~~

(i) Prior to the expiration of the interim construction loan term, the property must be sold to a qualified homebuyer. If the housing unit is not sold to an eligible homebuyer within 12 months of the Construction Completion Date, additional funding, closings, and draws on the award will cease and the Department will require the Applicant to repay any outstanding construction debt in full.

(~~h~~j) In the instance that the total development cost equals more than 100 percent of the appraised value, the portion of the development cost that exceeds 100 percent of the appraised value ~~will~~ may be granted to the ~~developer~~ Developer to buy down the purchase price. Reasonable and customary seller closing costs may be ~~provided with HOME funds as a grant to the Developer~~included in the interim construction loan and deducted from the developer fee at the time of sale to a qualified homebuyer.

(~~i~~k) Direct assistance to ~~the~~ a qualified homebuyer may be provided by the Department, and ~~will be structured as a first and/or second lien loan(s)~~must comply with requirements of Chapter 20 of this title:

(1) A ~~first lien,~~ fully amortizing, repayable loan with a term up to 30 ~~-~~years ~~term~~ may be provided by the Department and will initially be evaluated at zero percent interest. The Department's loan amount will not exceed the ~~total HOME~~total HOME funded portion of the development cost combined with reasonable and customary buyer's closing costs paid with HOME funds. Should the estimated housing payment, including all funding sources, be less than the minimum required housing payment for the minimum term, the Department may charge an interest rate to the homebuyer such that the total estimated housing payment is no less than the required minimum housing payment. In no instance shall the interest rate charged to the homebuyer exceed five percent, and such result may deem the applicant as overqualified for assistance.

(A) The total Mortgage Loan may include costs incurred for the total development cost and Mortgage Loan Closing Costs, exclusive of Match funds.

(B) The total Debt-to-Income Ratio shall not exceed the limitations set forth in Chapter 20 of this Title.

(C) ~~For buyers whose income is equal to or less than 50 percent AMFI, t~~The minimum required housing payment shall be no less than 15 percent of the household's ~~gross~~ Qualifying Income ~~income. For homebuyers whose income exceeds 50 percent AMFI, the minimum required housing payment shall be no less than 20 percent of the household's gross income.~~

(2) Down payment and closing costs assistance is limited to the lesser of down payment required by a third-party lender and reasonable and customary buyer's closing costs, or the amount required to ensure affordability of the ~~HOME~~ permanent financing. Down payment and closing cost assistance may not exceed ten percent of the total development cost and shall be structured as a five~~- or ten-~~year deferred, forgivable loan with a subordinate lien, in accordance with the required federal affordability period.

(3) A first lien ~~conventional~~ mortgage not provided by the Department must meet the mortgage financing requirements outlined in Chapter 20 of this Title.

(~~j~~l) Earnest money is limited to no more than $1,000, which may be credited to the homebuyer at closing, but may not be reimbursed as cash.

(~~k~~m) If a Household should become ineligible or otherwise cease participation and a replacement Household is not located within 90 days of the end of the construction period, all additional funding, closings, and draws on the award will cease and the Department will require the Applicant to repay any outstanding construction debt in full.

(~~l~~n) The Division Director may approve the use of alternative floor plans or lots from those included in the approved Application, provided the requirements of this section can still be met and such changes do not materially affect the total budget.

(~~m~~o) To ensure affordability, the Department will impose resale or recapture provisions established in this Chapter.

§23.61 Single Family Development (SFD) Administrative Requirements

~~(a) Commitment or Reservation of Funds. The Administrator must submit true and correct information, certified as such, with a request for the Commitment of Funds as described in paragraphs (1) - (12) of this subsection:(7) Identification of Lead-Based Paint (LBP) if site remediation is needed;(6~~2) ~~Project cost estimates, c~~Construction contracts, and other construction documents necessary, in the Department's ~~sole determination, to ensure applicable property standard requirements will be met at completion;~~

~~(9) Evidence that the housing unit will be located outside the 100-year floodplain;~~

(a) Interim Construction Loan Closing. Interim construction loan closing must occur not more than 18 months from the date of Contract execution. Prior to closing the interim construction loan, the Developer must submit:

(1) Construction contracts, and other construction documents, including verification of adequate builder's risk insurance, that are necessary, in the Department's sole determination, to ensure applicable property standard requirements will be met at completion;

(~~1~~2) Site-specific a~~A~~ppraisal, which includes post construction improvements prepared by a licensed real estate appraiser; ~~and~~

(3) Site-specific survey that meets the requirements of Chapter 20 of this title;

(4) Verification of environmental clearance; and

(5) ~~A title commitment to issue a title policy that evidences the property will transfer with no tax lien, child support lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. The effective date of the title commitment must be no more than 60 days prior to the date of project submission.~~ Title c~~C~~ommitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close~~; and~~.

~~(1) Head of Household name and address of housing unit for which assistance is being requested;~~

~~(2) A budget that includes the amount of Activity funds specifying the acquisition cost, construction costs, contractor fees, and developer fees, as applicable. A maximum of five percent of hard construction costs~~

~~for contingency items, proposed Match to be provided, evidence that Activity Cost limitations are not exceeded, and evidence that any duplication of benefit is addressed;~~

~~(3) Verification of environmental clearance;~~

~~(4) A copy of the Household's intake application on a form prescribed by the Department;~~

~~(5) Certification of the income eligibility of the Household signed by the Administrator and all Household members age 18 or over, and including the date of the income eligibility determination. All documentation used to determine the income of the Household must be provided;~~

~~(6) Project cost estimates, construction contracts, and other construction documents necessary, in the Department's sole determination, to ensure applicable property standard requirements will be met at completion;~~

~~(7) Identification of Lead-Based Paint (LBP) if site remediation is needed;~~

~~(8) Executed sales contract and documentation that the first lien mortgage meets the eligibility requirements;~~

~~(9) Evidence that the housing unit will be located outside the 100-year floodplain;~~

~~(10) If applicable, documentation to address or resolve any potential conflict of interest, Identity of Interest, duplication of benefit, or floodplain mitigation;~~

~~(11) Appraisal, which includes post construction improvements; and~~

~~(12) Any other documentation necessary to evidence that the Activity meets the program requirements.~~

~~(b) Construction Loan closing. The Administrator must submit the documents described in paragraphs (1) - (2) of this subsection, with a request for the preparation of loan closing with the request for the Commitment of Funds:~~

~~(1) A title commitment to issue a title policy that evidences the property will transfer with no tax lien, child support lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. The effective date of the title commitment must be no more than 60 days prior to the date of project submission. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close; and~~

~~(2) Within 90 days after the loan closing date, the Administrator must submit to the Department the original recorded deed of trust and transfer of lien, if applicable. Failure to submit these documents within 90 days after the loan closing date will result in the Department withholding payment for disbursement requests.~~

(~~c~~b) Disbursement of interim construction loan funds. The ~~Administrator~~ Developer must comply with the requirements described in paragraphs (1) - (~~11~~8) of this subsection, for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the ~~Administrator~~ Developer compliance with requirements described in paragraphs (1) - (~~11~~8) of this subsection may be required with a request for disbursement:

(~~2~~1) Within 90 days after the interim construction loan closing date, the ~~Administrator~~ Developer must submit to the Department the original recorded ~~deed of trust and transfer of lien~~interim construction loan

documents~~, if applicable~~. Failure to submit these documents within 90 days after the loan closing date will result in the Department withholding payment for disbursement requests;~~.~~

(~~1~~2) ~~For construction costs, a~~An interim construction binder advance endorsement not older than the date of the last disbursement of funds or 45 days, whichever is later;~~. For release of retainage a down date endorsement to the mortgagee policy issued to the homebuyer dated at least 40 days after the Construction Completion Date;~~

(~~2~~3) If required or applicable, a maximum of 50 percent of Direct Activity Costs for an Activity may be drawn before providing evidence of Match. Thereafter, each ~~Administrator~~ Developer must provide evidence of Match, including the date of provision, in accordance with the percentage of Activity funds disbursed;

(~~3~~4) Property inspections, including photographs of the front, back, and side elevations of the housing unit and at least one picture of each of the kitchen, family room, each bedroom and each bathroom with date and property address reflected on each photo. The inspection must be signed and dated by the inspector and ~~Administrator or~~ Developer;

(~~4~~5) Certification that its fiscal control and fund accounting procedures are adequate to assure the proper disbursal of, and accounting for, funds provided, no Person that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith; that each request for disbursement of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions;

(~~5~~6) Original, executed, legally enforceable loan documents containing remedies adequate to enforce any applicable affordability requirements. Original documents must evidence that such agreements have been recorded in the real property records of the county in which the housing unit is located and the original documents must be returned, duly certified as to recordation by the appropriate county official;

(~~6~~7) Expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness for expenditures submitted for reimbursement. The Department may request ~~Administrator or~~ Developer to 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 HOME funds to ~~Administrator or~~ Developer as may be necessary or advisable for compliance with all Program Requirements; and

~~(7) Table funding requests must be submitted to the Department with complete documentation no later than 14 days prior to the anticipated loan closing date. Such a request must include a draft settlement statement, title company payee identification information, the Administrator or Developer's authorization for disbursement of funds to the title company, request letter from title company to the Comptroller of Public Accounts with bank account wiring instructions, and invoices for costs being paid at closing;~~

(~~8~~8) Include the withholding of ten percent of hard construction costs for retainage. Retainage will be held until at least 40 days after the Construction Completion Date.~~;~~

~~(9) For final disbursement requests, submission of documentation required for Activity completion reports;~~

~~(10) The final request for disbursement must be submitted to the Department with support documentation no later than 60 days after the termination date of the Contract in order to remain in~~

~~compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract;~~ ~~and~~

~~(11) For costs associated with insurance policies, including title policies and homeowner's insurance policies, charged as Activity costs, evidence of payment of the cost must be submitted with the retainage request.~~

(c) Sale to a Qualified Homebuyer. Not less than nine months prior to the expiration of the interim construction loan and no more than nine months after the Construction Completion Date, Developer must submit documentation to the Department evidencing a pending sale to a qualified homebuyer. Documentation submitted must include:

(1) Head of Household name and address of housing unit for which assistance is being requested;

(2) A copy of the Household's intake application on a form prescribed by the Department;

(3) Certification of the income eligibility of the Household signed by the Developer and all Household members aged 18 or over that ~~inlcudes~~includes the date of the income eligibility determination. All documentation used to determine the income of the Household must be provided;

(4) Executed sales contract and documentation that the first lien mortgage meets the eligibility requirements;

(5) If applicable, documentation to address or resolve any potential conflict of interest, Identity of Interest, duplication of benefit, or floodplain mitigation;

(6) A title commitment to issue a title policy that evidences the property will transfer with no tax lien, child support lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest and that the definition of Homeownership will be met. A title commitment must include the complete legal description, copies of covenants, conditions and restrictions, easements, and any supplements. The effective date of the title commitment must be no more than 60 days prior to the date of submission. Commitments that expire prior to execution of closing must be updated at closing and must not have any adverse changes in order to close;

(7) A down date endorsement to the mortgagee policy issued to the homebuyer dated at least 40 days after the Construction Completion Date; and

(8) Any other documentation necessary to evidence that the Activity meets the program requirements.

(d) Table funding requests must be submitted to the Department with complete documentation no later than 28 days prior to the anticipated loan closing date. Such a request must include a draft settlement statement, title company payee identification information, the Developer's authorization for disbursement of funds to the title company, request letter from title company to the Comptroller of Public Accounts with bank account wiring instructions, and invoices for costs being paid at closing

(e) For costs associated with insurance policies, including title policies and homeowner's insurance policies, charged as Activity costs, evidence of payment of the cost must be submitted with the retainage request.

(f) Final Activity disbursement. Within 90 days after the homebuyer loan closing date, the Developer must submit to the Department:

(1) the original recorded deed of trust and transfer of lien, if applicable. Failure to submit these documents within 90 days after the loan closing date will result in the Department withholding disbursement of the Developer Fee; and.

(92) ~~For final disbursement requests, submission of~~ documentation required for Activity completion reports.;

(~~10~~g) The final request for disbursement under the Contract must be submitted to the Department with support documentation no later than 60 days after the termination date of the Contract, in order to remain in compliance with Contract and eligible for future funding. The Department shall not be obligated to pay for costs incurred or performances rendered after the termination date of a Contract.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1455 **Agenda Date:** 6/4/2026 **Agenda #:** 12.

Presentation, discussion, and possible action on an order proposing the amendment of 10 TAC Chapter 6, Community Affairs Programs, §6.2 Definitions, and directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, 10 TAC §6.2 provides the definitions used in the Community Affairs Programs;

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggestions on opportunities for improvement, and as requested by TREO such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report that §6.2 could be amended to improve efficiency of the rule and therefore the rule is being recommended for amendment; and

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

NOW, therefore, it is hereby

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

BACKGROUND

Chapter 6 governs the Community Affairs Programs. §6.2 specifically addresses the definitions for those programs.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to

improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026 to May 14, 2026.

The report included a recommendation that §6.2 be revised to improve efficiency and clarity and remove unnecessary language. No feedback on the suggestion was received during the 14-day input period. Upon further review, staff thought some definitions were necessary to retain as they define concepts reflected in other Department rules. For the other suggestions, staff is recommending amendments to §6.2.

Behind the preamble, the current rule that is being amended is reflected in blackline. This rule action will be released for public comment and returned to the Board for final adoption.

Attachment 1: Preamble for the proposed amendment of 10 TAC Chapter 6 Community Affairs Programs, §6.2 Definitions

The Texas Department of Housing and Community Affairs (the Department) proposes amendments to 10 TAC Chapter 6, Community Affairs Programs, §6.2, Definitions. The purpose of the proposed amendment is to remove unnecessary language, improve clarity and provide greater regulatory efficiency.

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

The Department has analyzed this proposed rulemaking and the analysis is described below for

each category of analysis performed.

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

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

1. The amended rule does not create or eliminate a government program.

2. The amended 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 amended rule does not require additional future legislative appropriations.

4. The amended 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 amended rule is not creating a new regulation.

6. The amended rule will not expand, limit, or repeal existing regulation.

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

8. The amended 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 has evaluated the amendment and determined that the action 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 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 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 the rule has no economic effect on local employment because the rule relates only to programs and processes which have already been in effect for existing Subrecipients; therefore, no local employment impact statement is required to be prepared for the amended rules.

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 amended rule is in effect, the public benefit anticipated as a result of the new rule will be improved regulatory efficiency and greater clarity. There will not be any economic costs to any individuals required to comply with the amended rule because the rule has already been in place.

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 new rule does not have any foreseeable implications related to costs or

revenues of the state or local governments because the amended rule relates only to programs and processes which have already been in effect for existing subrecipients.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed action, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held from June 19, 2026 to July 20, 2026. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by email to brooke.boston@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 pm Central time, July 20, 2026.

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 amended section affects no other code, article, or statute.

10 TAC §6.2 Definitions

(a) To ensure a clear understanding of the terminology used in the context of the CSBG, LIHEAP, and DOE-WAP programs of the Community Affairs Division, a list of terms and definitions has been compiled as a reference. Any capitalized terms not specifically defined in this section or any section referenced in this chapter shall have the meaning as defined in Chapter 2306 of the Tex. Gov't Code, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), or applicable federal regulations.

(b) The words and terms in this chapter shall have the meanings described in this subsection unless the context clearly indicates otherwise. Refer to Subchapters B, C, and D of this chapter for program specific definitions.

(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) Awarded Funds--The amount of funds or proportional share of funds committed by the Department's Board to a Subrecipient or Service Area.

(3) Categorical Eligible/Eligibility--A method where a Subrecipient must deem a Household to be eligible for LIHEAP or DOE benefits if that Household includes at least one member that receives assistance under specific federal programs as identified in this chapter or by Contract.

(4) Child--Household member not exceeding 18 years of age.

~~(5) 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.~~

(5~~6~~) Community Action Agencies (CAAs)--Private Nonprofit Organizations and Public Organizations that carry out the Community Action Program.~~, which was established by the 1964 Economic Opportunity Act to fight poverty by empowering the poor in the United States.~~

(6~~7~~) Community Services Block Grant (CSBG)--An HHS-funded program.~~ which provides funding for CAAs and other Eligible Entities that seek to address poverty at the community level.~~

(7~~8~~) Comprehensive Energy Assistance Program (CEAP)--A LIHEAP-funded program.~~ to assist low-income Households, in meeting their immediate home energy needs.~~

(8~~9~~) Concern--A policy, practice or procedure that has not yet resulted in a Finding or Deficiency, but if not changed will or may result in a Finding or Deficiency.

(9~~10~~) Contract--The executed written agreement between the Department and a Subrecipient performing an activity related to a program that describes performance requirements and responsibilities assigned by the document, for which the first day of the Contract Term is the point at which program funds may be considered by a Subrecipient for Expenditure, unless otherwise directed in writing by the Department.

~~(11) Contract System--A web-based data collection platform which allows Subrecipients of Community Services programs to sign and view Contracts and submit performance and financial reports online.~~

(10~~2~~) Contract Term--The period of Expenditure under a Contract.

~~(13) Contracted Funds--The gross amount of funds Obligated by the Department to a Subrecipient as reflected in a Contract.~~

(11~~14~~) Cost Reimbursement--A Contract sanction whereby reimbursement of costs incurred by the Subrecipient is made only after the Department has conducted such review as it deems appropriate as more fully described in §2.201 of this T~~t~~itle (relating to Cost Reimbursement). ~~, which may be complete or limited, such as on a sampling basis, and approved backup documentation provided by the Subrecipient to support such costs. Such a review and approval does not serve as a final approval and all uses of advanced funds remain subject to review in connection with future or pending reviews, monitoring, or audits and in no way serves to constrain or limit them.~~

(12~~15~~) Declaration of Income Statement (DIS)--A Department-approved form used only when it is not possible for an applicant to obtain third party or firsthand verification of income.

(13~~16~~) Deficiency--Consistent with the CSBG Act, a Deficiency exists when an Eligible Entity has failed to comply with the terms of an agreement or a State plan, or to meet a State requirement. The Department's determination of a Deficiency may be based on the Eligible Entity's failure to provide CSBG services, or to meet appropriate standards, goals, and other requirements established by the State, including performance objectives, or as provided for in §2.203(b) of this title (relating to Termination and Reduction of Funding for CSBG Eligible Entities). A Finding, Observation, or Concern that is not corrected, or is repeated, may become a Deficiency.

(14~~7~~) Deobligate/Deobligation--The partial or full removal of Contracted Funds from a Subrecipient. ~~Partial Deobligation is the removal of some portion of the full Contracted Funds from a Subrecipient, leaving some remaining balance of Contracted Funds to be administered by the Subrecipient. Full Deobligation is the removal of the full amount of Contracted Funds from a Subrecipient. This definition does not apply to CSBG non-Discretionary funds.~~

(15~~8~~) Department of Energy (DOE)--Federal department that provides funding for a weatherization assistance program.

(16~~9~~) Department of Health and Human Services (HHS)--Federal department that provides funding for CSBG and LIHEAP ~~energy assistance and weatherization~~.

(17~~20~~) Discretionary Funds--CSBG funds, excluding the 90% of the state's annual allocation that is designated for statewide allocation to CSBG Eligible Entities under §6.203 of this subchapter (relating to Formula for Distribution of CSBG Funds) and state administrative funds, maintained by the Department, at its discretion, for CSBG allowable uses as authorized by the CSBG Act.

(18~~21~~) Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.

(19~~22~~) Elderly Person--

(A) For CSBG, a person who is 55 years of age or older; and

(B) For CEAP and WAP, a person who is 60 years of age or older.

(20~~23~~) Eligible Entity--Those local organizations in existence and designated by the federal and state government to administer programs created under the Federal Economic Opportunity Act of 1964. This includes CAAs, limited-purpose agencies, and units of local government. ~~The CSBG Act defines an Eligible Entity as an organization that was an Eligible Entity on the day before the enactment of the Coats Human Services Reauthorization Act of 1998 (October 27, 1998), or is designated by the Governor to serve a given area of the state and that has a tripartite board or other mechanism specified by the state for local governance.~~

(21~~4~~) Emergency--defined as:

(A) A Natural Disaster;

(B) A significant home energy supply shortage or disruption;
(C) Significant increase in the cost of home energy, as determined by the Secretary of HHS;
(D) A significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data;
(E) A significant increase in participation in a public benefit program such as the food stamp program carried out under the Supplemental Nutrition Assistance Program (SNAP) Food and Nutrition Act of 2008 ~~Food Stamp Act of 1977 (7 U.S.C. §§2011, et seq.)~~, SSI ~~the national program to provide supplemental security income carried out under Title XVI of the Social Security Act~~ (42 U.S.C. §§1381, et seq.) or the state temporary assistance for needy families program carried out under Part A of Title IV of the Social Security Act (42 U.S.C. §§601, et seq.), as determined by the head of the appropriate federal agency;
(F) A significant increase in unemployment, layoffs, or the number of Households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or
(G) An event meeting such criteria as the Secretary of HHS, at the discretion of the Secretary of HHS, may determine to be appropriate.
(2~~2~~5) Expenditure--Funds that have been accrued or remitted for purposes of the award.
(2~~3~~6) Extended Foster Care--The Texas Department of Family Services program as identified in 40 TAC §700.346 or successor regulation.
(2~~4~~7) Families with Young Children--A Household that includes a Child age five or younger. For LIHEAP-WAP only, a Family with Young Children also includes a Household that has a pregnant woman.
(2~~5~~8) Federal Poverty Income Guidelines--The official poverty income guidelines as issued by HHS annually.
(2~~6~~9) 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 or may result in disallowed costs.
(27~~30~~) Gross Annual Income--Defined as the total amount of non-excluded income earned annually before taxes or any deductions for all Household members 18 years of age and older.
(28~~31~~) 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.
(29~~32~~) High Energy Consumption--A Household that is billed more than $1000 annually for related fuel costs for heating and cooling their Dwelling Unit.
(30~~33~~) Household--An individual or group of individuals, excluding unborn Children, who are living together as one economic unit. For DOE WAP this includes all persons living in the Dwelling Unit. For CSBG/LIHEAP it includes these persons customarily purchasing residential energy in common or making undesignated payments for energy. In CSBG/LIHEAP a live-in aide, or a Renter with a separate lease that includes a separate bill for utilities is not considered a Household member.
(3~~1~~4) Inverse Ratio of Population Density Factor--The number of square miles of a county divided by the number of poverty Households of that county.
(3~~2~~5) Low Income Household--Defined as:

(A) For DOE WAP, 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;
(B) For CEAP and LIHEAP-WAP, a Household whose total combined annual income is at or below 150% of the Federal Poverty Income guidelines, or a Household who is Categorically Eligible; and
(C) For CSBG, a Household whose total combined annual income is at or below 125% of the Federal Poverty Income guidelines.

(336) Low Income Home Energy Assistance Program (LIHEAP)--An HHS funded program. ~~which serves Low Income Households who seek assistance for their home energy bills and/or weatherization services.~~

(347) Means Tested Veterans Program--A program whereby applicants who meet certain Veterans Affairs requirements~~, including but not limited to income and net worth limits set by Congress,~~ receive payments from the U.S. Department of Veterans Affairs.

(358) Mixed Status Household--A Household that contains one or more members that are U.S. Citizens, U.S. Nationals, or Qualified Aliens, and one or more members that are Unqualified Aliens.

(369) Monthly Performance and Expenditure Report--Two separate but linked reports indicating a Subrecipient's or Eligible Entity's performance and financial information, due to the Department on or before the fifteenth day of each month of the Contract Term following the reporting month. If the fifteenth falls on a weekend or holiday, the reports must still be entered on or before the fifteenth. The data the Department collects is subject to change based on changes required by DOE or HHS.

(3740) 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.

(3841) Observation--A notable policy, practice or procedure observed through the course of monitoring.

~~(42) Office of Management and Budget (OMB)--Office within the Executive Office of the President of the United States that oversees the performance of federal agencies and administers the federal budget.~~

(3943) Office of Management and Budget (OMB) Circulars--Instructions and information issued by OMB to Federal agencies that set forth principles and standards for determining costs for federal awards and establish consistency in the management of grants for federal funds, as more fully ~~. Uniform cost principles and administrative requirements for local governments and for nonprofit organizations, as well as audit standards for governmental organizations and other organizations expending federal funds are~~ set forth in 2 CFR Part 200, unless different provisions are required by statute or approved by OMB.

~~(44) Outreach--The method used by a Subrecipient that attempts to identify customers who are in need of services, alerts these customers to service provisions and benefits, and helps them use the services that are available. Outreach is utilized to locate, contact and engage potential customers.~~

~~(45) Performance Statement--A document which identifies the services to be provided by a Subrecipient.~~

(406) Person with a Disability--Any individual who is:
(A) An individual described in 29 U.S.C. §701 or has a disability under 42 U.S.C. §§12131 - 12134;
(B) Disabled as defined in 42 U.S.C. §1382(a)(3)(A), 42 U.S.C. §423, or in 42 U.S.C. §15001;
(C) Receiving benefits under 38 U.S.C. Chapter 11 or 15; or

(D) An individual with a disability as defined in §1.202(4).

(4~~1~~7) Population Density--The number of persons residing within a given geographic area of the state.

(4~~2~~8) 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 and that is not a Public Organization.

(4~~3~~9) Production Schedule--The estimated monthly and quarterly performance targets and Expenditures for a Contract Term. The Production S~~s~~chedule must be signed by the applicable approved signatory and approved by the Department in writing.

(44~~50~~) Program Year--January 1 through December 31 of each calendar year for CSBG and LIHEAP; July 1 through June 30 of each calendar year for DOE WAP.

(44~~51~~) Public Organization--A unit of government, as established by the Legislature of the State of Texas. Includes, but may not be limited to, cities, counties, and councils of governments.

(45~~52~~) Qualified Alien--A person that is not a U.S. Citizen or a U.S. National and is described at 8 U.S.C. §1641(b) and (c).

(46~~53~~) Referral--The documented process of providing information to a customer Household about an agency, program, or professional person that can provide the service(s) needed by the customer.

(47~~54~~) Reobligate/Reobligation--The reallocation of Deobligated funds to other Subrecipients or back to the Department for allowable uses.

(48~~55~~) Service Area--The geographical area where a Subrecipient must provide services under a Contract.

(49~~56~~) Single Audit--The audit required by OMB, 2 CFR Part 200, Subpart F, or Tex. Gov't Code, Chapter 738, Uniform Grant and Contract Management, as reflected in an audit report.

(5~~0~~7) State--The State of Texas or the Department, as indicated by context.

(5~~1~~8) Subcontractor--A person or an organization with whom the Subrecipient contracts with to provide services.

(5~~2~~9) Subrecipient--An organization that receives federal funds passed through the Department to operate the CSBG, CEAP, DOE WAP, and/or LIHEAP program(s).

~~(60) Supplemental Security Income (SSI)--A means tested program run by the Social Security Administration.~~

(53~~61~~) System for Award Management (SAM)--Combined federal database that includes the Excluded Parties List System (EPLS).

(54~~62~~) Systematic Alien Verification for Entitlements (SAVE)--Automated intergovernmental database that allows authorized users to verify the immigration status of applicants.

~~(63) Texas Administrative Code (TAC)--A compilation of all state agency rules in Texas.~~

(55~~64~~) Texas Grant Management Standards (TxGMS) and Uniform Assurances--The standardized set of financial management procedures and Assurances established by Tex. Gov't Code Chapter 783 for Contracts executed on or after January 1, 2022, and as further described in Chapter 1 Subchapter D of this title (relating to Uniform Guidance for Recipients of Federal and State Funds). ~~The term "Assurance" refers to a statement of compliance with federal or state law that is required of a local government as a condition for the receipt Contract funds to promote the efficient use of public funds in local government and in programs requiring cooperation among local, state, and Federal agencies. This includes all Public Organizations.~~ In addition, Tex. Gov't Code Chapter 2105, subjects Subrecipients of federal block grants (as defined therein) to the Texas Grant Management Standards and Uniform Assurances.

(5665) Uniform Grant Management Standards (UGMS)--The standardized set of financial management procedures and definitions established by Tex. Gov't Code Chapter 783 for Contracts executed before January 1, 2022, to promote the efficient use of public funds by requiring consistency among grantor agencies in their dealings with grantees, and by ensuring accountability for the expenditure of public funds. State agencies are required to adhere to these standards when administering grants and other financial assistance agreements with cities, counties and other political subdivisions of the state. This includes all Public Organizations. In addition, Tex. Gov't Code Chapter 2105, subjects Subrecipients of federal block grants (as defined therein) to the Uniform Grant and Contract Management Standards.

~~(66) United States Code (U.S.C.) A consolidation and codification by subject matter of the general and permanent laws of the United States.~~

(5767) Unqualified Alien--A person that is not a U.S. Citizen, U.S. National, or a Qualified Alien.

(5868) Vendor Agreement--An agreement between the Subrecipient and energy vendors that contains assurances regarding fair billing practices, delivery procedures, and pricing for business transactions involving LIHEAP beneficiaries.

(5969) Vulnerable Populations--Elderly persons, Persons with a Disability, and Households with a Child at or below the age of five.

(6070) Weatherization Assistance Program (WAP)--DOE and LIHEAP funded program. ~~designed to reduce the energy cost burden of Low Income Households through the installation of energy efficient weatherization materials and education in energy use.~~

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1456 **Agenda Date:** 6/4/2026 **Agenda #:** 13.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; an order proposing new 10 TAC Chapter 27, Texas First Time Homebuyer Program and Taxable Mortgage Program Rules; and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Chapter 27, provides the rules that govern the Texas First Time Homebuyer (FTHB) Program, and Chapter 28 provides the rules that govern the Taxable Mortgage Program (TMP);

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggestions on opportunities for improvement, and as requested by TREO such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report, at the initiation of the Department, that because of the nearly identical content of Chapters 27 and 28, these rules could be combined into one rule governing both programs to improve regulatory efficiency, and therefore under this action Chapter 27 is being proposed to be revised and retitled to include the TMP Program, and under separate action Chapter 28 is being proposed for repeal; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment to be received from June 19, 2026, to July 20, 2026, and returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

Chapter 27 lays out the parameters for administration of the Texas First Time Homebuyer Program. A very

similar rule in content is Chapter 28, which lays out the parameters for administration of the Taxable Mortgage Program.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026 to May 14, 2026.

The report included a recommendation, initiated by the Department, that because of the nearly identical content of Chapters 27 and 28, these rules could be combined into one rule governing both programs to improve regulatory efficiency. No feedback on the suggestion was received during the 14-day input period. Therefore, this action includes proposing revisions to Chapter 27 that incorporate the TMP and retitling that chapter. Under separate action Chapter 28 is being proposed for repeal as well. These actions will streamline regulations, improve clarity and remove unnecessary language.

Upon Board approval, the proposed rule actions will be published in the *Texas Register* and released for public comment from June 19, 2026, to July 20, 2026. Behind the preamble is a copy of the rule in blackline form reflecting the changes being proposed from the current version of the rule.

Attachment 1: Preamble, including required analysis, for the proposed repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule. The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action. The new updated rule retitles the chapter and now incorporates the Taxable Mortgage Program (TMP) into the rule, previously found in Chapter 28. Under separate action Chapter 28 is being proposed for repeal as its rules will now be covered by Chapter 27.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for repeal because there are no costs associated with the repeal.

The Department has analyzed this 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 new rule 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 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 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 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 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 a more efficient rule that governs both the FTHB Program and TMP. 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.

REQUEST FOR PUBLIC COMMENT. The Department requests comments on the repeal. The public comment period will be held June 19, 2026, to July 20, 2026, to receive input on the proposed actions. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, July 20, 2026.

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

10 TAC Chapter 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 proposed new 10 TAC Chapter 27, Texas First Time Homebuyer Program and Taxable Mortgage Program Rules

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 27, Texas First Time Homebuyer Program and Taxable Mortgage Program Rules. The purpose of the new is to retitle the chapter and now incorporate the Taxable Mortgage Program (TMP) into the rule, previously found in Chapter 28. Under separate action Chapter 28 is being proposed for repeal as its rules will now be covered in this Chapter.

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 adding the TMP rules into this chapter.

2. The new rule does not require a change in work that would require the creation of new employee positions, nor will it reduce workload 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 does expand the existing regulation, but simultaneously is repealing a regulation in Chapter 28.

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 and 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 programs 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 rule with greater clarity and in which redundancy among several chapters is now removed. 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.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held June 19, 2026, to July 20, 2026, to receive input on the proposed actions. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.texas.gov. ALL COMMENTS

AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, July 20, 2026.

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

CHAPTER 27 TEXAS FIRST TIME HOMEBUYER PROGRAM AND TAXABLE MORTGAGE PROGRAM RULES

§27.1 Purpose

(a) The purpose of the Texas First Time Homebuyer Program (FTHB) and Taxable Mortgage Program (TMP) is to facilitate the origination of single-family Mortgage Loans and/or to refinance existing Mortgage Loans for eligible ~~first-time~~ Homebuyers, and to make available down payment and closing cost assistance to eligible Homebuyers. The FTHB ~~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 these~~is~~ Programs is dependent, in part, on the availability of funds. The Department may cease offering all or a part of the assistance available under the programs 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 FTHB Program or TMP~~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 FTHB 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.
~~T~~(5) Code--The Internal Revenue Code of 1986, as amended from time to time.
(6) Contract for Deed Exception~~--~~—In the administration of the FTHB Program, ~~T~~the exception for certain Mortgage Loan eligibility requirements under the FTHB Program or TMP, 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.~~

(8) First Time Homebuyer--In the administration of the FTHB Program, a person who has not owned a home during the three (3) years preceding the date on which an application under the program is filed. A person, as defined in §2306.1071 of the Tex. Gov't Code, will be considered to have owned a home if the person had a present ownership interest in a primary residence during the three (3) years preceding the date on which an application under this program is filed. In the event there is more than one person applying for financing of a Mortgage Loan under the FTHB Program, each Applicant must separately meet this three year requirement.

(9) Homebuyer--An Applicant that is approved by either of the Programs 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 under the FTHB Program and TMP.

(11) Mortgage Lender--T~~t~~he entity, as defined in §2306.004 of the Tex. Gov't Code, that is participating in either of the Programs and signatory to the Master Mortgage Origination Agreement.

(12) Mortgage Loan--as defined in §2306.004 of the Tex. Gov't Code.

(~~12~~13) Participation Packet--The application submitted to the Department by the proposed Mortgage Lender to participate in either or both of the Programs.

(1~~4~~3) Programs--The Texas First Time Homebuyer (FTHB) Program and the Taxable Mortgage Program (TMP).

(1~~5~~4) Purchase Price Limit~~--~~--In the administration of the FTHB Program, t~~T~~he 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.

(1~~6~~5) Qualified Veteran Exemption to First Time Homebuyer Requirement-- In the administration of the FTHB Program, ~~A~~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.

(1~~7~~6) 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.

(1~~8~~7) 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.

(1~~9~~8) Rural Housing Service--A division of the United States Department of Agriculture, also known as RHS.

(20~~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 or in the case of the TMP a Department Designated Area of Special Need. 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.

(21~~0~~) Targeted A~~a~~rea E~~e~~xemption to First time Homebuyer Requirement~~—~~—In the administration of the FTHB Program, 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.

(22~~1~~) 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 Programs ~~an Applicant must apply with respect to~~ a Residence ~~that is~~must be 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 and applicable agency guidelines, as required by the Department. A duplex may be financed under the Programs 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 financed under the FTHB Program or TMP 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 financed under the FTHB Program or TMP 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 agency guidelines and 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/primary residence, unless waived by the Executive Director or their designee for good cause~~., which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Homebuyer's control.~~

(d) In the event the Homebuyer is in violation of this section, the deferred principal balance is due in full pursuant to the Mortgage Loan.

§27.5 Application Procedure and Requirements for Commitments by Mortgage Lenders

(a) An Applicant seeking assistance under either of the Programs 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~~a Uniform Residential Loan A~~a~~pplication (URLA) with a participating Mortgage Lender for the purpose of obtaining a Mortgage Loan.

(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.~~

(2) all usual and reasonable settlement or financing costs permitted by FHA, RHS, VA, Freddie Mac, or Fannie Mae, as applicable, and otherwise permitted by applicable law, provided such charges do not exceed the usual and reasonable amounts charged in the area in which the Residence is located. Such settlement or financing costs may include Department-approved fees, application fees, credit report fees, credit reference fees, appraisal fees and expenses, property inspection fees, title insurance, survey fees, legal fees, escrow fees, recording or registration fees, tax service fees, abstract fees, file preparation fees, FHA insurance premiums, private mortgage guaranty insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, and other customary settlement or financing charges associated with the origination of the Mortgage Loan.

(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 either or both of the P~~p~~rograms, 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 either or both of the Programs, 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 Programs if the new owner meets the Programs' requirements at the time of the sale of the Residence.

§27.8 Conflicts with Bond Indentures and Applicable Law

All assistance provided under the Programs 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 theseis Programs, except 10 TAC §27.8, if the Board finds that waiver is appropriate for good cause to fulfill the purposes or policiespolices of Texas Government Code, Chapter 2306, as determined by the Board.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1457 **Agenda Date:** 6/4/2026 **Agenda #:** 14.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 28, Taxable Mortgage Program, and directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Chapter 27, provides the rules that govern the Texas First Time Homebuyer (FTHB) Program, and Chapter 28 provides the rules that govern the Taxable Mortgage Program (TMP);

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggestions on opportunities for improvement, and as requested by TREO such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report, at the initiation of the Department, that because of the nearly identical content of Chapters 27 and 28, these rules could be combined into one rule governing both programs to improve regulatory efficiency, and therefore under separate action Chapter 27 has been proposed to be revised and retitled to include the TMP Program, and in this action Chapter 28 is being proposed for repeal; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment to be received from June 19, 2026, to July 20, 2026, and returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

Chapter 27 lays out the parameters for administration of the Texas First Time Homebuyer Program. A very similar rule in

content is Chapter 28, which lays out the parameters for administration of the Taxable Mortgage Program.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026 to May 14, 2026.

The report included a recommendation, initiated by the Department, that because of the nearly identical content of Chapters 27 and 28, these rules could be combined into one rule governing both programs to improve regulatory efficiency. No feedback on the suggestion was received during the 14-day input period. Therefore, under a separate action staff has recommended revisions to Chapter 27 that incorporate the TMP and retitle that chapter. Under this action Chapter 28 is being proposed for repeal. These actions together will streamline regulations, improve clarity and remove unnecessary language.

Upon Board approval, the proposed rule action will be published in the *Texas Register* and released for public comment from June 19, 2026, to July 20, 2026. Behind the preamble is a copy of the rule in blackline form reflecting the changes being proposed from the current version of the rule.

Attachment 1: Preamble, including required analysis, for the proposed repeal of 10 TAC Chapter 28, Taxable Mortgage Program

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 28, Taxable Mortgage Program. The purpose of the proposed repeal is to eliminate an unnecessary rule while ensuring the administration of the Taxable Mortgage Program is still addressed in rule, which will be in Chapter 27, as being proposed under separate action.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for repeal because there are no costs associated with the repeal.

The Department has analyzed this 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 of a duplicative regulation that can be covered sufficiently by another chapter, Chapter 27, which is being proposed with revisions under a separate action.
2. The repeal does not require a change in work that will require the creation of new employee positions, nor will the repeal 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.
6. The action will repeal an existing regulation, but the program covered by the rule is not being eliminated; it is merely now being addressed under another section of Texas Administrative Code.
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 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 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 a more efficient rule that governs both the FTHB Program and TMP under Chapter 27 (taking place under separate action). 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.
REQUEST FOR PUBLIC COMMENT. The Department requests comments on the repeal. The public comment period will be held June 19, 2026, to July 20, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, July 20, 2026.

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

10 TAC Chapter 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 2: Copy of the Current 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.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1458 **Agenda Date:** 6/4/2026 **Agenda #:** 15.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 29, Texas Single Family Neighborhood Stabilization Program Rule, and directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, 10 TAC Chapter 29 has provided the rules for the Texas Single Family Neighborhood Stabilization Program (NSP), a program which is no longer actively in operation at the Department;

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggestions on opportunities for improvement, and as requested by TREO such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report, at the initiation of the Department, that Chapter 29 could be repealed because the program covered by the rule is no longer an active program at the Department, and therefore the rule is being recommended for repeal; and

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

NOW, therefore, it is hereby

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

BACKGROUND

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by the Housing and Economic Recovery Act of 2008 (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program. Additional funds were provided through the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) as part of NSP3. The purpose of the Neighborhood Stabilization Program is to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. NSP

provided funds to purchase foreclosed, vacant or abandoned homes and residential properties, in order to rehabilitate, resell, or redevelop them, stabilize neighborhoods and stem the decline of property values in communities impacted by the housing crisis. The Department was designated to oversee this program and successfully administered the funds. While program income continues to be returned to the Department from past NSP activities, all NSP funds are utilized for multifamily activities at this point. Single family activities are no longer administered with NSP.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026 to May 14, 2026.

The report included a recommendation, initiated by the Department, that Chapter 29 could be repealed because NSP is no longer used for single family activities. No feedback on the suggestion was received during the 14-day input period. Therefore, staff is recommending the proposed repeal of Chapter 29.

Behind the preamble, the current rule that is being repealed is shown. This rule action will be released for public comment and returned to the Board for final adoption.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 29, Texas Single Family Neighborhood Stabilization Program Rule

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 29, Texas Single Family Neighborhood Stabilization Program Rule. The purpose of the proposed repeal is to remove an obsolete rule that related to a program activity no longer performed by the Department.

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

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

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

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

1. The repeal does not create or eliminate a government program, but removes a regulation for a program activity that is no longer in operation.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a

degree that eliminates any existing employee positions.

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

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

5. The repeal is not creating a new regulation.

6. The action will improve regulatory efficiency by repealing an obsolete regulation.

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

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

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

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

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held June 19, 2026 to July 20, 2026 to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, July 20, 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 repeal affects no other code, article, or statute.

Chapter 29, Texas Single Family Neighborhood Stabilization Program Rule

Attachment 2: Current 10 TAC Chapter 29, Texas Single Family Neighborhood Stabilization Program Rule

§29.1. Purpose

This chapter clarifies the administration of the Texas Single Family Neighborhood Stabilization Program ("Texas SFNSP"). Texas SFNSP funds are administered by the Department. The Texas SFNSP awards funding to Subgrantees to acquire foreclosed, abandoned, or vacant property in order to redevelop it and prevent it from becoming a source of blight which could contribute to declining property values.

§29.2. Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context or the Notice of Funding Availability ("NOFA") indicates otherwise. Lack of capitalization of a term or word in this chapter does not indicate that the term is undefined. Other definitions may be found in Tex. Gov''t Code, Chapter 2306; Chapter 1 of this title (relating to Administration); and Chapter 20 of this title (relating to Single Family Programs Umbrella Rule).

(1) Developer--A nonprofit entity that receives Texas SFNSP assistance for the purpose of:

(A) Acquiring homes and residential properties to rehabilitate for residential purposes; and

(B) Constructing new housing in connection with the redevelopment of demolished or vacant properties.

(2) Expended--For the purposes of contract milestones and thresholds, "Expended" means that a complete draw request is submitted with adequate back-up documentation; it is not necessary for staff to have processed a draw to meet a benchmark. For all other purposes, "Expended" means that an eligible cost was incurred and staff has processed a draw to reimburse the expense with Texas SFNSP funds.

(3) Land Bank--A governmental or nongovernmental nonprofit organization established, at least in part, to assemble, temporarily manage and dispose of vacant land for the purposes of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property.

(4) Obligated--When Texas SFNSP funding has been encumbered through contracts for goods, services or acquisition of property, or other forms of similar transactions requiring payment that have been determined by the Department to meet Texas SFNSP requirements.

(5) Subgrantee--A Subrecipient or a Developer.

(6) Subrecipient--Units of General Local Government and nonprofit organizations with whom the Department contracts and provides funding in order to undertake activities eligible for such assistance.

(7) Texas SFNSP--Texas Single Family Neighborhood Stabilization Program.

§29.3. General Provisions

(a) All assisted properties must be located in eligible areas as defined by HUD and by the

applicable NOFA.

(b) The Contract term is based upon varying types of activities included in the Contract between the Department and the Department's Subgrantee. Exhibit C, Project Implementation Schedule, of the Contract, provides an outline of specific timelines, milestones and thresholds. Performance under the Contract will be evaluated according to the benchmarks described in each Contract.

(c) Administrative Threshold. Administrative draw requests are funded from the administration or developer fee line item in Exhibit B, Budget, of the Contract. Reimbursement of eligible administrative expenses is regulated as described in paragraphs (1) - (3) of this subsection:

(1) Threshold 1. Cumulative administrative draw requests may allow up to 10 percent of the administration or developer fee line item to be drawn prior to the start of any project activity included in the performance statement of the Contract (provided that all pre-draw requirements, as described in the Contract, for administration have been met). This draw may be limited by NOFA, underwriting report, or by Contract. Subsequent administrative expenditures will be reimbursed in the percentage amounts indicated, provided that all Contract benchmark requirements have been met, as identified in Exhibit C, Project Implementation Schedule, described in subsection (b) of this section;

(2) Threshold 2. Subsequent administrative draw requests are allowed in proportion to the direct project funds drawn on the Contract, up to 90 percent of the total administration or developer fee line item. The cumulative total percentage of administrative funds requested may not exceed the cumulative total percentage of project funds expended for hard and/or soft costs directly attributable to activities under the Contract;

(3) Threshold 3. The final 10 percent of the administration or developer fee line item is the administrative retainage. The final 10 percent may be drawn after the final loan closing or upon Contract close-out.

(d) Forbearances. Contract expenditure thresholds and milestones are included in Exhibit C, Project Implementation Schedule, of the Contract; violations of which will subject the Subgrantee to the requirements found in this chapter. At the Department's discretion, forbearances of thresholds and milestones may be granted upon request and documentation of extenuating circumstances.

(e) Waivers. Program administrative regulations set forth in any Texas SFNSP NOFA by the Department's Governing Board or terms in the Contract may be waived by the Department, acting by and through its Executive Director or his/her designee, up to the limits of Texas SFNSP regulations and guidance as previously established, periodically updated, or updated in the future by HUD. The Executive Director or his/her designee may waive the Texas SFNSP purchase discount to the limits of the purchase discount as allowed by the NSP Bridge Notice. The Texas NSP NOFA and the NSP *Federal Register* Notice (Docket No. FR-5255-N-01) published in the *Federal Register* (73 FR 58330), require a minimum discount of five percent for any individual property and 15 percent for a portfolio of properties to be acquired utilizing Texas SFNSP funds. (If only acquiring one property, the one property constitutes a portfolio.) The NSP Bridge Notice allows for up to a one percent discount for individual properties and portfolios.

§29.4. Reassignment of Funds

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Deobligated funds may either be reassigned utilizing the amendment process described 10 TAC §20.14 of this title (relating to Single Family Programs Umbrella Rule), or be subject to redistribution through a methodology to be approved by the Board.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1482 **Agenda Date:** 6/4/2026 **Agenda #:** 16.

Presentation, discussion, and possible action on the proposed repeal of 10 TAC §10.801, Affirmative Marketing Requirements; proposed new 10 TAC §10.801, Affirmative Marketing Requirements; and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, 10 TAC §10.801 provides the requirements associated with affirmative marketing required for all Developments in the Department's multifamily portfolio with five or more total units;

WHEREAS, the Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommend potential rule actions to improve efficiency, and TREO provided TDHCA with a Regulatory Efficiency Review Report that made suggested opportunities for improvement; and, as requested by TREO, such report was made available for stakeholder feedback in May 2026;

WHEREAS, it was suggested in the Report, at the initiation of the Department, that §10.801 could be amended to simplify the regulation and improve efficiency of the rule, and therefore the rule is being recommended for action;

WHEREAS, staff proposes changes to provide clarification on when Affirmative Marketing Plans are required; to clarify what funding sources require Affirmative Marketing Plans; and to address language that is obsolete due to changes in Federal Rules and Regulations; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* to receive public comment from June 19, 2026, to July 20, 2026, and then be returned to the Board for final adoption;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed repeal of 10 TAC §10.801, Affirmative Marketing Requirements, and the proposed new 10 TAC §10.801, Affirmative Marketing Requirements, are approved for publication in the

Texas Register for public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles and any requested changes to the preambles.

BACKGROUND

10 TAC §10.801 provides the requirements associated with affirmative marketing required for all Developments in the Department's multifamily portfolio with five or more total units.

The Texas Regulatory Efficiency Office (TREO) coordinates with state agencies to review agency rules and recommends potential amendments to, or repeals of, those rules. In April 2026, TREO released a draft Regulatory Efficiency Review (RER) report of possible regulatory changes that the Texas Department of Housing and Community Affairs (the Department) could make to improve efficiency in some of its rules. The recommendations in the report were not mandates or directives, but rather ideas and opportunities for improvement. TREO requested that the Department share these ideas with stakeholders for a 14-day period to garner feedback, which occurred from April 30, 2026 to May 14, 2026.

The report included a recommendation, initiated by the Department that §10.801 be repealed and replaced with a new rule to improve efficiency, remove some non-federally required regulations on properties, and remove unnecessary language. No feedback on the suggestion was received. Therefore, staff is recommending that the rule be modified to reduce administrative burden on both the Department and developers required to comply with the rule.

In addition to seeking to make non-substantive revisions to improve the rule's efficiency, the Department is proposing to make the following changes to the rule in order to reduce regulatory burden:

- Clarify in §10.801(a), that the rule applies only to Developments that receive federal funding or for which affirmative marketing is required in a contract or LURA, but still requires all developments to affirmatively market to persons with disabilities.

- Remove references to HUD Form 935.2A and insert reference to TDHCA tool that is available to Developments to make the process more streamlined.

- Remove requirement that the Owner compares the demographic composition of the Development to the market area.

The rule will not apply to the Tax Exempt Bond Program or Low Income Housing Tax Credit Program other than the requirement to affirmatively market to persons with disabilities, except if the Development's LURA or Contract require it or if there is another source of federal funding that requires affirmative marketing. For Developments in these programs with no additional requirements the Department will ensure that the Developments have marketed to persons with disabilities and will provide guidance on where and how to market in the Department's

provided "TDHCA Affirmative Marketing Tool" found on the TDHCA website, once this rule takes effect, <https://www.tdhca.texas.gov/MF-Affirmative-Marketing-Tool>.

Upon Board approval, the proposed rule actions will be published in the *Texas Register* and released for public comment from June 19, 2026, to July 20, 2026. Behind the preamble is a copy of the rule in blackline form reflecting the changes being proposed from the current version of the rule.

Attachment A: Preamble, including required analysis, for the proposed repeal of 10 TAC Chapter 10, Subchapter G, §10.801 Affirmative Marketing Requirements

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 10, Subchapter G, Section 10.801 Affirmative Marketing Requirements. The purpose of the proposed repeal is to eliminate an outdated rule and replace it simultaneously with a new rule that clarifies when Affirmative Marketing Plans are required and reduces administrative burden on the Department and some development owners.

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

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

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

1. The repeal does not create or eliminate a government program but relates to changes to an existing activity: the affirmative marketing requirements associated with developments in the Department's portfolio.
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.

REQUEST FOR PUBLIC COMMENT. The Department requests comments on the repeal of the rule. The public comment period will be held June 19, 2026 to July 20, 2026, to receive input on the proposed action. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Housing Resource Center, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email Jeremy.stremler@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 P.M. Central Daylight Time July 20, 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 repeal affects no other code, article, or statute.

§10.801. Affirmative Marketing Requirements

Attachment B: Preamble, including required analysis, for the proposed new 10 TAC Chapter 10, Subchapter G, §10.801 Affirmative Marketing Requirements

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 10, Subchapter G, §10.801 Affirmative Marketing Requirements. The purpose of the proposed new section is to clarify when Affirmative Marketing Plans are required and to

reduce administrative burden on the Department and some development owners.

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 affirmative marketing requirements associated with Developments in the Department's portfolio.
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 rule will not require additional future legislative appropriations.
4. The 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 rule is not creating a new regulation.
6. The rule does expand on an existing regulation.
7. The rule does not increase the number of individuals subject to the rule's applicability.
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 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.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held from June 19, 2026 to July 20, 2026. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Housing Resource Center, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by email to Jeremy.stremler@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 pm Central Daylight Time, July 20, 2026.

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 proposed new section affects no other code, article, or statute.

10 TAC Chapter 10, Subchapter G, §10.801 Affirmative Marketing Requirements

§10.801 Affirmative Marketing Requirements

(a) Applicability. Compliance with this section is required for all federally or state- funded Developments with five or more total units to further the objectives of Title VIII of the Civil Rights Act of 1968. ~~and Executive Order 13166.~~ This section does not apply to the Tax Exempt Bond Program or Low Income Housing Tax Credit Program, with the following exceptions:~~;~~

(1) To the extent required under the LURA;

(2) For affirmatively marketing to Persons with Disabilities; and

(3) To the extent that federal funds are in a Development's financing sources or provide operating assistance.

(b) General. A Development ~~Owner~~ with five or more total Units must affirmatively market the Units to promote equal housing choice for prospective tenants, regardless of race, color, religion, sex, national origin, familial status, or disability and must develop and carry out an Affirmative Fair Housing Marketing Plan (or Affirmative Marketing Plan) to provide for marketing strategies and documentation of outreach efforts to prospective applicants identified as "least likely to apply." To determine the "least likely to apply" populations, a Development Owner is encouraged to use ~~Worksheet 1 of HUD Form 935.2A~~ the TDHCA provided tool and simplified form, but at a minimum the Owner must ~~document that they have compared the demographic composition of the Development to the market area to determine the populations least likely to apply~~ document the method or methods used to determine which populations are least likely to apply. All Affirmative Marketing Plans must provide for affirmative marketing to Persons with Disabilities. Although not related to Affirmative Marketing requirements in this section, some Developments may be required by their LURAs to market units specifically to veterans or other populations as part of their regular marketing activities. If a Development has included veterans in the Development's Affirmative Marketing Plan it will not be cited as noncompliance the first time the Development's Affirmative Marketing Plan is reviewed, but the Development will be directed to revise the Affirmative Marketing Plan to not include this subpopulation in the plan.

(c) Plan format. A Development Owner must prepare, have in its onsite records, and submit to the Department upon request, a written Affirmative Marketing Plan. Owners are encouraged to use the simplified form provided by TDHCA on its website. ~~any version of HUD Form 935.2A to meet Affirmative Marketing requirements. An Owner participating in a HUD funded program administered by the Department must use the version utilized by the program.~~

(d) Marketing and Outreach.

(1) The plan must identify~~include~~ the ~~special~~ outreach efforts to the "least likely to apply" populations through specific media, organizations, or community contacts that work with least likely to apply populations or work in areas where least likely to apply populations live. The outreach efforts identified in the Affirmative Marketing Plan must be performed by the Development at least once per calendar year.

(2) To the extent that advertisements and/or marketing materials are utilized for the Development, those materials must contain:

(A) The Fair Housing logo;

(B) The contact information for the individual who can assist if reasonable accommodations are needed in order to complete the application process; and

(C) Property contact information must be provided in both English and Spanish~~, and may be required to be provided in other languages in accordance with Limited English Proficiency Requirements~~.

(e) Timeframes.

(1) An Owner must begin its affirmative marketing efforts for each of the identified populations least likely to apply at least six months prior to the anticipated date the first building is to be available for occupancy.

(2) Once every five years, Owners must determine if there have been any changes to the "least likely to apply" populations by ~~completing Worksheet 1 of HUD Form 935.2A~~ utilizing the TDHCA provided tool or a written process with equivalent information. In addition, owners must determine if current advertising sources still exist, and if the outreach that has been performed is still the most applicable. If the Owner determines that the plan does not need to be updated, the backup used to ~~complete Worksheet 1 or its equivalent~~ make this determination must be dated and maintained and may be reviewed by Department staff during reviews of the Affirmative Marketing Plan. If there have been changes to the least likely to apply populations or if the community contacts and advertising outlets no longer exist, the plan must be updated. ~~Developments funded by HUD or USDA must also update their plans in accordance with HUD or USDA requirements that apply.~~

(f) Recordkeeping. Owners must maintain records of each Affirmative Marketing Plan and specific outreach efforts completed for the greater of three years or the recordkeeping requirement identified in the LURA.

(g) Exception to Affirmative Marketing. If the Development has closed its waitlist, Affirmative Marketing is not required. Affirmative Marketing is required as long as the Owner is accepting applications, has an open waitlist, or is marketing prior to the building being ready for occupancy as required under subsection (e)(1) of this section.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1459 **Agenda Date:** 6/4/2026 **Agenda #:** 17.

Presentation, discussion, and possible action on an order adopting an amendment to 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements; and order 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, Subchapter J is responsive to the passage of HB 21 (89th Reg. Session), which granted the Texas Department of Housing and Community Affairs (the Department) compliance monitoring oversight of all Housing Finance Corporation developments;

WHEREAS, HB 21 requires the Department to adopt rules necessary to implement §394.9026 and §394.9027 of Chapter 394, Texas Local Government Code;

WHEREAS, this subchapter was recently adopted by the Department's Board, but had one issue that required immediate correction to place the rule into alignment with HB 21 as it relates to the calculation of the Rent Reduction Test on units occupied by households using rental assistance vouchers;

WHEREAS, an emergency rule amendment was adopted by the Department's Board at the April Board meeting for immediate implementation for 120 days, while simultaneously that same amendment was proposed on a non-emergency basis and was published in the *Texas Register* and released for public comment from April 24, 2026 to May 24, 2026; and

WHEREAS, two comments were received, a response to those comments is noted in the rule preamble, and the rule is now being adopted without changes to the version proposed;

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 rule action, in the form presented to this meeting, to be published in the *Texas Register* for adoption and in connection therewith, staff is authorized to make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation or revisions to the preamble.

BACKGROUND

The Texas Department of Housing and Community Affairs (the Department) through legislative

action in HB 21 (89th Reg. Session) has been tasked with the compliance monitoring oversight of all Housing Finance Corporation (HFC) multifamily residential developments. The law amends Texas Local Government Code Chapter 394 to apply to all HFC multifamily residential developments that do not have low-income housing tax credits under Subchapter DD, Chapter 2306, Government Code, the Low-Income Housing Tax Credit program.

The law requires HFC multifamily residential developments to submit an audit report to the Department. The first audit reports for the HFC developments subject to the new law are required to be submitted to the Department by June 1, 2026. Subsequent reports are due to the Department no later than June 1 of each year.

The rules were adopted on March 5, 2026, and submitted to the *Texas Register* for publication. After the Board's adoption, input was received from stakeholders and members of the Texas Legislature that one issue in particular in the rule was out of alignment with the statutory language. In the newly adopted 10 TAC §10.1204(3)(I)(ii)(II), relating to Audit Requirements, the rule requires that a Rent Reduction calculation be performed that identifies the difference between the annual Rent charged for each Restricted Unit and the estimated annual Maximum Market Rent that could be charged for such units if they were not restricted. The rule specified that in making this calculation "Restricted Units occupied by households with Housing Choice Vouchers or rental assistance will utilize the tenant-paid portion of the Rent for the Rent Reduction calculation."

However, the statutory language specifies that the rent in the Rent Reduction calculation should be the 'rent charged for an income-restricted unit', and does not refer to only a tenant paid portion of that rent. If applied as drafted in the rule adopted in March, the HFC Development is attributed a rent reduction for the voucher-holding household that is not in fact being provided by the HFC, but rather the public housing authority subsidizing the voucher.

To remedy this issue, staff recommended a responsive amendment to the rule. Because this amendment needed to be applicable to Audit Reports submitted in June 2026, the amendment required emergency action; the rule was adopted by the Board at its April Board meeting to be effective for 120 days.

Additionally, the same amendment was proposed as a non-emergency rule that was released for public comment from April 24, 2026 to May 24, 2026. Two comments on the rule were received. The response to those comments is noted in the rule preamble and the amendment is being adopted with no changes from the version proposed.

Following this Board Action Item is one preamble reflecting the adoption of the proposed amendment and a copy of the clean final rule.

Attachment 1: Preamble, including required analysis, for adoption of the amendment of 10 TAC Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204, Audit Requirements

The Texas Department of Housing and Community Affairs (the Department) adopts, without

changes, an amendment to 10 TAC Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements. The purpose of the amendment is to bring the rule into greater harmony with HB 21 (89th Regular Legislature). HB 21 tasks the Department with the compliance monitoring oversight of all Housing Finance Corporation (HFC) multifamily residential developments.

In §10.1204 relating to Audit Requirements, the rule requires that a Rent Reduction calculation be performed that identifies the difference between the annual Rent charged for each Restricted Unit and the estimated annual Maximum Market Rent that could be charged for such units if they were not restricted.

On March 17, 2026, TDHCA received comment from stakeholders and members of the Texas Legislature challenging the propriety of the rent reduction calculation distinction in cases of Housing Choice Vouchers, and stating that it fails to comport with the statutory definition of "rent." Furthermore, they purport that failing to remove this distinction will jeopardize the "real, measurable benefits to Texas renters and taxpayers" of having reduced rents at HFC developments. These challenges to a single sentence in rule (distinguishing how voucher-supplemented rent is considered for audit purposes) have been raised as a requirement under state law, as well as creating imminent danger to the welfare of Texans seeking affordable rents in HFC developments under HB21. TDHCA accepts the concerns raised and finds the amendment is justified.

The rule revision was proposed to ensure that in the case of units assisted with vouchers, the HFC User is only being attributed their actual rent reduction contribution and not the contribution of the public housing authority supporting the voucher.

Tex. Gov't Code §2001.0045(b) does not apply to the new rule proposed for action because it is necessary to implement the requirements of legislation, HB 21.

The Department has analyzed this new 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 amended rule is in effect:

1. The amendment does not create or eliminate a government program but clarifies a provision relating to audit requirements.

2. The amendment will neither increase nor decrease the number of employees of the Department.

3. The amendment will not require additional future legislative appropriations.

4. The amendment will not increase or decrease fees paid to the Department.

5. The amendment is not creating a new regulation but amending an existing regulation to bring the rule into greater alignment with the requirements of HB 21.

6. The amendment will not limit or repeal an existing regulation.

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

applicability; and

8. The amendment 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 amendment and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. The Department has determined that there will be no economic effect on small or micro-businesses or rural communities because these rules apply to all Housing Finance Corporation multifamily residential developments equally and this amendment revises how a particular calculation is determined.

3. The Department notes that the amendment will make satisfying the public benefit test more difficult than the prior version of the rule (for those Developments with voucher holders), but the prior version was not required by statute. As stated in the referenced letter, the longer the voucher distinction remains in rule, the greater the perceived financial effect would be on HFC developments.

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 amendment as to its possible effects on local economies and has determined that for the first five years the amendment will be in effect the amendment does not create a local employment impact except a potentially more accurate reflection of rent reduction at HFC developments.

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 no impact is expected on a statewide basis, 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 amendment is in effect, the public benefit anticipated as a result of the new rule will be to provide a rule in greater harmony with HB 21 and ensure that when calculating rent reductions the public benefit is attributed accurately to a HFC development.

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 amendment is in effect, enforcing or administering the amendment does have some foreseeable implications related to costs or revenues of the state or local government.

SUMMARY OF PUBLIC COMMENT. The Department requested comment on the amendment and also requested information related to the cost, benefit, or effect of the amendment, including any applicable data, research, or analysis from any person required to comply with

the proposed rule or any other interested person. The public comment period was held April 24, 2026 to May 24, 2026, to receive input on the proposed action. Comment was received from two commenters and the comments are responded to below. Commenters: (1) Representative Gary Gates and (2) City of Austin.

Comment: Representative Gary Gates is in support of the amendment and appreciated the Department's willingness to review the issue he had raised in prior comment to the Department. He commented that the proposed amendment appropriately ensures that the full rent charged on a unit is considered in the calculation. He noted that the proposed rule reflects both the text and legislative intent of House Bill 21 (89th Regular) and promotes consistent transparent compliance monitoring standards for Housing Finance Corporation multifamily developments across Texas.

Department Response: The Department appreciates the support and the amendment is recommended for adoption without changes.

Comment: The City of Austin understands the legislative position on the rent reduction calculation in the case of vouchers, but is concerned with the implications on supportive housing properties owned by HFCs that are not financed by housing tax credits. They note that these properties are primarily or entirely subsidized by vouchers dedicated to supportive housing, and those vouchers combined with the property tax exemption are a critical component of the financial operations of the property. They comment that the amendment to the rule jeopardizes the operation and sustainability of supportive housing. They do note that they realize this issue ties to the statute and may be out of the Department's purview to correct.

Department Response: The Department understands the noted concern, but as identified by the commenter, their concern would need to be changed statutorily. To ensure harmony with the statute as is, no changes are made in response to this comment.

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 amendment affects no other code, article, or statute. The rule, as amended, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

Attachment 3: §10.1204. Audit Requirements.

Multifamily Residential Developments must comply with the Audit Report requirements identified in this section:

(1) If the Multifamily Residential Development was acquired prior to May 28, 2025, the Development must comply with all requirements by January 1, 2026, with the exception of paragraphs (3)(B), (3)(C), (3)(J), (3)(K) and (3)(L) of this section, which must be met no later than the end of the 10th Tax Year following May 28, 2025, or the end of the first Tax Year following a Tax Year in which the Development was refinanced, fee or leasehold title was conveyed or a sale or transfer of a majority of the beneficial ownership interest in the Multifamily Residential Development or HFC User occurred. For example, 1204(1): If a Development is refinanced on

July 15, 2027, the tax year would be 2027, and the second tax year after refinance would be 2028; so the previous Audit Report requirements would be due on June 1, 2028. The above would no longer be exempt for Tax Year 2028 and should be included in the Audit Report submitted June 1, 2029. For purposes of this rule, refinancing of construction loans, whether by virtue of conversion from construction phase to permanent phase or replacement of construction, bridge, or short-term (less than 5 years) financing with permanent financing, will not be considered a refinancing.

(2) The Auditor must use the Department's HFC monitoring forms made available on the website. The review performed by the Auditor may be completed either onsite or electronically. Original records must be made available to the Auditor. The file sample used by the Auditor must contain at least 20% of the total number of Restricted Units for the Development, but no more than a total of fifty (50) household files. The selection of Restricted Units should include at least 75% of households that are newly moved into the Development, but also include at least 10% of households that have recertified, or if 10% of households have not recertified, then units that have recertified. For Developments that are leasing up and not yet fully occupied the percentages reflected in this paragraph should be applied to all occupied Restricted Units.

(3) The Auditor will ensure Development meets the following requirements and will identify any deficiencies in the Audit Report:

(A) The HFC User will provide the Auditor with supporting documentation that the Auditor will submit with the Audit that:

(i) confirms that the Multifamily Residential Development is within its jurisdictional boundaries pursuant to Section 394.031 of the Texas Local Government Code such as a GIS boundary map, recorded legal description, local-government resolution, or other source approved by TDHCA.

(ii) confirms that a Multifamily Residential Development that is outside of the Sponsor's jurisdiction has been approved in accordance with Section 394.031(d) of Texas Local Government Code. For a Development not located within the Sponsor's jurisdictional boundaries, that was acquired on or before September 1, 2025, this requirement does not apply until January 1, 2027, after which this documentation must be submitted.

(B) The Restricted Units in the Development have the same unit finishes and equipment and access to community amenities and programs as residential units that are not income restricted. Minor variations in floorplans, colors, and design are acceptable deviations and will not be noted as noncompliance; significant variations in floor plans and square footage will be considered noncompliance. The Auditor may rely on a written certification and photographic evidence from the HFC User to support that a Development has equitable finishes, equipment and access to amenities and programs. Such certification must be submitted with the Audit Report.

(C) The percentage of Restricted Units in each Unit Type and each category of income restriction in the Development must be the same or greater percentage as the percentage of each Unit Type of units that are reserved in the Development as a whole.

(D) Occupants of Restricted Units are required to recertify the income of the household using a Department-approved Income Certification form at lease renewal. If a household exceeds the

income limit at annual income recertification, the Available Unit Rule as outlined in Section 42 (g)(2)(D) of the Internal Revenue Code will be implemented in the following manner:

(i) Where the household's income exceeds the AMI as designated, the household can be redesignated to the next AMI level in the Regulatory Agreement. The next available unit of comparable size in the Development is to be reserved for and occupied by a tenant that meets the AMI of the household that was determined to exceed the income limit. Example 1204(2): Development Regulatory Agreement includes units at 80% and 120%, Unit 101, a one-bedroom Unit Type, is designated as 80%. At the annual income recertification, the household income was determined to exceed 80% AMI but was less than 120% AMI. The unit should be redesignated as 120% at the time the determination is made and the next available one-bedroom Unit Type in the Development must be reserved for and occupied by an 80% household. At the time of determination that the unit should be 120%, with proper notification, the household rent may increase to the new rent designation.

(ii) Where the household's income exceeds the AMI as designated and the household is designated at the highest AMI in the Regulatory Agreement, the next available unit of comparable size in the Development is to be reserved for and occupied by a tenant that meets the AMI of the household that was determined to exceed the income limit. Example 1204(3): Development Regulatory Agreement includes units at 80% and 120%. Unit 201, a two-bedroom Unit Type is designated as 120%. At the annual income recertification, household income was determined to exceed 120% AMI, the highest AMI in the Regulatory Agreement. The next two-bedroom Unit Type in the Development, must be reserved for and occupied by a 120% household. Unit 201 retains the 120% status until such time that the Available Unit Rule, as described here, is complied with or violated.

(E) The Development must affirmatively market available Restricted Units and non-Restricted Units to households participating in the Housing Choice Voucher program and notify local housing authorities of their acceptance of voucher program tenants. Evidence of this must be provided to include, but not be limited to, notifications to the local housing authority, advertising that may be posted at the local housing authority properties, or mailings that were sent to local housing authority households.

(F) The home page of the internet website for the Development must include information about the Development and its compliance with Section 394.9026(c)(7), Texas Local Government Code, along with its policies on the acceptance of Housing Choice Voucher holders or any other rental assistance.

(G) Multifamily Residential Developments cannot refuse to rent to an individual or family solely because the individual or family participates in a Housing Choice Voucher program.

(H) Multifamily Residential Developments cannot require a minimum income standard for individuals or families participating in a Housing Choice Voucher program that exceeds two hundred and fifty percent (250%) of the tenant portion of rent.

(I) The Auditor will review the Development's form of tenant lease, lease addendums and leasing policies to ensure the Development meets the following requirements and will report any deficiencies found in the Audit Report. Each residential lease agreement for a Restricted Unit must provide the following:

(i) The landlord may not retaliate against the tenant or the tenant's guests by taking action because the tenant established, attempted to establish, or participated in a tenant organization;

(ii) The landlord may only choose to not renew the lease if the tenant: committed one or more substantial violations of the lease; failed to provide required information on the income, composition, or eligibility of the tenant's household; or committed repeated minor violations of the lease that disrupt the livability of the Development, adversely affect the health and safety of any person or the right to quiet enjoyment of the leased premises and related Development facilities, interfere with the management of the Development, or have an adverse financial effect on the Development, including the failure of the tenant to pay rent in a timely manner.

(iii) To non-renew a lease, the landlord must serve a written notice of proposed nonrenewal on the tenant no later than the 30th day before the effective date of nonrenewal.

(iv) Tenants may not waive these protections in a lease or lease addendum.

(J) Income Restrictions. A Development seeking an ad valorem tax exemption must meet the requirements of either clause (i) or (ii) of this subparagraph.

(i) at least 10% of the residential units are reserved as Lower Income Housing Units and at least 40% of the residential units are reserved as Moderate-Income Housing Units or;

(ii) at least 10% of the residential units are reserved as Very Low-Income Housing Units and at least 40% of the residential units are reserved as Middle Income Housing Units.

(K) Rent Restrictions:

(i) Monthly Rent for Restricted Units may not exceed thirty percent (30%) of the imputed household income limitation for the unit, adjusted for family size, as determined by HUD. To determine the adjustment for family size, the Auditor will defer to the Development's Regulatory Agreement and/or other operative document. In the event that the adjustment for family size is unclear, it is the responsibility of the HFC User to provide the Auditor support that the manner in which the adjustment was applied is acceptable by the HFC.

(ii) Notwithstanding the foregoing, if a Restricted Unit is occupied by a household with a Housing Choice Voucher, and the payment standard for that voucher is less than the monthly Rent for the Restricted Unit established pursuant to clause (i) of this subparagraph, the household may be required to pay the difference between the payment standard and the monthly Rent.

(L) Rent Reduction Comparison. It the sole responsibility of HFC User to:

(i) Identify the difference between the annual Rent charged for each Restricted Unit and the estimated annual Maximum Market Rent that could be charged for such units if they were not restricted. For Developments where all of the Units are Restricted Units, the HFC User must provide evidence of reasonably comparable Maximum Market Rents, which may be based on market studies, leasing surveys, Fair Market Rents as published by HUD, or other methods acceptable to the Department.

(ii) The Audit Report shall include the following public benefit test:

(I) The Rent Reduction for all Restricted Units at the Development in the preceding Tax Year

must not be less than 50% of the amount of the estimated ad valorem taxes that would have been imposed on the Development in the same Tax Year if the Development did not receive the exemption.

(-a-) For a Development acquired by an HFC the first Audit Report that will include the rent reduction test is for the first Tax Year after the acquisition Tax Year. Example 1204(4): Development acquired by an HFC on July 24, 2025. The acquisition tax year would be 2025, and the second tax year after acquisition would be 2026, so the first Audit Report would be due on June 1, 2026. The first rent reduction test would be for Tax Year 2026 on Audit Report submitted June 1, 2027.

(-b-) For newly constructed Developments the first Audit Report that will include the rent reduction test for the first Tax Year after the Tax Year in which construction first begins. Example 1204(5): An Multifamily Residential Development begins new construction on February 1, 2026. The first tenant occupies the Development on September 15, 2027. The first Audit Report is due on June 1, 2028, and must include the rent reduction test for reporting year 2027.

(II) The Rent Reduction calculation for each Restricted Unit must be the difference between the Maximum Market Rent for the same Unit Type and the Rent on the rent roll for the Rent for the Restricted Unit. Units that are vacant for any portion of the Tax Year will be considered as follows for the for the purposes of the Rent Reduction calculation:

(-a-) for a Restricted Unit the maximum permitted Rent for such unit under the Regulatory Agreement will be utilized for all months of vacancy, and

(-b-) for any market rate unit the Maximum Market Rent that would be charged for that Unit Type will be utilized in the months that the Unit was vacant.

(III) If the Rent Reduction calculation demonstrates that the Rent Reduction was less than 50% of the amount of the estimated ad valorem taxes that would have been imposed on the Development for the Tax Year, the HFC User must pay each taxing jurisdiction(s) authorized to impose ad valorem taxes applicable to the Development the pro rata share of the Rent Reduction shortfall; the pro rata amount will be based on each taxing authorities share of the combined aggregate published millage rate of all applicable taxing authorities. The Rent Reduction shortfall is an amount equal to 50% of the estimated ad valorem tax amount minus the total Rent Reduction for the Tax Year. The Auditor Report must include evidence of any payments made by the HFC User to each taxing jurisdiction(s) authorized to impose ad valorem taxes applicable to the Development.

(IV) In estimating the ad valorem taxes that would have been imposed, the HFC User may use, but is not limited to, the following:

(-a-) For occupied Developments acquired by an HFC, estimated ad valorem taxes should generally be based on the actual taxes applicable no earlier than the Tax Year prior to the acquisition by the HFC with a stated escalation factor.

(-b-) For occupied Developments acquired by an HFC which already receive a property tax exemption, estimated ad valorem taxes must be based on the public appraisal district value. In the event that the appraisal district does not provide a value, the following alternative valuation methods may be used: an independent appraisal, third-party property tax report, or other

means acceptable to the Department.

(-c-) For new construction, estimated ad valorem taxes must be based on public appraisal district value. In the event that the appraisal district does not provide a value, the following alternative valuation methods may be used: an independent appraisal, third-party property tax report, or other means acceptable to the Department.

(4) A Development acquired by an HFC after May 28, 2025, must comply with all requirements in this Subchapter no later than the end of the Tax Year following the year of acquisition.

(5) The Auditor must maintain monitoring records and papers for each Audit Report for three years and must provide the Department and/or the Chief Appraiser a copy of their monitoring records upon request.

TEXAS HOUSE of REPRESENTATIVES

Gary Gates
State Representative, District 28

May 21, 2026

Texas Department of Housing and Community Affairs
Attn: Ms. Brooke Boston
P.O. Box 13941
Austin, Texas 78711-3941

TRANSMITTED VIA EMAIL TO: Brooke.Boston@tdhca.state.tx.us

Dear Ms. Boston:

I write in support of the proposed amendment to 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements, approved by the Texas Department of Housing and Community Affairs (TDHCA) Governing Board on April 9, 2026.

In particular, I appreciate TDHCA's willingness to review and correct the issue identified in my March 17, 2026, letter concerning the rent reduction calculation applicable to units occupied by households utilizing Housing Choice Vouchers or other rental assistance, through the Governing Board's actions in April and through this public comment process to support rule adoption of this amendment.

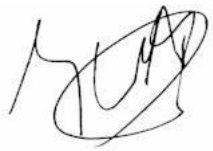
As originally drafted, the rule's limitation to the "tenant-paid portion" of rent created a discrepancy between the rule and the statutory language enacted in House Bill 21 (89R, 2025), which references the "rent charged for an income-restricted unit" without distinguishing between tenant-paid and voucher-paid portions of rent. The proposed correction appropriately ensures that the full rent charged on the unit is considered in the calculation.

This proposed rule amendment reflects both the text and the Legislature's intent of the statute and promotes consistent and transparent compliance monitoring standards for Housing Finance Corporation multifamily developments across Texas. I appreciate the Department's willingness to work collaboratively with stakeholders and legislators to promptly address this issue through rulemaking.

Thank you for your continued work to implement H.B. 21 in a manner consistent with the statute and to ensure these programs deliver meaningful and measurable benefits to Texas residents and taxpayers alike.

Capitol Office: P.O. Box 12910 – Austin, Texas 78768-12910 – *phone* (512) 463 – 0657
GARY.GATES@HOUSE.TEXAS.GOV

Sincerely,



Gary Gates
State Representative, House District 28
Chair, House Committee on Land and Resource Management

cc: Mr. Bobby Wilkinson, Executive Director, TDHCA
Mr. Michael Lyttle, Director of External Affairs, TDHCA

Capitol Office: P.O. Box 12910 – Austin, Texas 78768-12910 – *phone* (512) 463 – 0657
GARY.GATES@HOUSE.TEXAS.GOV

May 22, 2026

Texas Department of Housing and Community Affairs
Attn: Brooke Boston, Rule Comments
P.O. Box 13941
Austin, Texas 78711-3941
Submitted via email to: brooke.boston@tdhca.texas.gov

Re: City of Austin Public Comments on Proposed Amendment to 10 TAC, §10.1204 Audit Requirements

Dear Ms. Boston:

The City of Austin (City) would like to thank the staff at the Texas Department of Housing and Community Affairs (TDHCA), the executive director, and the Board for this opportunity to comment on the proposed amendment to 10 TAC Subchapter J, relating to Housing Finance Corporation Compliance Monitoring, §10.1204 Audit Requirements.

The City appreciates the state's effort to ensure jurisdictional authority and public benefits among Housing Finance Corporations (HFCs). The City submitted comments during both prior rounds of public comment on this rulemaking process and is grateful to TDHCA's attention to and incorporation of many of our prior comments into the final rules. We understand the Texas Legislature's position on the rent reduction calculation distinction in cases of Housing Choice Vouchers and in general, support this approach.

However, we are concerned about implications to supportive housing properties owned by the Austin Housing Finance Corporation (AHFC) that are not financed by low-income housing tax credits (LIHTC) and are therefore subject to HFC monitoring per these rules. These properties are primarily and/or entirely subsidized by project-based vouchers or vouchers dedicated to supportive housing, including serving residents from Coordinated Entry, without regard for their ability to pay. For these supportive housing properties, vouchers and a property tax exemption are critical components of the financing suite necessary to operate these properties well and with the appropriate level of services for people exiting homelessness.

The City has utilized all tools available to create supportive housing and help get our fellow Texans out of homelessness and into permanent housing. It is our understanding that House Bill 21 (HB 21) did not intend to jeopardize the operation nor sustainability of supportive housing, and yet, the current text does just that. We understand this matter ties to the statute and may be out of TDHCA's purview to correct. We submit this comment letter to TDHCA along with a corresponding letter to the Texas Legislature to illuminate one of the unintended

consequences of HB 21 and the corresponding rulemaking, and to underscore the need to exempt supportive housing properties from 10 TAC Subchapter J.

Thank you for your attention.

Should you have any questions, please do not hesitate to reach out to Courtney Banker at courtney.banker@austintexas.gov or (512) 974-3114.

Sincerely,

Deletta Dean, Director
Austin Housing

cc: T.C. Broadnax, City Manager
Dr. Eric A. Johnson, Assistant City Manager
Carrie Rogers, Government Relations Officer

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-015 **Agenda Date:** 6/4/2026 **Agenda #:** 18.

Presentation, discussion, and possible action on Resolution No. 26-015 on the reassignment of the 2023 Traditional Carryforward Designation for Airport Commerce Multifamily Apartments (#23612) in the amount of $29,000,000

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for Airport Commerce Multifamily at the Board meeting of June 15, 2023;

WHEREAS, the Department received an allocation of volume cap through a Traditional Carryforward Designation in the amount of $29,000,000 on January 5, 2024, for Airport Commerce Multifamily Apartments, a proposed new construction development;

WHEREAS, the Department has received notice that the project will not be moving forward due to issues beyond the Developer's control; and

WHEREAS, the Department desires to reassign the Traditional Carryforward allocation in the amount of $29,000,000 to one or more multifamily developments;

NOW, therefore, it is hereby

RESOLVED, that Board approval of the Department's intent to reassign the Traditional Carryforward as allowed under Chapter 1372.074 of the Texas Government Code is hereby granted.

BACKGROUND

General Information: The Department previously received an allocation of volume cap through a carryforward designation (Docket No. 23CF-016) in the amount of $29,000,000 on January 5, 2024. This allocation was project-specific and tied to Airport Commerce Multifamily Apartments, a proposed new construction development to be located in Austin. Due to factors beyond the developer's control, the project will not be moving forward.

Section 1372.074 of the Texas Government Code, allows for the reassignment of all or part of the carryforward designation to a new project provided the issuer provides notice of the withdrawal, a written request signed by an authorized representative of the issuer, the issuing board resolution authorizing the carryforward designation reassignment with an original signature by an officer of the issuer, applicable fees, and an opinion of the legal counsel stating that the carryforward designation reassignment does not conflict with Section 146 Internal

Revenue Code of 1986.

The Department intends to attribute the $29,000,000 towards a different project in the Department's pipeline prior to the volume cap expiration of December 31, 2026.

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RESOLUTION NO. 26-015

RESOLUTION EVIDENCING THE DEPARTMENT'S INTENT TO REASSIGN ITS 2023 CARRYFORWARD DESIGNATION 23CF-016 (AIRPORT COMMERCE); 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, developments and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); 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 persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds or notes for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds or notes; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds or notes; and

WHEREAS, Sections 103 and 142 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on fully registered, qualified bonds issued by or on behalf of the state or its political subdivisions to finance qualified residential rental developments is excludable from gross income of the bondholders for federal income tax purposes if the requirements of Sections 141-150 of the Code are met; and

WHEREAS, Section 146(a) of the Code requires that the aggregate face amount of certain "private activity bonds" (as defined in Section 141(a) of the Code), when added to the aggregate face amount of tax-exempt private activity bonds previously issued by the issuer, does not exceed the issuer's volume cap for the applicable calendar year in order for such bonds to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State Ceiling" (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, the Department previously received an allocation of volume cap through a carryforward designation (Docket No. 23CF-016) in the amount of $29,000,000 on January 5, 2024 (the "Carryforward Designation"); and

WHEREAS, pursuant to Section 1372.074 of the Allocation Act, the Department desires to reassign all or a portion of the Carryforward Designation to one or more multifamily housing developments (the "Developments"); and

WHEREAS, the Board desires to take action declaring the Department's intent to reassign the Carryforward Designation to finance the Developments on the terms and conditions set out below.

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

ARTICLE 1

APPROVAL OF CERTAIN ACTIONS

Section 1.1 Reassignment of Carryforward. The Board hereby authorizes the reassignment of the Carryforward Designation to one or more Developments, and accordingly authorizes Bracewell LLP, as Bond Counsel to the Department, to file on its behalf with the Texas Bond Review Board evidence of such reassignment, together with any other documents and opinions required by the Texas Bond Review Board in connection therewith.

Section 1.2 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution.

Section 1.3 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director – Housing Finance of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

GENERAL PROVISIONS

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

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 4th day of June, 2026.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-016 **Agenda Date:** 6/4/2026 **Agenda #:** 19.

Presentation, discussion, and possible action on Inducement Resolution No. 26-016 for Multifamily Housing Revenue Bonds or Notes regarding authorization for filing an application for private activity bond authority for The Preserve at Dominion Park

RECOMMENDED ACTION

WHEREAS, the Board previously approved an inducement resolution at the meeting of May 9, 2024, for The Preserve at Dominion Park;

WHEREAS, an amended inducement resolution is necessary in order to comply with the Bond Review Board's requirement that an inducement resolution be adopted within 18 months of the date of an Application;

WHEREAS, Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; and

WHEREAS, approval of the amended inducement will allow staff to submit an application to the Bond Review Board (BRB) for private activity bonds;

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, Inducement Resolution No. 26-016, to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for The Preserve at Dominion Park, is hereby approved in the form presented to this meeting.

BACKGROUND

General Information: The BRB administers the annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the development but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a Certificate of Reservation, the Applicant has 180 days to close on the private activity bonds.

During the 180-day process, the Department will review the complete application for compliance with the Department's Rules, including, but not limited to, site eligibility and threshold, as well as previous participation as it relates to developments previously funded through the Department. During the review of the full application, staff will also underwrite the transaction and determine financial feasibility in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development.

26607 - The Preserve at Dominion Park

The new construction of 134 multifamily units to serve the elderly population is proposed to be located at 13100 Kuykendahl Road, in the extraterritorial jurisdiction of Houston, Harris County. The applicant will elect the Priority 3 designation, which does not have specific rent and income restrictions. All of the units are proposed be rent- and income-restricted at 60% of Area Median Family Income. The Department received letters of support for The Preserve at Dominion Park from State Representative Senfronia Thompson and Chosen Behavioral in 2025.

The 4% HTC application was submitted to the Department in 2025 and under review when the financing partners changed. There has been delays associated with securing new debt and equity partners and the time needed for them to work through due diligence associated with the development. The applicant has now secured new financing such that the application is back on track; however, given the passage of time a refreshed inducement resolution is necessary as part of the application for bond volume cap.

Bond Inducement Amount: $20,000,000

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RESOLUTION NO. 26-016

RESOLUTION AMENDING RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS OR NOTES WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENT; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

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 and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); 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 persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds or notes for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds or notes; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds or notes; and

WHEREAS, it is proposed that the Department issue its revenue bonds or notes in one or more series for the purpose of providing financing for the multifamily residential rental development (the "Development") more fully described in Exhibit A attached hereto. The ownership of the Development as more fully described in Exhibit A will consist of the applicable ownership entity and its principal or a related person (the "Owner") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Owner has made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction or renovation of the Development and expect to make additional payments in the future and desire that it be reimbursed for such payments and other costs associated with the Development from the proceeds of tax-exempt and taxable, as applicable, obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse the Owner for some or all of the costs associated with the Development, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable, as applicable, obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of the Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable, as applicable, obligations for purposes of paying the costs of the Development; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Development one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the State to issue private activity bonds; and

WHEREAS, the Governing Board of the Department (the "Board") approved Resolution No. 24-018 on May 9, 2024 (the "Original Resolution") declaring its intent to issue its multifamily revenue bonds or notes for the purpose of providing funds to the Owner to finance the Development described on the exhibit to the Original Resolution on the terms and conditions set forth therein, and the Board has determined to amend the Original Resolution only with respect to the Owner and Development in order to satisfy the requirement of the Bond Review Board that an inducement resolution with respect to the Bonds and the Development be adopted within 18 months of the date of an Application; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds or Notes (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owner to provide financing for the respective Development in an aggregate principal amount not to exceed those amounts, corresponding to the Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final

approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the respective Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

Section 1.2. Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds or notes in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owner for all or a portion of the costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition of real property and construction, reconstruction or renovation, as applicable, of its Development and listed on Exhibit A attached hereto ("Costs of the Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation and equipping of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition and construction or rehabilitation of the Development; (b) to fund certain reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 1.4. Principal Amount. Based on representations of the Owner, the Department reasonably expects that the maximum aggregate principal amount of debt issued to reimburse the Owner for the Costs of the Development will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5. Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of the Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, the Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and

resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 1.6. The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Development, which is to be occupied entirely by Eligible Tenants, as determined by the Department, and which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 1.7. Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owner for costs of its Development.

Section 1.8. Costs of Development. The Costs of the Development may include any cost of acquiring, constructing, rehabilitating, or reconstructing, as applicable, improving, equipping, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of the Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. The Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 1.9. No Commitment to Issue Bonds. Neither the Owner nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owner nor any one claiming by, through or under the Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owner and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds or notes); (b) the receipt of an opinion from

Bracewell LLP or other nationally recognized bond counsel acceptable to the Department ("Bond Counsel"), substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments' necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Development may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the Owner.

Section 1.13. Declaration of Official Intent. The Original Resolution and this Resolution constitute the Department's official intent for expenditures on Costs of the Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.15. Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director – Housing Finance of the Department, 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

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1. Certain Findings Regarding Development and Owner. The Board finds that:

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

(b) the Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the Owner is financially responsible;

(d) the financing of the Development is a public purpose and will provide a public benefit; and

(e) the Development will be undertaken within the authority granted by the Act to the Department and the Owner.

Section 2.2. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents.

Section 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Development will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1. Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 4th day of June, 2026.

EXHIBIT "A"

Description of the Owner and the Development

Project Name	Owner	Principal	Amount Not to Exceed
The Preserve at Dominion Park	The Preserve at Dominion Park LP, a Texas limited partnership	General Partner: Dominion Park Community LLC, a Texas limited liability company	$20,000,000
Costs – Acquisition/construction/equipping of an approximately 134 unit affordable, multifamily housing development to be known as The Preserve at Dominion Park, located at approximately 13100 Kuykendahl Road, Houston, Harris County, Texas 77090			

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1450 **Agenda Date:** 6/4/2026 **Agenda #:** 20.

Media Analysis and Outreach Report, April 2026

Report follows this page.

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TDHCA Outreach and Media Analysis, April 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 April 1-30, 2026 (news articles that specifically mentioned TDHCA generally or along with Department programs).

Total number of articles referencing TDHCA: 22
Breakdown by Medium:[1]

- Print: 5 (Editorials/Columnists = 0)
- Broadcast: 8
- Trade, Government or Internet-Based Publications: 9

Figure 1 News Tone

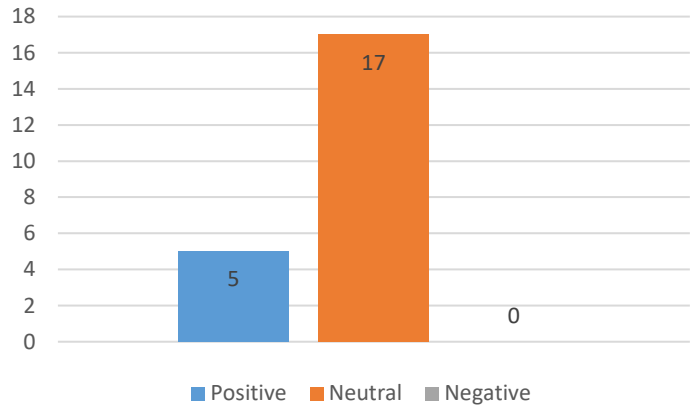
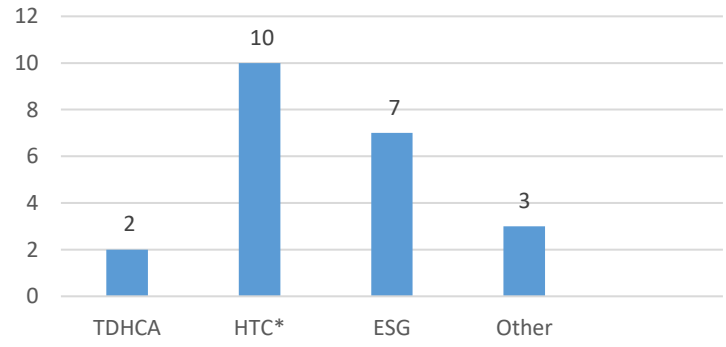
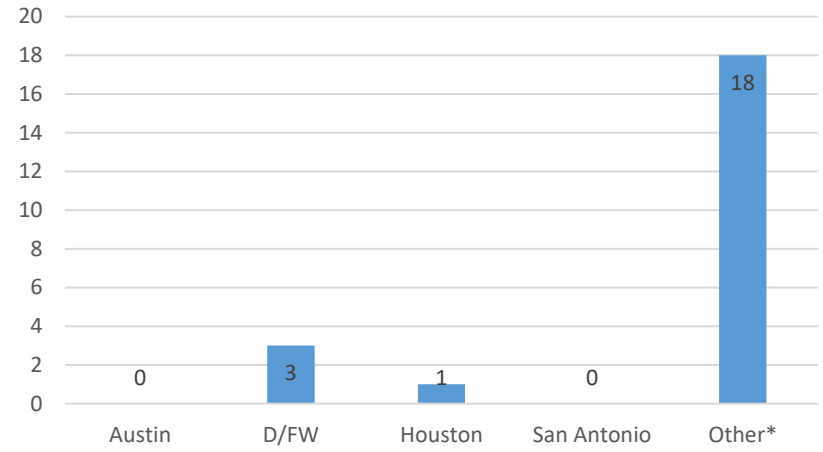


Figure 2 News Topic[2]



[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, Emergency Solutions Grant Program.*

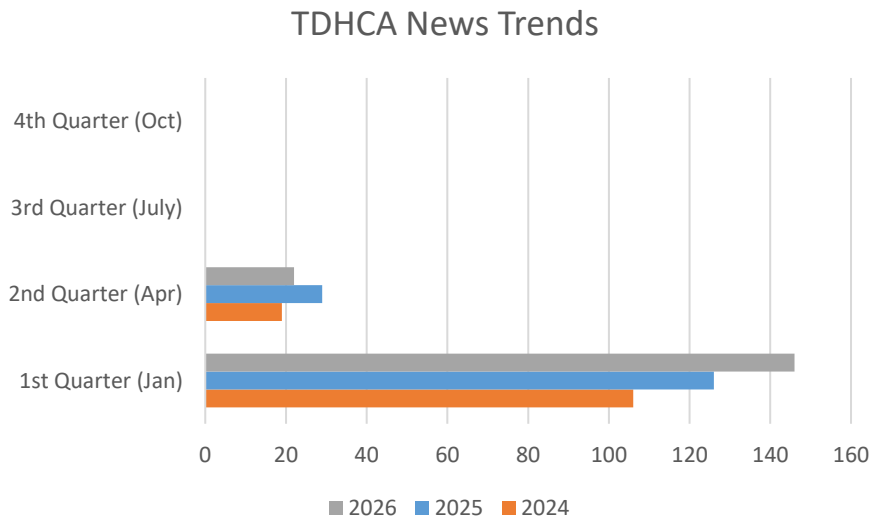
Figure 3 Media Market



Summary:
Reporting on TDHCA activities by the news media totaled 22 references in April 2026. Housing Tax Credit properties, with ground breakings and grand openings, made up a majority of the news mentions.

News mentions during the month were slightly lower than April 2025 (29 total).

The following table illustrates the number of news mentions during each month or quarter of 2026 compared to 2025 and 2024. Through the first month of the second quarter of 2026 (January through April; 168 total), total news mentions tracked higher than 2025 (155 total) and 2024 (125 total).



Social media:
Through April 2026, TDHCA has 3,746 followers to its X account (slight uptick from March 2026), and 8,329 followers to its Facebook page (a slight uptick from March 2026). Top FB posts were related homeownership messaging. TDHCA (@txdhca) launched its Instagram page and has garnered 50 followers since its debut. TDHCA's YouTube channel had 8,639 views in April. 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
March 2026	50	73	105 (includes Comments)	5	25
April 2026	66	131	58 (includes Comments)	10	43

* 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
March 2026	46	0	8 (includes Comments)	0	7
April 2026	57	0	14 (includes Comments)	3	9

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

Month/Yr	Posts	Clicks	Engagements	Comments	Liked posts
April 2026	6	0	0	0	26

YouTube

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
March 2026	9,128	889.7	5:50	20.7%	6,616
April 2026	8,639	1,001.0	6:42	21.9%	6,412

Understanding the YouTube Analytics

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

Top 25 videos for April 2026

Content / Duration / Publish date	Views	Watch time (hours)	Average view duration	Average percentage viewed	Unique viewers
Total	**8,639**	**1,001.0**	**6:42**	**21.9%**	**6,412**
3:24 Help For Texans	3,706 42.9%	94.8 9.5%	1:32	45.1%	3,409 53.2%
4:09 Reasonable Accommodations in Texas	1,383 16.0%	74.4 7.4%	3:13	77.8%	1,296 20.2%
6:18 Assistance Animals in Texas	1,311 15.2%	99.8 10.0%	4:34	72.5%	1,226 19.1%
0:52 Texas Homebuyer Program introduction	282 3.3%	3.3 0.3%	0:42	82.2%	279 4.4%
1:53 First Time Homebuyers...Save Money on your Income T...	211 2.4%	5.2 0.5%	1:28	78.3%	195 3.0%
5:38:57 Income Determination Training	178 2.1%	137.0 13.7%	46:11	13.6%	96 1.5%
6:04:10 Housing Tax Credit Training	89 1.0%	69.9 7.0%	47:07	12.9%	47 0.7%
57:53 Assistance Animals and Fair Housing Refresher	84 1.0%	12.6 1.3%	9:00	15.6%	58 0.9%
1:30:39 Fair Housing Month 2026: Overview of Fair Housing	82 1.0%	9.9 1.0%	7:15	8.0%	66 1.0%

	April Coffee Chat	65	0.8%	13.0	1.3%	11:59	36.5%	58	0.9%
	Fair Housing 101: An Overview of Fair Housing in Texa...	60	0.7%	8.3	0.8%	8:16	8.1%	52	0.8%
	Office Hours - Housing Finance Corporation (HFC) upd...	54	0.6%	10.7	1.1%	11:51	13.2%	32	0.5%
	Tax Exempt Bond Program (BOND) Training	49	0.6%	37.4	3.7%	45:51	27.5%	9	0.1%
	Affirmative Marketing in TDHCA Multifamily Programs	47	0.5%	4.6	0.5%	5:54	10.8%	28	0.4%
	Fair Housing 101: The Basics of Fair Housing in Texas	42	0.5%	5.9	0.6%	8:22	8.0%	26	0.4%
	2025 Income Determination Training	35	0.4%	31.5	3.2%	53:59	17.3%	18	0.3%
	Fair Housing in Texas	34	0.4%	1.0	0.1%	1:44	56.4%	27	0.4%
	Multifamily Compliance: Online Reporting, USR and AO...	33	0.4%	9.8	1.0%	17:54	15.1%	22	0.3%
	2025 Reasonable Accommodations in TDHCA Multifa...	30	0.4%	3.5	0.4%	7:01	11.5%	28	0.4%
	Recordkeeping and Reporting Requirements	24	0.3%	4.0	0.4%	10:06	11.5%	19	0.3%
	Accessing Texas Department of Aging and Disability S...	23	0.3%	1.1	0.1%	2:47	39.2%	19	0.3%
	Income Determination Training Webinar - Jan. 4, 2024	23	0.3%	73.7	7.4%	3:12:12	55.9%	7	0.1%
	Fair Housing Month 2026: Reasonable Accommodatio...	22	0.3%	13.0	1.3%	35:27	32.6%	17	0.3%
	Utility Allowance Webinar/Office Hours	22	0.3%	2.5	0.3%	6:51	6.5%	6	0.1%
	Written Policies and Procedures in TDHCA Monitored ...	22	0.3%	2.0	0.2%	5:24	10.7%	18	0.3%

TDHCA Outreach April 2026

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

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Compliance	April 10	Office Hours and Student Financial Aid Calculations	338
Housing Resource Center	April 13	Fair Housing Overview Webinar	192
TDHCA Staff	April 14	Disability Advisory Workgroup (DAW)	28
SF and Homeless Programs	April 15	Onsite TBRA Training/ Cornerstone CAA and Concho Valley CAA	13

Community Affairs/CSBG	April 20	Virtual Training Session/Multiple subs	20
Community Affairs/CEAP/WAP	April 21	Virtual Training Session/Dallas Co	11
Housing Resource Center	April 22	Reasonable Accommodations Webinar	213
Community Affairs/CEAP/CSBG/WAP	April 27-29	TACAA Conference	60

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1453 **Agenda Date:** 6/4/2026 **Agenda #:** 21.

TDHCA Quarterly Status Report on Temporary Allocations - June 2026

BACKGROUND

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TDHCA Quarterly Status Report on Temporary Allocations – June 2026

This report reflects one-time or temporary federally awarded allocations of funds, including those focused specifically on the Department's COVID-19 pandemic response. Programs previously funded, but now closed[1], are now reflected only in this front page grand total, but are no longer summarized in the following pages. As of June 2026, the Texas Rent Relief, Housing Stability Services and Homeowner Assistance Fund programs have been removed from the detailed report pages but are still included in the totals. These three programs are completed; however, some staff from those areas within the Department remain while audits, desk reviews and final close-out with federal oversight bodies occurs. Only programs that remain actively open are reflected in the following pages. The totals on this page exclude funds that TDHCA already had in house that were then reprogrammed in the initial months of the pandemic.[2]

PERFORMANCE TO DATE ACROSS ALL OPEN AND CLOSED PROGRAMS

Cumulative Performance to Date Across All Programs Reported			
Total of All Funding	**Total Funds Obligated**	**Total Funds Spent**	**Total Served to Date[3]**
$4,644,098,826	**$4,493,478,524 (96.76%)**	**$4,367,986,985 (94.05%)**	**523,582 households 4,760,410 persons 1,190,206 meals[4] provided 394 units[5] committed**

1 *Closed programs reflected in these totals include LIHEAP (CARES, ARP and 2023 Continuing Resolution), LIHWAP, Housing Choice Voucher Administration and Additional MVP vouchers, ESG CARES, and CSBG CARES.*
2 These included ~$11M of HOME TBRA, ~$1.4M of CSBG Discretionary, and minimal amounts of HHSP; those activities assisted 2,612 households and 9,930 persons, not otherwise reflected in the totals above.
3 Based on reporting requirements, some programs report households and some report persons. Persons reported above do not comprise the members of the households reported, but are separate persons assisted.
4 Meals served through the HSS Program not otherwise reflected in either the count of households or persons served.
5 Units committed are from HOME-ARP and ERA Multifamily activities.

OPEN PROGRAMS

Program (Expend. Deadline)	*Brief Overview*	*Program Status*	*Served to Date*	*Total Program Funds*	*Funds Obligated**	*Funds Expended**
CDBG *(November 3, 2026)*	*Funded through the CARES Act via HUD. Funds were used for a variety of activities including rental assistance, mortgage payment assistance, assisting providers of persons with disabilities, and food expenses. Remaining activities are the Community Resiliency Program (CRP) and legal services for persons with disabilities.*	*Since last quarter, 1 contract has closed out. The CRP now has 8 active contracts remaining with small rural communities for activities such as community/ senior/ health centers, and ambulances. There is 1 contract for Legal Services. Program is on target to expend all funds by the September 1, 2026 deadline.*	3,533,842 Persons	$141,846,258	$141,846,258 100%	$136,493,280 96.23%
HOME ARP *(September 30, 2030)*	*Funded through ARPA via HUD, funds are to be used to the benefit of homeless, at risk of homelessness, those fleeing domestic violence, and populations with housing instability. Funds have been programmed for development of rental housing and non-congregate shelter, and operating costs/capacity building for nonprofit organizations.*	*Awarded $53.1 M to 12 rental developments. Of those 12 have closed loans. Awarded $3.97M in nonprofit capacity building/ operating (NCO) for 3 contracts. Awarded $48.4 M for 1 Non-congregate shelter (NCS) and are in contract negotiations. NCS Invitation to Apply released for approx. $64M.*	331 Units	$133,474,575	$69,469,237 52%	$50,210,491.17 37.6%
LIHEAP (IIJA) *(September 30, 2026)*	*Funded through the Infrastructure Investment and Jobs Act (IIJA), via USHHS, for home energy costs. Funds released in annual increments over 5 years. Estimated 5-Year total is $41.8 million. Funds are made available to each state as part of its annual LIHEAP allocation; the Department therefore handles these as part of our annual allocation.*	*For the first several annual allocations a statewide provider was utilized; their portal was closed September 2023. Remaining funds are now directed through the regular LIHEAP network of providers. Because funds are received annually, expenditures will be reflected slowly over 5 years. In early 2026 the final annual allocation was received.*	52,307 persons	$41,845,223	$41,845,223 100%	$30,260,947 72.32%
BIL WAP *(No deadline)*	Funded through the Bipartisan Infrastructure Law Weatherization Assistance Program of the IIJA, via Department of Energy, for home weatherization activities. While there is no deadline DOE has encouraged expenditure within 5 years.	*Allows for single family and multifamily weatherization of units through a network of existing providers. Efforts to also utilize a statewide vendor have been pursued, but as of yet are not successful. 50% of funds have been released to the state by DOE.*	2,347 units	$173,162,598	$77,317,396 44.65%	$29,249,631 16.89%

Program (Expend. Deadline)	Brief Overview	Program Status	Served to Date	Total Program Funds	Funds Obligated*	Funds Expended*
Emergency Housing Vouchers (EHV) *(funds are projected to be fully utilized by December 31, 2026)*	*Funded through ARPA, via HUD, dedicates vouchers for emergency rental TDHCA was allocated 798 vouchers by HUD, with additional funds to provide services. Vouchers are for households who are: (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless.*	*Assistance was provided in the Balance of State Continuum of Care (COC), Heart of Texas Homeless Coalition area, and Tarrant County Homeless Coalition area. These partners are in the final stages and all vouchers have been issued. 953 vouchers were issued; some were declined, but more than 808 households have been housed.* *Per PIH Notice 2025-19, the Department is transitioning EHV voucher holders to the Department's regular HCV program, which is limited to our 34-county service area. EHV vouchers holders living outside the Department's HCV service area will only be eligible for HCV assistance if they choose to relocate to a county within the service area.* *In February 2026 TDHCA notified all EHV participants through our housing portal of this requirement and provided guidance on relocation options for those who wish to transition to the HCV Program. The Department is also offering a 180-day application window to allow families time to consider their options. As of today, the department has received 365 responses from 622 emails that were distributed.*	808 households housed	$11,490,348	$ 28,278,343.88 246.10%	$ 28,271,643.88 246.05%

** Funds obligated and expended include funds used for administrative expenses. Funds expended are a percentage of total program funds.*

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1451 **Agenda Date:** 6/4/2026 **Agenda #:** 22.

Executive Director's Report

ORAL PRESENTATION

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1466 **Agenda Date:** 6/4/2026 **Agenda #:** 23.

Report on the Meeting of the Internal Audit and Finance Committee

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1478 **Agenda Date:** 6/4/2026 **Agenda #:** 24.

Presentation, discussion, and possible action on the SFY 2027 Operating Budget

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the Department or TDHCA) is required to approve a SFY 2027 Operating Budget; and

WHEREAS, the Department is required to submit the budget to the Office of the Governor (OOG) and the Legislative Budget Board (LBB);

NOW, therefore, it is hereby

RESOLVED, that the SFY 2027 Operating Budget, in the form presented to this meeting, is hereby approved;

FURTHER RESOLVED, that upon approval by the TDHCA Governing Board, the Department will submit the budget to the OOG and the LBB.

BACKGROUND

In accordance with Tex. Gov't Code §2306.112 *et seq.*, TDHCA is charged with preparing an operating budget for Board adoption on or before September 1 of each fiscal year. The budget includes operational expenses distributed among the Department's divisions. It does not include federal or state program funds that pass through to subrecipients except for administrative funds used by the Department associated with those federal or state funds that are retained and reflected in the budget. This budget anticipates maximizing all federal administrative resources. In addition, in accordance with internal auditing standards and the Board's internal audit charter, the budget includes the Internal Audit Division's annual operating budget.

This SFY 2027 Internal Operating Budget, which the Board is being asked to approve, corresponds to the second year of the biennial General Appropriations Act (GAA) passed by the 89th Texas Legislature which appropriated $424,053,047. In total, this budget provides for administrative expenditures and associated revenues of $46,263,272 or a $2,231,634 (4.6%) decrease from the prior year's budget. Of the total net decrease, $1,395,364 is associated with temporary federal funding and a $2,491,066 decrease for Capital Budget projects, offset by a $1,654,796 increase associated with the Department's core programs.

The budget reflects 393 Full Time Equivalents (FTEs) of which 64 FTEs are appropriated to the Manufactured Housing Division. The remaining 329 are TDHCA FTEs which are composed of 291 CAP FTEs, and 38 temporarily federally funded FTEs associated with COVID-19 stimulus federal funds.

Additionally, the Housing Finance Division budget, which is funded with fees generated from

the Department's Bond, Housing Tax Credit, and Asset Management, Compliance, and Migrant Labor activities, decreased by $648,378 or 2.5%. This decrease is primarily attributed to a decrease in the Capital Budget.

For a complete explanation of the aforementioned budget categories and details, please see the accompanying Comparison Report.

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TEXAS DEPT. OF HOUSING AND COMMUNITY AFFAIRS

SFY 2027 Operating Budget

Comparison Report

June 4, 2026

This Comparison Report provides an explanation of some of the changes to cost categories which have a variance greater than $25,000 and 10%.

In total, this SFY 2027 Operating Budget is $46,263,272 or a $2,231,634 (4.6%) decrease over the prior year budget.

COVID-19 stimulus federal funding and other initiatives associated with the CARES Act, Emergency Rental Assistance (ERA), the American Rescue Plan Act (ARPA), and the Bipartisan Infrastructure Law (BIL) account for $1,395,364 of the decrease, and Capital Budget accounts for $2,491,066 of the decrease. The decrease is offset by a $1,654,796 or 4.4% increase associated with the Department's core programs.

Please refer to the Comparison by Expense Object schedule on Page 4.

1. **Salaries/Wages and Payroll Related Costs.** These two line items represent 77.9% of the total operating budget.

   The budget reflects 393 FTEs, a decrease of 4 FTEs over the previous year. Of the total FTEs, 291 CAP FTEs are associated with the Department, 64 CAP FTEs are associated with the Manufactured Housing portion of the agency, and 38 are associated with temporary federal funding.

   The Salaries and Wages line item decreased by $480,978 or 1.6%.

   Salaries related to temporary programs decreased $1,610,281 or 41.0% as a result of attrition of staff from Texas Rent Relief (TRR), Homeowners Assistance Fund (HAF), Community Development Block Grant (CDBG), and HOME ARPA.

   Salaries related to the Department's core programs increased $1,129,303 or 4.4%. The increase is primarily due to the addition of 9 FTEs to strategically realign resources and strengthen organizational capacity in support of compliance with federal requirements.

   Payroll related costs related to the Department's core programs increased $271,033. The increase in payroll related costs is proportional to the increase in salaries.

2. **Travel In-State.** Travel In-State increased by $58,580 or 11.7%. The increase is reflective of current economic conditions and travel needs associated with Compliance, Community Affairs, and Section 8 Program activities.

3. ***Professional Fees.** Professional Fees decreased by $2,372,167 or 36.0%. This is primarily related to reduced capital budget project costs in the second year of the biennium.

4. **Repairs and Maintenance.** Repairs and Maintenance increased by $284,950 or 20.0%. The increase is primarily related to software customization costs in association with Community Affairs.

5. **Advertising**. Advertising decreased by $50,250 or 47.3%. The decrease is primarily attributed to a reduction in the advertising budget for the BIL WAP Program due to a lower level of anticipated advertising activity.

6. **Temporary Help.** Temporary Help increased $457,250 or 97.4%. The increase is primarily due to closeout activities associated with the Texas Rent Relief and Homeowner Assistance Fund programs, including the temporary engagement of former staff with program-specific experience.

7. ***Furniture and Equipment.** Included in this category is the Legislature's approval of the Department's Hardware and Software Replacements project for SFY26 and SFY27 as it relates to non-capital expenses such as update and replacement of end-user computers and operational software upgrades, including the replacement of desktop computers and laptops that will be six years old or older and software updates. The benefits of these planned purchases include increased security, better performance for end-user computers, and the ability to provide continued support for TDHCA's enterprise systems, such as the Central Database, CAPPS Financials, MITAS Accounting/Loan Servicing, and the Manufactured Housing System.

   This line item increased $96,696 or 27.1%, due to an anticipated decrease in capital expenditures for items such as computers and printers, the majority of which occur in the first year of the biennium.

8. **Communication and Utilities.** Communication and Utilities decreased $98,875 or 15.9%. This category is also included in the Department's Hardware and Software Replacement project as it relates to direct capital expenses such as server hardware upgrades and network equipment enhancements, to ensure systems remain supported by vendors and security and reliability remain at high levels.

   **The Department's Capital Projects are included in Professional Fees, Repairs/Maintenance, Furniture and Equipment and Capital Outlay. These projects include hardware and software replacements, database consolidation, ongoing Low Income Housing Tax Credit application, ongoing CAPPS financials license fees, Office 365, and the Disaster recovery services through the data center services performed by the Department of Information Resources.*

Methods of Finance

The SFY 2027 Budget includes the following sources:

General Revenue

State appropriated funds including Housing Trust Fund, Housing and Health Services Coordinating Council, and Homeless Housing and Services Program.

Earned Federal Funds - Federal funds appropriated for indirect costs associated with administering federal funds.

Federal Funds

Federal Funds-(Non-Housing and Economic Recovery Act (HERA)) - Core federal programs such as Community Services Block Grant (CSBG), Emergency Solutions Grant (ESG), HOME, U.S. Dept. of Energy (DOE), Section 8 Housing, Section 811 PRA Program, Low Income Home Energy Assistance Program (LIHEAP), and National Housing Trust Fund.

Neighborhood Stabilization Program - Federally appropriated funds specifically designated for HERA-NSP.

Federal Funds – (CARES Act, CRBRA, & ARPA) - Supplemental stimulus funding in response to the Coronavirus pandemic for core federal programs such as CSBG, ESG, Section 8, and LIHEAP. In addition, it reflects funding for the Community Development Block Grant (CDBG), ERA, HAF, and BIL WAP.

Appropriated Receipts - Housing Finance (HF):

Bond Admin Fees - Appropriated receipts associated with our Single Family and Multifamily bond programs such as application fees, issuance fees, and administration fees.

Low Income Housing Tax Credit Fees - Appropriated receipts associated with our housing tax credit program such as application fees and commitment fees.

Compliance Fees **-** Fees assessed to multifamily developers for the purpose of ensuring long-term compliance.

Asset Oversight Fees - Fees assessed to Tax Credit Assistance Program (TCAP) and Exchange property owners for the purpose of safeguarding the Department's financial interest in their properties.

Migrant Labor Housing Fees – Fees assessed for the purpose of inspections of migrant housing facilities.

Appropriated Receipts (MH) - Manufactured Housing Division fees generated through inspecting, licensing, and titling activities.

Interagency Contracts - Contract with the Texas Department of Agriculture for the Office of Colonia Initiatives (OCI) Self-Help Center's operation and administration; and a contract with the Texas Health and Human Services Commission (HHSC) for the Money Follows the Person program.

Comparison by Expense Object

	2026 Budget (a)	2027 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 29,558,590	$ 29,077,612	$ (480,978)	-1.6%
Payroll Related Costs	7,094,062	6,978,627	(115,435)	-1.6%
Travel In-State	501,450	560,030	58,580	11.7%
Travel Out-of-State	206,280	202,600	(3,680)	-1.8%
*Professional Fees	6,589,016	4,216,849	(2,372,167)	-36.0%
Material and Supplies	292,461	293,635	1,174	0.4%
*Repairs/Maintenance	1,425,458	1,710,408	284,950	20.0%
Printing and Reproduction	22,361	22,311	(50)	-0.2%
Rentals and Leases	133,490	142,003	8,513	6.4%
Membership Fees	114,224	115,734	1,510	1.3%
Staff Development	215,250	205,150	(10,100)	-4.7%
Insurance/Employee Bonds	713,976	703,654	(10,322)	-1.4%
Employee Tuition	4,500	4,500	-	0.0%
Advertising	106,250	56,000	(50,250)	-47.3%
Freight/Delivery	33,825	35,375	1,550	4.6%
Temporary Help	469,381	926,631	457,250	97.4%
*Furniture and Equipment	357,244	453,940	96,696	27.1%
Communication and Utilities	622,256	523,381	(98,875)	-15.9%
*Capital Outlay	-	-	-	n/a
State Office of Risk Management	34,832	34,832	-	0.0%
Total Department	48,494,906	$ 46,263,272	$ (2,231,634)	-4.6%

* Budget categories that include Capital Budget items

FTE's	397	393	(4.00)	-1.0%
Method of Finance:				
GR-General Revenue	$ 1,257,319	$ 1,266,217	$ 8,898	0.7%
GR-Earned Federal Funds	3,482,809	3,521,222	38,413	1.1%
Federal Funds	11,475,259	11,432,614	(42,645)	-0.4%
Federal Funds-Temporary	1,736,658	1,300,999	(435,659)	-25.1%
Federal Funds-ARPA	1,950,252	1,034,521	(915,731)	-47.0%
Federal Funds-DOE BIL	2,054,818	2,010,374	(44,444)	-2.2%
Appropriated Receipts - Housing Finance	25,609,240	24,960,862	(648,378)	-2.5%
Appropriated Receipts - Migrant Labor Housing	128,350	145,694	17,345	13.5%
Appropriated Receipts - Manufact. Housing	512,133	511,899	(234)	0.0%
Interagency Contracts	288,068	78,870	(209,198)	-72.6%
Total, Method of Finance	$ 48,494,906	$ 46,263,272	$ (2,231,634)	-4.6%

Note: Appropriated Receipts - Housing Finance include Bond Administration Fees, Housing Tax Credit Fees, Asset Management Fees and Compliance Fees.

Note: Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and

Comparison by Expense Object

	2026 Budget	2026 Capital Budget	2026 Temporary Funds (a)	2026 Base Budget (b)	2027 Budget	2027 Capital Budget	2027 Temporary Funds (c)	2027 Base Budget (d)	Base Variance (d)-(b)	Percentage Change	Temp Variance (c)-(a)	Percentage Change
Salaries and Wages	$ 29,558,590		$ 3,923,595	$ 25,634,995	$ 29,077,612		$ 2,313,314	$ 26,764,299	$ 1,129,303	4.4%	$ (1,610,281)	-41.0%
Payroll Related Costs	7,094,062		941,663	6,152,399	6,978,627		555,195	6,423,432	271,033	4.4%	(386,467)	-41.0%
Travel In-State	501,450		27,126	474,324	560,030		19,979	540,051	65,727	13.9%	(7,147)	-26.3%
Travel Out-of-State	206,280		43,865	162,415	202,600		41,063	161,537	(878)	-0.5%	(2,802)	-6.4%
*Professional Fees	6,589,016	4,149,014	435,819	2,004,183	4,216,849	1,260,728	647,977	2,308,144	303,961	15.2%	212,158	48.7%
Material and Supplies	292,461		24,773	267,688	293,635		20,083	273,551	5,863	2.2%	(4,690)	-18.9%
*Repairs/Maintenance	1,425,458	415,194	35,373	974,891	1,710,408	712,118	131,231	867,059	(107,832)	-11.1%	95,858	271.0%
Printing and Reproduction	22,361		1,107	21,254	22,311		1,102	21,209	(45)	-0.2%	(5)	-0.4%
Rentals and Leases	133,490		8,376	125,114	142,003		8,106	133,897	8,783	7.0%	(270)	-3.2%
Membership Fees	114,224		20,223	94,001	115,734		20,649	95,085	1,084	1.2%	426	2.1%
Staff Development	215,250		26,548	188,702	205,150		20,930	184,220	(4,481)	-2.4%	(5,619)	-21.2%
Insurance/Employee Bonds	713,976		50,179	663,797	703,654		25,622	678,032	14,235	2.1%	(24,557)	-48.9%
Employee Tuition	4,500		-	4,500	4,500		-	4,500	-	0.0%	-	n/a
Advertising	106,250		100,000	6,250	56,000		50,000	6,000	(250)	-4.0%	(50,000)	-50.0%
Freight/Delivery	33,825		1,070	32,755	35,375		631	34,744	1,988	6.1%	(438)	-41.0%
Temporary Help	469,381		113,276	356,105	926,631		514,105	412,525	56,420	15.8%	400,829	353.9%
*Furniture and Equipment	357,244	309,644	5,803	41,797	453,940	409,940	3,769	40,231	(1,566)	-3.7%	(2,034)	-35.0%
Communication and Utilities	622,256	-	22,878	599,378	523,381		12,542	510,839	(88,539)	-14.8%	(10,336)	-45.2%
*Capital Outlay	-	-	-	-	-	-	-	-	-	n/a	-	n/a
State Office of Risk Management	34,832		85	34,747	34,832		94	34,738	(9)	0.0%	9	11.1%
Total Department	$ 48,494,906	$ 4,873,852	$ 5,781,758	$ 37,839,296	$ 46,263,272	$ 2,382,786	$ 4,386,394	$ 39,494,092	$ 1,654,796	4.4%	$ (1,395,364)	-24.1%

Method of Finance:

General Revenue:	2026 Budget	2026 Capital Budget	2026 Temporary Funding (a)	2026 Base Budget (b)	2027 Budget	2027 Capital Budget	2027 Temporary Funding (c)	2027 Base Budget (d)	Base Variance (d)-(b)	Percentage change	Temp Variance (c)-(a)	Percentage Change
GR-General Revenue	$ 1,257,319		$ -	$ 1,257,319	$ 1,266,217			$ 1,266,217	$ 8,898	0.7%	$ -	n/a
GR-Earned Federal Funds	$ 3,482,809		$ 40,031	$ 3,442,778	$ 3,521,222		$ 40,500	$ 3,480,722	$ 37,944	1.1%	$ 469	1.2%
Federal Funds	$ 11,475,259	2,161,714	$ -	$ 9,313,545	$ 11,432,614	908,176		$ 10,524,438	$ 1,210,893	13.0%	$ -	n/a
Federal Funds-Temporary	$ 1,736,658		$ 1,736,658	$ -	$ 1,300,999		1,300,999	$ -	$ -	n/a	$ (435,659)	-25.1%
Federal Funds-ARPA	$ 1,950,252		$ 1,950,252	$ -	$ 1,034,521		1,034,521	$ -	$ -	n/a	$ (915,731)	-47.0%
Federal Funds-DOE BIL	$ 2,054,818		$ 2,054,818	$ -	$ 2,010,374	-	2,010,374	$ -	$ -	n/a	$ (44,444)	-2.2%
Appropriated Receipts - Housing Finance	$ 25,609,240	2,712,138	$ -	$ 22,897,102	$ 24,960,862	1,474,610		$ 23,486,252	$ 589,150	2.6%	$ -	n/a
Appropriated Receipts - Migrant Labor Housing	$ 128,350		$ -	$ 128,350	$ 145,694			$ 145,694	$ 17,345	13.5%	$ -	n/a
Appropriated Receipts - Manufact. Housing	$ 512,133		$ -	$ 512,133	$ 511,899			$ 511,899	$ (234)	0.0%	$ -	n/a
Interagency Contracts	$ 288,068		$ -	$ 288,068	$ 78,870			$ 78,870	$ (209,198)	-72.6%	$ -	n/a
Total, Method of Finance	$ 48,494,906	$ 4,873,852	$ 5,781,758	$ 37,839,296	$ 46,263,272	$ 2,382,786	$ 4,386,394	$ 39,494,092	$ 1,654,796	4.4%	$ (1,395,364)	-24.1%

FISCAL YEAR 2027
OPERATING BUDGET

(September 1, 2026 through August 31, 2027)

June 4, 2026

Prepared by the Financial Administration Division

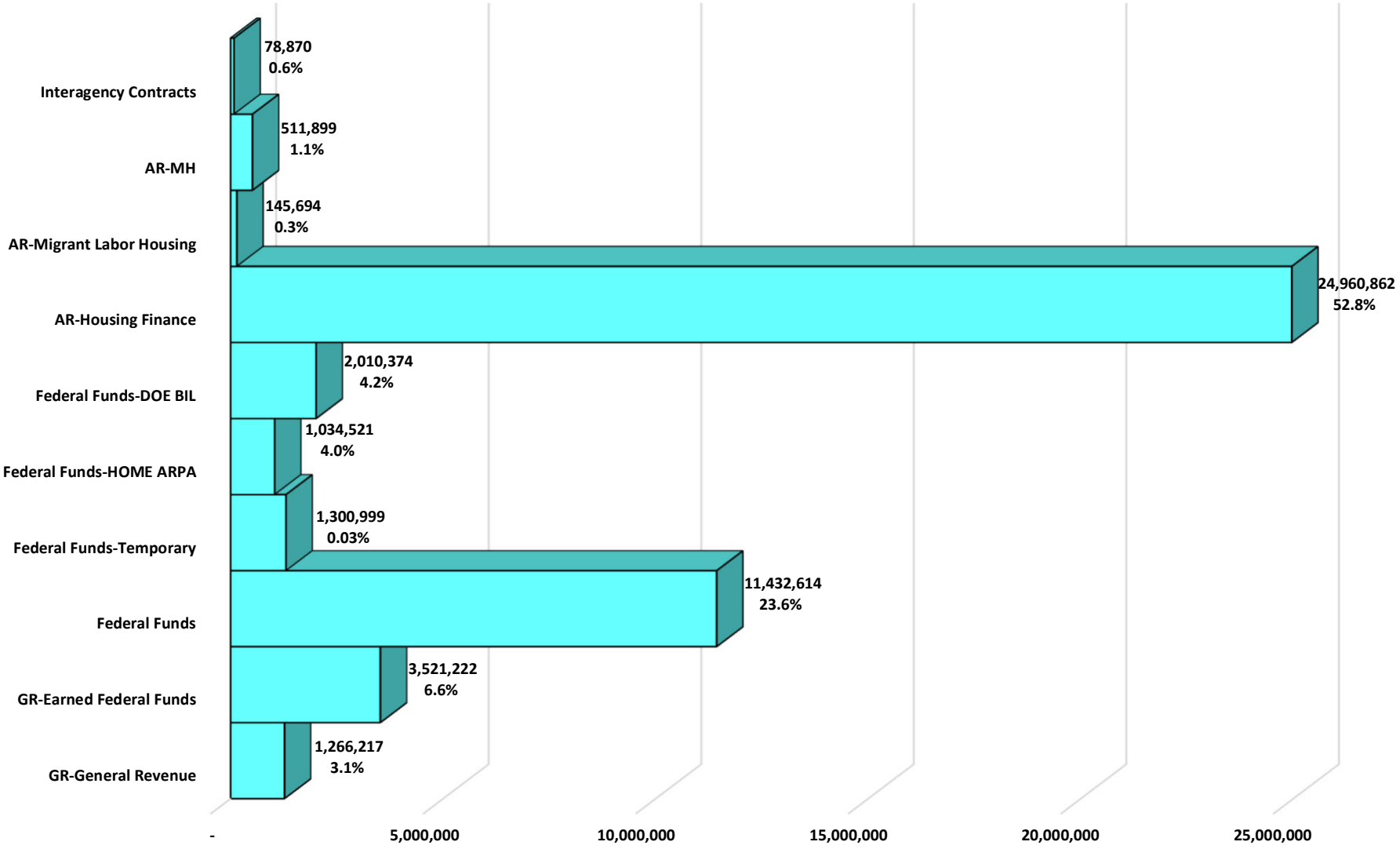
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS SFY-2027 OPERATING BUDGET

T A B L E O F C O N T E N T S

Method of Finance Chart..... 1
Agency Wide - By Method of Finance 2

* * * * * * * * * * * * * * *

Texas Department of Housing and Community Affairs
SFY 2027 Method of Finance



Total Budget: 46,263,272

Agency Wide - By Method of Finance
September 1, 2026 thru August 31, 2027

Budget Categories	General Revenue	Federal Funds	Temporary Federal Funds	ARPA	BIL WAP	Appropriated Receipts	Interagency Contract	MH Appropriated Receipts	Total
Salaries	3,055,634	7,320,367	537,786	808,969	966,558	15,920,739	62,650	404,909	29,077,612
Payroll Related Costs	733,352	1,756,888	129,069	194,153	231,974	3,820,977	15,036	97,178	6,978,627
Travel In-State	37,725	179,382	551	3,134	16,294	322,944	-	-	560,030
Travel Out-of-State	4,717	60,582	689	6,667	33,707	96,238	-	-	202,600
Professional Fees	622,944	1,104,289	119,954	61	526,255	1,843,346	-	-	4,216,849
Materials/Supplies	52,824	36,307	920	1,175	4,588	197,821	-	-	293,635
Repairs/Maintenance	185,164	395,034	879	6,213	106,125	1,016,993	-	-	1,710,408
Printing and Reproduction	3,103	1,848	-	50	1,052	16,258	-	-	22,311
Rental/Lease	13,157	9,724	87	21	5,477	113,537	-	-	142,003
Membership Dues	1,880	32,840	331	80	20,238	60,364	-	-	115,734
Staff Development	15,743	52,453	965	5,734	13,231	117,024	-	-	205,150
Insurance/Employee Bonds	118,561	132,596	8,669	2,410	14,543	415,908	1,156	9,811	703,654
Employee Tuition	1,173	-	-	-	-	3,327	-	-	4,500
Advertising	-	2,000	-	-	50,000	4,000	-	-	56,000
Freight/Delivery	2,182	1,874	-	500	131	30,688	-	-	35,375
Temporary Help	24,222	106,663	499,832	50	10,365	285,499	-	-	926,631
Furniture/Equipment	2,359	151,724	165	1,540	2,064	296,088	-	-	453,940
Communications/Utilities	50,472	86,720	1,028	3,749	7,764	373,647	-	-	523,381
Capital Outlay	-	-	-	-	-	-	-	-	-
State Office of Risk Management	7,920	1,324	74	15	5	25,466	28	-	34,832
Total	**4,933,132**	**11,432,613**	**1,300,999**	**1,034,523**	**2,010,374**	**24,960,862**	**78,870**	**511,899**	**46,263,272**
Budget by Method of Finance, 2026	4,868,477	11,475,258	1,736,659	1,950,254	2,054,818	25,609,240	288,068	512,133	48,494,906
Variance from 2026	64,655	(42,645)	(435,660)	(915,731)	(44,444)	(648,378)	(209,198)	(236)	(2,231,634)

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1479 **Agenda Date:** 6/4/2026 **Agenda #:** 25.

Presentation, discussion, and possible action on the SFY 2027 Housing Finance Division Budget

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the Department or TDHCA) is required to approve a SFY 2027 Housing Finance Division Budget; and

WHEREAS, the Department is required to submit the budget to the Office of the Governor (OOG) and the Legislative Budget Board (LBB);

NOW, therefore, it is hereby

RESOLVED, that the SFY 2027 Housing Finance Division Budget, in the form presented to this meeting, is hereby approved; and

FURTHER RESOLVED, that upon approval by the TDHCA Governing Board, the Department will submit the budget to the OOG and the LBB.

BACKGROUND

In accordance with Tex. Gov't Code §2306.113, the Department shall create a separate annual budget for the Housing Finance Division to certify the housing program fee revenue that supports the Department. While at the time the statute was created such a division existed, the duties associated with the Housing Finance Division have been spread among multiple divisions in the agency as reorganizations to improve efficiency have occurred. This budget is a subset of the whole operating budget and shows the Housing Finance revenues also known as Appropriated Receipts that support the operating budget.

This SFY 2027 Housing Finance Division Budget, which the Board is being asked to approve, is $24,960,862. The Housing Finance Budget complies with the provisions of the General Appropriations Act (GAA).

In addition, in accordance with Tex. Gov't Code §§2306.117 and 2306.118, the Department incurs operational and nonoperational expenses in carrying out the functions of the Housing Finance Division. These types of expenses may be paid only from revenues or funds provided under this Chapter. The revenue and funds of the Department received by or payable through the programs and functions of the Housing Finance Division, other than funds necessary for the operation of the Housing Finance Division and appropriated funds, shall be administered outside the treasury with the Texas Treasury Safekeeping Trust Company.

Housing Finance Budget Appropriated Receipts

September 1, 2026 thru August 31, 2027

Budget Categories	Executive Administration	Agency Administration	Bond Finance	Programs	Capital Budget	Payroll Related Costs	Total
Salaries	2,138,885	4,061,591	5,550,152	4,170,110			15,920,739
Payroll Related Costs	-	-	-	-		3,820,977	3,820,977
Travel In-State	88,411	9,019	23,500	202,013			322,944
Travel Out-of-State	30,600	4,752	41,500	19,386			96,238
Professional Fees	152,190	167,378	337,311	400,225	786,241		1,843,346
Materials/Supplies	23,933	62,723	60,283	50,882			197,821
Repairs/Maintenance	40,810	190,104	182,026	186,359	417,694		1,016,993
Printing and Reproduction	2,787	2,471	6,750	4,250			16,258
Rental/Lease	53,235	16,194	29,871	14,236			113,537
Membership Dues	50,377	2,342	1,000	6,644			60,364
Staff Development	22,799	35,458	32,000	26,767			117,024
Insurance/Employee Bonds	46,606	127,047	134,611	107,644			415,908
Employee Tuition	-	827	2,500	-			3,327
Advertising	1,500	2,500	-	-			4,000
Freight/Delivery	1,851	7,692	11,600	9,545			30,688
Temporary Help	168,012	18,346	65,640	33,501			285,499
Furniture/Equipment	3,750	7,128	7,800	6,735	270,675		296,088
Communications/Utilities	63,642	77,490	89,687	142,828			373,647
Capital Outlay	-	-	-	-	-		-
State Office of Risk Management	2,300	8,983	7,728	6,456			25,466
Total	**2,891,687**	**4,802,047**	**6,583,959**	**5,387,582**	**1,474,610**	**3,820,977**	**24,960,862**
Method of Finance:							
Single Family Bond Administration Fees							3,126,180
Multifamily Bond Administration Fees							1,130,451
Compliance Fees							4,483,324
Housing Tax Credit Fees							4,365,210
Asset Management Fees							1,298,129
Subtotal:							**14,403,294**
Central Support Single Family Bond Administration Fees							751,129
Central Support Multifamily Bond Administration Fees							895,659
Central Support Compliance Fees							4,802,593
Central Support Housing Tax Credit Fees							3,449,578
Central Support Asset Management Fees							658,607
Subtotal:							**10,557,566**
Total, Method of Finance							**24,960,862**

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1495 **Agenda Date:** 6/4/2026 **Agenda #:** 26.

Presentation, discussion, and possible action regarding a Request for Proposal for audit services and selection thereof

RECOMMENDED ACTION

WHEREAS, the Department is required to undergo an annual audit of its books and accounts, an annual audit of the Housing Trust Fund, and to obtain audited financial statements for the Housing Finance Division and the Supplemental Bond Schedules;

WHEREAS, in accordance with Tex. Gov't Code §321.020 (a), the Department obtained approval for delegation of authority from the State Auditor's Office to engage a private auditor;

WHEREAS, in accordance with Tex. Gov't Code §2306.074 and the State of Texas Procurement and Contract Management Guide, the Department issued a Request for Proposal for audit services and has selected a firm; and

WHEREAS, in accordance with Tex. Gov't Code §2261.254, the Department is required to obtain Board approval for any purchase of goods or services that may exceed an aggregate contract value of $1,000,000;

NOW, therefore, it is hereby

RESOLVED, that the selection of this firm is presented to this meeting, is hereby approved; and

FURTHER RESOLVED, that upon approval by the TDHCA Governing Board, the Department is authorized to execute an agreement for audit services with such firm.

BACKGROUND

In accordance with Tex. Gov't Code §2306.074, the Department is required to undergo an annual audit of the Department's books and accounts. In addition, Tex. Gov't Code §2306.204 requires an annual audit of the Housing Trust Fund to determine the amount of unencumbered fund balances that is greater than the amount required for the reserve fund.

At the conclusion of the Fiscal Year 2025 audit, the State Auditor's Office communicated their discontinuation of the financial audit for the Department. In February 2026, the Department received a delegation of authority to employ a private auditor to audit its basic financial statements, Revenue Bond Program financial statements, and the Housing Finance Division's unencumbered fund balance computation.

In March 2026, the Department issued a Request for Proposal for audit services and responses were due on April 7, 2026. A team of five staff evaluated the responses and selected CliftonLarsonAllen LLP. The cost for the first year of the audit will be $404,000 with an option, at the Department's discretion and the delegation of authority granted by the State Auditor's Office, to renew the contract for three additional one-year periods with each renewal subject to

a 4% cost escalation.

Due to their extensive experience, knowledge and resources; staff expects they will continue to sustain the level of service performed by the State Auditor's Office and provide the best value to the Department.

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-007 **Agenda Date:** 6/4/2026 **Agenda #:** 27.

Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Waters at Waterchase) Series 2026 Resolution No. 26-007, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for Waters at Waterchase at the Board meeting of October 10, 2024, as amended by a resolution adopted on April 10, 2025;

WHEREAS, an application for Waters at Waterchase requesting 4% Housing Tax Credits (HTC), sponsored by AHF Waters at Waterchase, LLC and the Atlantic Housing Foundation, Inc., was submitted to the Department on March 10, 2026;

WHEREAS, a Certificate of Reservation was issued in the amount of $20,000,000 on May 26, 2026, with a bond delivery deadline of November 22, 2026; and

WHEREAS, staff recommends approval of the issuance of a Multifamily Housing Governmental Note for Waters at Waterchase (Series 2026), and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of tax-exempt Multifamily Housing Governmental Note (Waters at Waterchase) Series 2026 in the amount of $18,000,000, Resolution No. 26-007, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $1,250,668 in 4% Housing Tax Credits for Waters at Waterchase, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, and subject to program conditions as reflected herein, 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 Note will be issued in accordance with Tex. Gov't Code §2306.353 *et seq*., which authorizes the Department to issue notes for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's

multifamily housing revenue notes are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Development Information: The acquisition and rehabilitation of 130 residential units is proposed for Waters at Waterchase, located at 12365 Plano Road in Dallas, Dallas County. The project will continue to serve the general population. The development was originally constructed in 1981 and was part of the National Center for Housing Management Qualified 501(c)(3) Bond portfolio originally issued by the Department in 1993. The prior 501(c)(3) Bonds were redeemed on January 30, 2004, and are no longer outstanding. The Development originally consisted of 134 total units, however, three units are currently non-revenue units and two of the units will be combined to create a three-bedroom accessible unit. A maintenance shop, an activity center, and an office comprise the non-revenue units. The property is subject to an existing Land Use Restriction Agreement (LURA) from the Resolution Trust Company, which was issued in 1990 as part of the 501(c)(3) portfolio. Under that existing LURA, 76 of the units are restricted to rent and income levels at 50% of the Area Median Family Income. The LURA is expected to expire in 2034.
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 the units will be rent and income-restricted at 60% of Area Median Family Income. Rehabilitation costs, which includes building costs and site work, is approximately $52k per unit.

Organizational Structure and Previous Participation: The Borrower is Waters at Waterchase, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered Previously Approved with the previous participation condition recommended by staff, which is noted in Exhibit A-1.

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 June 11, 2025. Representatives from the Department and the Developer were present, and no public comment was made. A copy of the hearing 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 a fixed rate, tax-exempt multifamily governmental note in the amount of $18,000,000 that will be initially purchased by Fifth Third, who will be serving as the construction lender. The interest rate during construction will be based on the Term SOFR Rate plus 1.85% (as further defined in the Note), estimated at the time of underwriting to be 5.42%. The term of the construction loan is anticipated to be 30 months, inclusive of a six-month extension.

Once the conditions to the permanent loan conversion have been met, Barings, LLC, will acquire the Note. The permanent loan amount is anticipated to be $10,235,000 and the interest rate, which will be fixed prior to closing, will be based upon the sum of 1.85% and the greater of the rate to be determined by a straight-line-interpolation of the applicable annual SOFR Swap Index rates (based on the weighted average life of the Note) as published by Bloomberg on the date of determination, or 3.25%, subject to adjustments in the Funding Loan Agreement. For purposes of the Department's underwriting, an interest rate of 6.63% was used. The loan will have a 17-year term, 40-year amortization period, with a maximum final maturity date of approximately December 2045.

The Atlantic Housing Foundation, Inc., will provide a cash-flow contingent loan in the amount of $8,000,000 with a 5.00% interest rate and 36-year term.

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Exhibit A

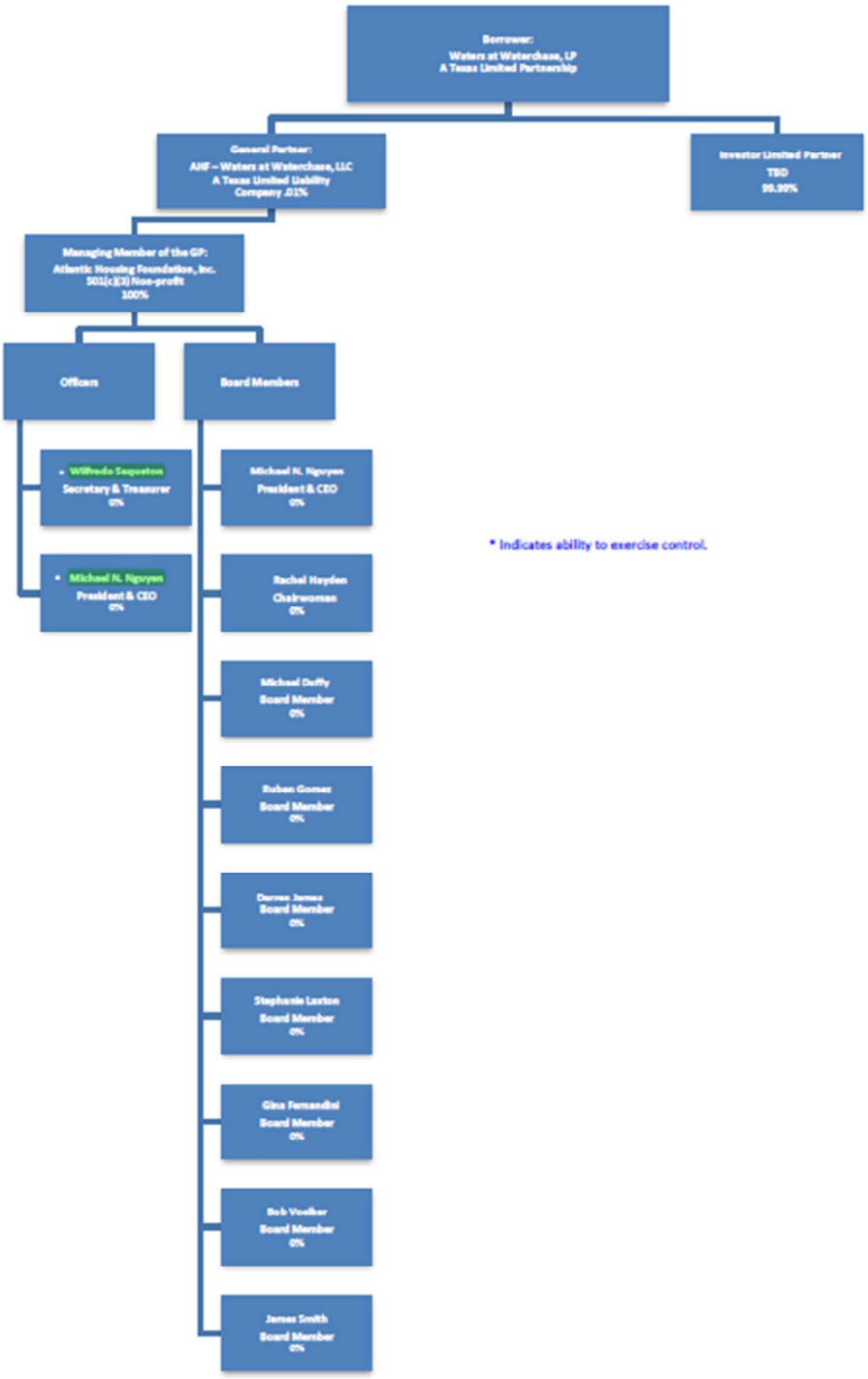

Borrower:
Waters at Waterchase, LP
A Texas Limited Partnership
General Partner:
AHF – Waters at Waterchase, LLC
A Texas Limited Liability
Company .01%
Investor Limited Partner
TBD
99.99%
Managing Member of the GP:
Atlantic Housing Foundation, Inc.
501(c)(3) Non-profit
100%
Officers
Board Members
Wilfredo Saqueton
Secretary & Treasurer
0%
Michael N. Nguyen
President & CEO
0%
Michael N. Nguyen
President & CEO
0%
Rachel Hayden
Chairwoman
0%
Michael Duffy
Board Member
0%
Ruben Gomez
Board Member
0%
Darren James
Board Member
0%
Stephanie Laxton
Board Member
0%
Gina Fernandini
Board Member
0%
Bob Voelker
Board Member
0%
James Smith
Board Member
0%
* Indicates ability to exercise control.

Exhibit A-1

Previous Participation Results

Development Name	Application Number	Category	PPR Conditions
Waters at Waterchase	26601	Previously Approved	1. Atlantic Housing Foundation agrees to replace the existing management company, consultant, or management personnel, with another of its choosing, for any of their properties identified with new Events of Noncompliance that are triggered due to non-responsiveness (no corrective action submitted during the designated corrective action period) on any Monitoring Event notified from July 1, 2025 through December 31, 2026.

26601 Waters at Waterchase - Application Summary

REAL ESTATE ANALYSIS DIVISION
June 1, 2026

PROPERTY IDENTIFICATION	
Application #	26601
Development	Waters at Waterchase
City / County	Dallas / Dallas
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	Acquisition/Rehab (Built in 1984)

RECOMMENDATION						
TDHCA Program	Request	Recommended				
FHTC (4% Credit)	$1,250,668	$1,250,668	$9,621/Unit	$0.85		
	Amount	Rate	Amort	Term	Lien	
Private Activity Bonds (TDHCA Issuer Only)	$20,000,000					

KEY PRINCIPALS / SPONSOR
Atlantic Housing/Rafael Navarro Developer/Owner/Guarantor
Schoenfelder Renovations, Inc./Dean Cook General Contractor
Consultant/Janna Cormier

Related Parties	Contractor - No	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

SITE PLAN

UNIT DISTRIBUTION		
# Beds	# Units	% Total
Eff	-	0%
1	104	80%
2	21	16%
3	5	4%
4	-	0%
TOTAL	130	100%

INCOME DISTRIBUTION		
Income	# Units	% Total
20%	-	0%
30%	-	0%
40%	-	0%
50%	-	0%
60%	130	100%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	130	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	Expense Ratio	47.5%
Breakeven Occ.	86.1%	Breakeven Rent	$1,019
Average Rent	$1,097	B/E Rent Margin	$78
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	$5,943/unit	Controllable	$4,461/unit

MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			3.0%
Highest Unit Capture Rate	21%	1 BR/50%	62
Dominant Unit Cap. Rate	21%	1 BR/50%	62
Premiums (↑80% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten	TDHCA's Costs - Based on SCR		
Avg. Unit Size	677 SF	Density	40.5/acre
Acquisition		$114K/unit	$14,800K
Building Cost	$70.60/SF	$48K/unit	$6,215K
Hard Cost		$58K/unit	$7,547K
Total Cost		$247K/unit	$32,101K
Developer Fee	$3,546K	(53% Deferred)	Paid Year: 12
Contractor Fee	$1,054K	30% Boost	Yes

REHABILITATION COSTS / UNIT					
Site Work	$4K	7%	Finishes/Fixtures	$18K	31%
Building Shell	$20K	35%	Amenities	$1K	1%
HVAC	$7K	11%	Total Exterior	$25K	47%
Appliances	$3K	6%	Total Interior	$28K	53%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Barings	17/40	6.63%	$10,235,000	1.15
TOTAL DEBT (Must Pay)			$10,235,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Atlantic Housing Foundation, Inc.	36/0	5.00%	$8,000,000	1.15
Interim Cash Flow	0/0	0.00%	$1,078,814	1.15
Bond Reinvestment Income	0/0	0.00%	$289,181	1.15
CASH FLOW DEBT / GRANTS			$9,367,995	

EQUITY / DEFERRED FEES	
Source	Amount
Enterprise	$10,629,612
AHF - WWC Development, LLC	$1,868,163
TOTAL EQUITY SOURCES	$12,497,775
TOTAL DEBT SOURCES	$19,602,995
TOTAL CAPITALIZATION	$32,100,770

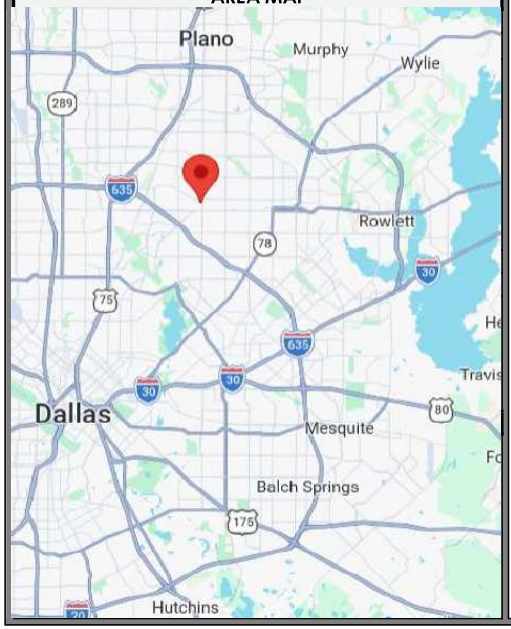
CONDITIONS

- Receipt and acceptance by Cost Certification:
  - 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.

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	11/22/2026
Bond Amount	$20,000,000
BRB Priority	Priority 3
% Financed with Tax-Exempt Bonds	59.6%

AREA MAP



AERIAL PHOTOGRAPH(s)

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **26601** Program(s): **TDHCA Bonds/4% HTC**

Waters at Waterchase

Address/Location: 12365 Plano Rd

City: Dallas County: Dallas Zip: 75243

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

Activity: Acquisition/Rehab 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)	$20,000,000				**$20,000,000**						
FHTC (4% Credit)	$1,250,668				**$1,250,668**						

CONDITIONS

- Receipt and acceptance by Cost Certification:
  - 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.

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	130

DEVELOPMENT SUMMARY

Waters at Waterchase is the acquisition rehabilitation of an existing HTC property. The development will consist of 130 units, with 104 one bedroom units, 21 two-bedroom units and 5 three bedroom units. 100% of the units are for households at 60% AMI and below. Originally the property was 134 units, however three units are currently non-revenue units: with one used as a maintenance shop, one used as an activity center, and one used as an office. Two existing units will be combined to create a three bedroom accessible unit. The developer has received a waiver approval to FDIC for the non-revenue units.

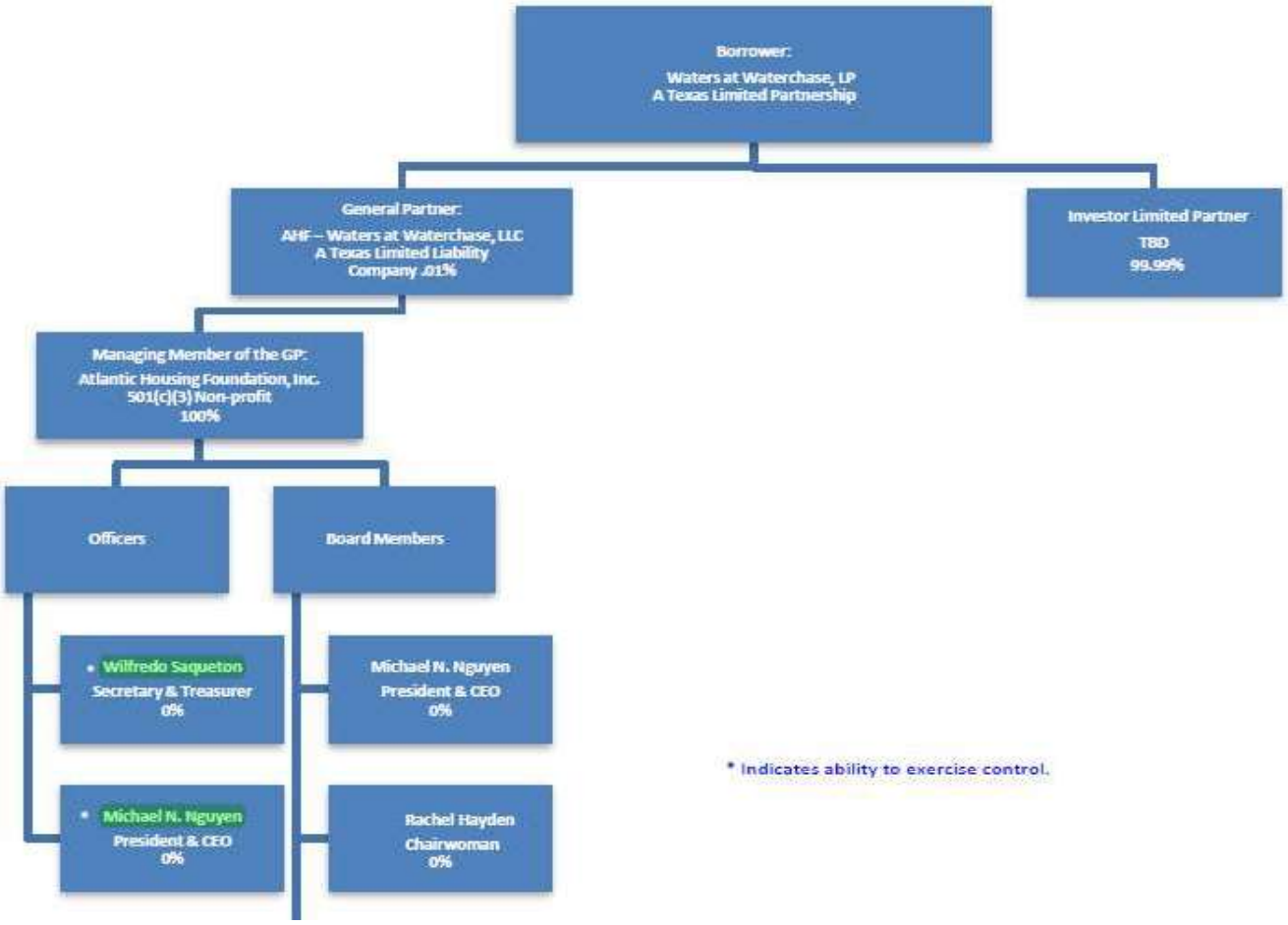
RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ Low gross capture rate

WEAKNESSES/RISKS
▫ 1.15 DCR

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN

Parking	No Fee		Tenant-Paid		Total	
Open Surface	160	*1.2/unit*	0	--	160	*1.2/unit*
Carport	15	*0.1/unit*	0	--	15	*0.1/unit*
Garage	0	--	0	--	0	--
Total Parking	**175**	*1.3/unit*	**0**	--	**175**	*1.3/unit*

Comments:

The post-rehab provided parking of 175 spaces is compliant with local requirements. Property built prior to current parking codes and requirements and is sustanining an exisiting non-conforming condition with only 177 existing spaces, as modern codes would only require 165 spaces.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F							**Total Buildings**
Floors/Stories	3	3	3	3	3	3							
Number of Bldgs	1	3	1	1	1	1							**8**
Units per Bldg	17	18	23	17	10	9							
Total Units	17	54	23	17	10	9							**130**

Avg. Unit Size (SF)	**677 sf**	**Total NRA (SF)**	**88,031**	**Common Area (SF)***	**21,200**

SITE CONTROL INFO

Site Acreage: Development Site: 3.21 acres Density: 40.5 units/acre

Site Control: 3.209 **Site Plan:** 3.21 **Appraisal:** 3.21 **ESA:** 3.21

Feasibility Report Survey: 3.21 **Feasibility Report Engineer's Plan:** N/A **Existing LURA:** 3.209

Control Type: Purchase and Sale Agreement

Development Site: 3.21 acres Cost: $14,800,000 $113,846 per unit

Seller: AHF - Waterchase, LLC

Buyer: Waters at Waterchase, LP

Related-Party Seller/Identity of Interest: Yes

Date of Most Recent Arms Length Settlement Statement: 1/5/2004

Sales Price in Most Recent Arms Length Settlement Statement: more than 5 years ago

Comments:

The seller of the property is AHF Waterchase, LLC (the "Seller"), will be acquired by Waters at Waterchase, LP (the "Partnership."). The General Partner of the Partnership will be AHF – Waters at Waterchase, LLC, which is wholly owned by Atlantic Housing Foundation, Inc., and accordingly is anaffiliate of the Seller. However, the Seller is not related to the Partnership for purposes of Section 42(d)(2)(B)(iii) because the General Partner of the Partnership will be allocated less than 50% of the Partnership's capital and profit items and, at the time of the acquisition of the Property, the Partnership's other partners will not be affiliates of the General Partner or of the Seller.

APPRAISED VALUE

Appraiser: Colliers International Date: 11/11/2025

Land as Vacant:	3.21 acres	$3,000,000	Per Unit:	$23,077
Existing Buildings: (as-is)		$11,800,000	Per Unit:	$90,769
Total Development: (as-is)		**$14,800,000**	Per Unit:	**$113,846**

SITE INFORMATION

Flood Zone:	Zone X	Scattered Site?	No
Zoning:	MF-2(A) and CR	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	1984	Title Issues?	No

Current Uses of Subject Site:

Waters at Waterchase Apartments

TENANT RELOCATION PLAN

The project may require that residents temporarily relocate out of their unit. Residents that are temporarily displaced will be temporarily relocated to on-site "hotel units" that they will move to with all their belongings for approximately 2-3 weeks. Applicant will also utilize end-of-lease transfers to newly renovated units to give our residents priority to stay in the community instead of marketing them exclusively to new tenants. Due to current vacancies and future naturally occurring vacancies, all households will be accommodated and there is no anticipated displacement from the property. These vacancies will accommodate the plan to house residents in an onsite hotel unit. Applicant's intent is to ensure that a building is completely empty for the rehabilitation. In the unlikely event a hotel unit is not immediately available for occupancy, the rehabilitation of a building will be conducted in a way that doesn't severely impact a resident waiting for relocation. The rehabilitation of a unit will not occur unless the unit is vacant. For circumstances involving temporary off-site displacement, hotels within 2 miles of the property have been identified. Prospects include Quality Inn at Town Center and America's Best Inn.

Applicant has budgeted $104,000 for tenant relocation.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: AEI Date: 3/27/2026

Recognized Environmental Conditions (RECs) and Other Concerns:

- Possible asbestos containing materials have been found on the property.

MARKET ANALYSIS

Provider: Novogradac Date: 2/2/2026

Primary Market Area (PMA): 18 sq. miles 2 mile equivalent radius

Comments:

Rehab or reconstruction projects where: (i) 100% of units are covered by an 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 is 87**%** occupied.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$853,183	Avg. Rent:	$1,097	Expense Ratio:	47.5%
Debt Service:	$740,698	B/E Rent:	$1,019	Controllable Expenses:	$4,461
Net Cash Flow:	$112,485	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	1.15	B/E Occupancy:	86.1%	Program Rent Year:	2025

100% tax exemption achieved through a grandfathered agreement with the Community Housing Development Organizations (CHDO).

Applicant has limited rents by $101-$191 for in order to provide a 15% advantage to market per the investor's requirement. Underwriter has matched those rents for all unit types.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$934,579/ac	$113,846/unit	**$14,800,000**	Contractor Fee	**$1,054,079**
Off-site + Site Work		$4,967/unit	**$645,692**	Soft Cost + Financing	**$4,401,861**
Building Cost	$70.60/sf	$47,807/unit	**$6,214,879**	Developer Fee	**$3,545,902**
Contingency	10.00%	$5,277/unit	**$686,057**	Reserves	**$752,301**
Total Development Cost	$246,929/unit	**$32,100,770**		**Rehabilitation Cost**	**$52,774/unit**

Qualified for 30% Basis Boost?	Rehabilitation Development located in QCT

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	$541,655	$4,167/unit	7%	Finishes/Fixtures	$2,319,941	$17,846/unit	31%
Building Shell	$2,608,321	$20,064/unit	35%	HVAC	$853,403	$6,565/unit	11%
Amenities	$104,037	$800/unit	1%	Appliances	$433,214	$3,332/unit	6%
Total Exterior	**$3,254,013**	**$25,031/unit**	**47%**	**Total Interior**	**$3,606,558**	**$27,743/unit**	**53%**

SCOPE & COST REVIEW

Provider: AEI Date: 10/30/2025

Scope of Work:

Exterior

- Replace 100%
  a. Windows
  b. Entry, Patio, and Patio Storage Doors
  c. Door Hardware: Locksets, Levers, Peep Holes (entry only)
  d. Cane Detection Railing
  e. Hand Rail Extensions
  f. Siding, Trim, Soffit, and Fascia
  g. Gutters & Downspouts
  h. Delete Chimneys and repair roofing
  i. Install Horizontal Railing Boards on balconies
  j. Dumpster enclosures
- Repair/Replace as needed
  a. Exterior Brick & Tuck Pointing
  b. Balcony & Walkway Repair
  c. 4x4 Patio Posts
  d. Retaining walls
- Paint Exterior including doors and siding
  a. Include Pressure wash of all Buildings
  b. Stain Horizontal Railing Pickets
- Exterior Lighting Replacement

Site

- Form/Pour ADA accessible route to all ADA Units and Amenities and make required changes to meet ADA guidelines (based on plans).
- Form/Pour ADA Accessible parking spaces w/offloading spaces
- Re-stripe Accessible parking, offloading, and walkways as needed
- Perimeter Fencing Repair (Front of Property)
- R&R Pedestrian gates at pool w/Accessible Hardware
- Add Playground w/Canopy & ADA Compliant Border/Mulch
- Add Dog Park

- Leasing Office & Activity Center
  a. Demo countertops, cabinets, plumbing fixtures, electrical fixtures, interior doors, fireplace, and walls as drawn.
  b. Wall framing to comply w/accessibility standards
  c. Re-route water supply and drainage to support framing changes
  d. Perform electrical rough in changes in compliance w/accessibility compliance
  e. Install Drywall & TBT as needed
  f. Replace interior doors and interior carpentry
  g. Prep & Paint unit interior
  h. R&R cabinets
  i. R&R countertops
  j. Install new plumbing fixtures: Sinks, faucets, supply lines, angle stops, toilets, bathtubs, shower pans, shower valves/trim, water heater, and garbage disposal
  k. Install new electrical fixtures: Ceiling fans, light fixtures, interconnected smoke detectors, patio light fixture
  l. Install new refrigerator, Ice maker box w/supply line, dishwasher, range, Countertop Microwave, splash guard, and disposal
  m. Install Resilient Flooring
  n. Install all bath accessories & door hardware
  o. Install Blinds
  p. Install Shelving and Quartz countertop
  q. Final Cleaning

Interior Units (120 Units)

13. HVAC Unit
  a. 15.2 SEER2 A/C – replace air handler & condenser
  b. New Smart thermostat
  c. New grilles and registers
  d. New Line Sets
  e. Bath exhaust venting & fans
14. Appliances (per AHF provided spec package)
  a. Refrigerator
  b. Ice Maker Box w/Supply Line
  c. Range
  d. Dishwasher
  e. OTR Microwave/Vent Hood Combo
  f. Garbage disposal
15. Kitchen and Bathroom Cabinets
16. Kitchen and Bathroom Quartz Countertop
  a. Refrigerator
  b. Ice Maker Box w/Supply Line
  c. Range
  d. Dishwasher
  e. OTR Microwave/Vent Hood Combo
  f. Garbage disposal
15. Kitchen and Bathroom Cabinets
16. Kitchen and Bathroom Quartz Countertop
17. Kitchen sink & faucet (per AHF provided spec package)
18. P-Traps, supply lines and shut-off valves
19. Vanity sink & faucet (per AHF provided spec package)
20. Toilets (per AHF provided spec package)
21. Tubs and Shower Pans (floor plan dependent)
22. Cultured Marble Tub Surround (floor plan dependent)
23. Tile Shower Surround (floor plan dependent)
24. Frameless Glass shower bi-pass (floor plan dependent)
25. Shower Valves and Trim
26.Water Heater
27. Bathroom Accessories
28. Interior Door Hardware (per AHF provided spec package)
29. Exterior door hardware (per AHF provided spec package)
30. Smoke detectors
31. Fire extinguisher
32. Light fixtures (per AHF provided spec package)
  a. Dining
  b. Kitchen
  c. Baths
  d. Ceiling fan (energy-star rated) – 1 per unit
  e. Install light fixture in each bedroom
  f. Patio

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$32,100,770	$27,185,247	$1,250,793

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$20,000,000	5/26/2026	Priority 3
Closing Deadline			
11/22/2026			

Percent of Cost Financed by Tax-Exempt Bonds	**59.6%**

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Fifth Third - Tax Exempt Constr Loan	Construction Loan	$18,000,000	5.42%	57%
Enterprise	FHTC	$1,594,601	$0.85	5%
AHF - WWC Development, LLC	Deferred Developer Fee	$2,659,426	0.00%	8%
Atlantic Housing Foundation, Inc.	Private Loan	$8,000,000	5.00%	25%
Interim Cash Flow	Cash Flow	$1,078,814	0.00%	3%
Bond Reinvestment Income	Bond Income	$289,181	0.00%	1%
		$31,622,022	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Barings	$10,235,000	6.63%	40	17.0	$10,235,000	6.63%	40	17.0	32%
Atlantic Housing Foundation, Inc.	$8,000,000	5.00%	0	36.0	$8,000,000	5.00%	0	36.0	25%
Interim Cash Flow	$1,078,814	0.00%	0	0.0	$1,078,814	0.00%	0	0.0	3%
Bond Reinvestment Income	$289,181	0.00%	0	0.0	$289,181	0.00%	0	0.0	1%
Total	**$19,602,995**				**$19,602,995**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Enterprise	$10,630,676	$0.85		$10,629,612	$0.85	33%	
AHF - WWC Development, LLC	$1,867,099		53%	$1,868,163		6%	53%
Total	**$12,497,775**			**$12,497,775**			
				$32,100,770	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.999	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.781	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$32,100,770
Permanent Sources (debt + non-HTC equity)	$19,602,995
Gap in Permanent Financing	$12,497,775

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$10,630,673	$1,250,793
Needed to Balance Sources & Uses	$12,497,775	$1,470,474
Requested by Applicant	$10,629,612	$1,250,668

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$10,629,612**	**$1,250,668**

Deferred Developer Fee	**$1,868,163**	**(53% deferred)**
Repayable in	**12 years**	

Recommendation:

Underwriter recommends an annual tax credit allocation of $1,250,668 per the Applicant's request and $20,000,000 of TDHCA bonds.

Underwriter: *Jeffrey Price*

Manager of Real Estate Analysis: *Diamond Unique Thompson*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Waters at Waterchase, Dallas, TDHCA Bonds/4% HTC #26601

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	104	80.0%	0	0	0	0
2	21	16.2%	0	0	0	0
3	5	3.8%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	130	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	677 sf

60% Average Income		20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	-	-	-	130	-	-	-	130
	% 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		Non-TDHCA Restrictions	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	RTC-VLI	20	1	1	459	$1,320	$130	$1,190	($190)	$2.18	$1,000	**$20,000**	**$20,000**	$1,000	$2.18	($190)	$1,275	$2.78	$1,275
TC 60%	$1,320	0	10	1	1	459	$1,320	$130	$1,190	($190)	$2.18	$1,000	**$10,000**	**$10,000**	$1,000	$2.18	($190)	$1,275	$2.78	$1,275
TC 60%	$1,320	RTC-VLI	4	1	1	537	$1,320	$130	$1,190	($160)	$1.92	$1,030	**$4,120**	**$4,120**	$1,030	$1.92	($160)	$1,330	$2.48	$1,330
TC 60%	$1,320	0	1	1	1	547	$1,320	$130	$1,190	($160)	$1.88	$1,030	**$1,030**	**$1,030**	$1,030	$1.88	($160)	$1,330	$2.43	$1,330
TC 60%	$1,320	0	8	1	1	633	$1,320	$130	$1,190	($120)	$1.69	$1,070	**$8,560**	**$8,560**	$1,070	$1.69	($120)	$1,415	$2.24	$1,415
TC 60%	$1,320	RTC-VLI	20	1	1	669	$1,320	$130	$1,190	($120)	$1.60	$1,070	**$21,400**	**$21,400**	$1,070	$1.60	($120)	$1,430	$2.14	$1,430
TC 60%	$1,320	RTC-VLI	8	1	1	672	$1,320	$130	$1,190	($115)	$1.60	$1,075	**$8,600**	**$8,600**	$1,075	$1.60	($115)	$1,430	$2.13	$1,430
TC 60%	$1,320	0	4	1	1	706	$1,320	$130	$1,190	($115)	$1.52	$1,075	**$4,300**	**$4,300**	$1,075	$1.52	($115)	$1,455	$2.06	$1,455
TC 60%	$1,320	RTC-VLI	10	1	1	709	$1,320	$130	$1,190	($101)	$1.54	$1,089	**$10,890**	**$10,890**	$1,089	$1.54	($101)	$1,455	$2.05	$1,455
TC 60%	$1,320	0	9	1	1	712	$1,320	$130	$1,190	($101)	$1.53	$1,089	**$9,801**	**$9,801**	$1,089	$1.53	($101)	$1,455	$2.04	$1,455
TC 60%	$1,320	0	10	1	1	728	$1,320	$130	$1,190	($101)	$1.50	$1,089	**$10,890**	**$10,890**	$1,089	$1.50	($101)	$1,455	$2.00	$1,455
TC 60%	$1,584	RTC-VLI	6	2	2	834	$1,584	$197	$1,387	($137)	$1.50	$1,250	**$7,500**	**$7,500**	$1,250	$1.50	($137)	$1,570	$1.88	$1,570
TC 60%	$1,584	0	9	2	2	843	$1,584	$197	$1,387	($137)	$1.48	$1,250	**$11,250**	**$11,250**	$1,250	$1.48	($137)	$1,570	$1.86	$1,570
TC 60%	$1,584	RTC-VLI	6	2	2	870	$1,584	$197	$1,387	($137)	$1.44	$1,250	**$7,500**	**$7,500**	$1,250	$1.44	($137)	$1,570	$1.80	$1,570
TC 60%	$1,830	RTC-VLI	1	3	2	1,247	$1,830	$305	$1,525	($180)	$1.08	$1,345	**$1,345**	**$1,345**	$1,345	$1.08	($180)	$1,720	$1.38	$1,720
TC 60%	$1,830	0	3	3	2	1,247	$1,830	$305	$1,525	($180)	$1.08	$1,345	**$4,035**	**$4,035**	$1,345	$1.08	($180)	$1,740	$1.40	$1,740
TC 60%	$1,830	RTC-VLI	1	3	2	1,345	$1,830	$305	$1,525	($180)	$1.00	$1,345	**$1,345**	**$1,345**	$1,345	$1.00	($180)	$1,740	$1.29	$1,740
TOTALS/AVERAGES:			**130**			**88,031**				**($138)**	**$1.62**	**$1,097**	**$142,566**	**$142,566**	**$1,097**	**$1.62**	**($138)**	**$1,430**	**$2.11**	**$1,430**

ANNUAL POTENTIAL GROSS RENT:	$1,710,792	$1,710,792	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Waters at Waterchase, Dallas, TDHCA Bonds/4% HTC #26601

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Dec '25 T12		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.62	$1,097	$1,710,792	$1,710,792	$1,097	$1.62		0.0%	$0
application fees, late fees, pet fees							$30.00	$46,800						
Total Secondary Income							$30.00		$46,800	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,757,592	$1,757,592				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(131,819)	(131,819)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,625,773	$1,625,773				0.0%	$0
General & Administrative	$68,958	$530/Unit	$125,130	$963	4.09%	$0.76	$511	$66,490	$68,958	$530	$0.78	4.24%	-3.6%	(2,468)
Management	$58,759	3.1% EGI	$63,520	$489	3.98%	$0.73	$498	$64,685	$65,031	$500	$0.74	4.00%	-0.5%	(346)
Payroll & Payroll Tax	$196,889	$1,515/Unit	$302,801	$2,329	17.87%	$3.30	$2,235	$290,555	$302,801	$2,329	$3.44	18.63%	-4.0%	(12,246)
Repairs & Maintenance	$114,252	$879/Unit	$170,791	$1,314	8.76%	$1.62	$1,096	$142,480	$97,500	$750	$1.11	6.00%	46.1%	44,980
Electric/Gas	$30,253	$233/Unit	$23,376	$180	1.93%	$0.36	$242	$31,400	$23,376	$180	$0.27	1.44%	34.3%	8,024
Water, Sewer, & Trash **Tenant Pays: WS**	$115,223	$886/Unit	$23,429	$180	3.02%	$0.56	$377	$49,030	$23,429	$180	$0.27	1.44%	109.3%	25,601
Property Insurance	$107,991	$1.23 /sf	$99,500	$765	2.52%	$0.47	$315	$41,000	$99,500	$765	$1.13	6.12%	-58.8%	(58,500)
Property Tax (@ 0%) 2.3381	$126,822	$976/Unit			0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements					2.80%	$0.52	$350	$45,500	$39,000	$300	$0.44	2.40%	16.7%	6,500
Security					1.72%	$0.32	$215	$28,000	$28,000	$215	$0.32	1.72%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.32%	$0.06	$40	$5,200	$5,200	$40	$0.06	0.32%	0.0%	-
TDHCA Bond Compliance Fee					0.20%	$0.04	$25	$3,250	$3,250	$25	$0.04	0.20%	0.0%	-
Bond Trustee Fees					0.31%	$0.06	$38	$5,000	$5,000	$38	$0.06	0.31%	0.0%	-
TOTAL EXPENSES					**47.52%**	**$8.78**	**$5,943**	**$772,590**	**$761,045**	**$5,854**	**$8.65**	**46.81%**	**1.5%**	**$ 11,545**
NET OPERATING INCOME ("NOI")					**52.48%**	**$9.69**	**$6,563**	**$853,183**	**$864,727**	**$6,652**	**$9.82**	**53.19%**	**-1.3%**	**$ (11,545)**

CONTROLLABLE EXPENSES							$4,461/Unit			$3,970/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Waters at Waterchase, Dallas, TDHCA Bonds/4% HTC #26601

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**
Barings	0.10%	1.17	1.15	740,698	6.63%	40	17.0	$10,235,000	$10,235,000	17.0	40.0	6.63%	$740,698	1.15	31.9%
CASH FLOW DEBT / GRANTS															
Atlantic Housing Foundation, Inc.		1.17	1.15		5.00%	0	36.0	$8,000,000	$8,000,000	36.0	0.0	5.00%		1.15	24.9%
				$740,698			**TOTAL DEBT / GRANT SOURCES**	**$19,602,995**	**$19,602,995**			**TOTAL DEBT SERVICE**	**$740,698**	**1.15**	61.1%
NET CASH FLOW		$124,029	$112,485						**APPLICANT**	**NET OPERATING INCOME**		**$853,183**	**$112,485**	**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**	
Enterprise	LIHTC Equity	33.1%	$1,250,668	$0.85	$10,630,676		$10,629,612	$0.8499	$1,250,668	33.1%	$9,621	Applicant Request	
AHF - WWC Development, LLC	Deferred Developer Fees	5.8%	(53% Deferred)		$1,867,099		$1,868,163	(53% Deferred)		5.8%	**Total Developer Fee:**		**$3,545,902**
Additional (Excess) Funds Req'd		0.0%					$0			0.0%			
TOTAL EQUITY SOURCES		38.9%			$12,497,775		$12,497,775			38.9%			
TOTAL CAPITALIZATION					**$32,100,770**		**$32,100,770**				**15-Yr Cash Flow after Deferred Fee:**		**$859,323**

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					$23,077 / Unit	$3,000,000	$3,000,000	$23,077 / Unit			0.0%	$0
Building Acquisition		$11,800,000			$90,769 / Unit	$11,800,000	$11,800,000	$90,769 / Unit		$11,800,000	0.0%	$0
Off-Sites			$0		$ / Unit	$0	$0	$ / Unit	$0		0.0%	$0
Site Work			$541,655		$4,167 / Unit	$541,655	$541,655	$4,167 / Unit	$541,655		0.0%	$0
Site Amenities			$104,037		$800 / Unit	$104,037	$104,037	$800 / Unit	$104,037		0.0%	$0
Building Cost			$6,214,879	$70.60 /sf	$47,807/Unit	$6,214,879	$6,214,879	$47,807/Unit	$70.60 /sf	$6,214,879	0.0%	$0
Contingency			$686,057	10.00%	10.00%	$686,057	$686,057	10.00%	10.00%	$686,057	0.0%	$0
Contractor Fees			$1,054,079	13.97%	13.97%	$1,054,079	$1,054,079	13.97%	13.97%	$1,054,079	0.0%	$0
Soft Costs		$0	$915,300		$8,241 / Unit	$1,071,300	$1,071,300	$8,241 / Unit	$915,300	$0	0.0%	$0
Financing		$0	$2,323,339		$25,620 / Unit	$3,330,561	$3,330,561	$25,620 / Unit	$2,323,339	$0	0.0%	$0
Developer Fee	15.00%	$1,770,000	$1,775,902	15.00%	15.00%	$3,545,902	$3,545,902	15.00%	15.00%	$1,770,000	0.0%	$0
Reserves					6 Months	$752,301	$752,301	6 Months			0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		**$13,570,000**	**$13,615,248**		$246,929 / Unit	**$32,100,771**	**$32,100,770**	$246,929 / Unit	**$13,615,247**	**$13,570,000**	**0.0%**	**$1**
Acquisition Cost		$0				$0						
Contingency			$0			$0						
Contractor's Fee			$0			$0						
Financing Cost			$0									
Developer Fee	0.00%	$0	($0)	15.00%	15.00%	($0)						
Reserves						$0						
ADJUSTED BASIS / COST		**$13,570,000**	**$13,615,248**		$246,929/unit	**$32,100,771**	**$32,100,770**	$246,929/unit	**$13,615,247**	**$13,570,000**	**0.0%**	**$1**
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA						**$32,100,770**						

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Waters at Waterchase, Dallas, TDHCA Bonds/4% HTC #26601

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$13,570,000	$13,615,248	$13,570,000	$13,615,247
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$13,570,000	$13,615,248	$13,570,000	$13,615,247
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$13,570,000	$17,699,822	$13,570,000	$17,699,822
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$13,570,000	$17,699,822	$13,570,000	$17,699,822
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$542,800	$707,993	$542,800	$707,993
CREDITS ON QUALIFIED BASIS	$1,250,793		$1,250,793	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8499	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,250,793	$10,630,673	----	----	----
Needed to Fill Gap	$1,470,474	$12,497,775	----	----	----
Applicant Request	$1,250,668	$10,629,612	**$1,250,668**	**$0**	**$0**

25% Test for Bond Financing for 4% Tax Credits				
Tax-Exempt Bond Amount	$	18,000,000		
			Applicant	TDHCA
Land Cost	$	3,000,000	$3,000,000	$3,000,000
Depreciable Bldg Cost **	$	27,185,248	$27,185,248	$27,185,247
Aggregate Basis for 25% Test	**$**	**30,185,248**	$30,185,248	$30,185,247
Percent Financed by Tax-Exempt Bond	**59.63%**		**59.63%**	**59.63%**

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

PROPOSED SOURCES OF FINANCING

Waters at Waterchase, Dallas, TDHCA Bonds/4% HTC #26601

		Interim		Permanent Period				Debt Service		
DEBT	**Type**	**Principal**	**Rate**	**Principal**	**Term**	**Amort**	**Rate**	**DCR**	**Payment**	**Fee**
Barings	Permanent Loan	$0	0.00%	$10,235,000	17.0	40	6.63%	**1.15**	$740,698	0.10%
Fifth Third - Tax Exempt Constr Loan	Construction Loan	$18,000,000	5.42%	$0	0.0	0	0.00%	**1.15**		0.00%
TOTAL		**$18,000,000**		**$10,235,000**				**1.15**	**Cumulative DCR**	
EQUITY					**credit price**	**annual credits**				
Enterprise	$1,250,668 HTC Equity	$1,594,601		$10,629,612	$0.85	$1,250,668				
TOTAL		**$1,594,601**		**$10,629,612**						
PARTNERSHIP DEBT										
AHF - WWC Development, LLC	Deferred Developer Fee	$2,659,426		$1,868,163						
TOTAL		**$2,659,426**		**$1,868,163**						
CASH FLOW DEBT/GRANTS										
TOTAL		**$0**		**$0**						
OTHER										
Atlantic Housing Foundation, Inc.	Private Loan	$8,000,000		$8,000,000						
Interim Cash Flow	Cash Flow	$1,078,814		$1,078,814						
Bond Reinvestment Income	Bond Income	$289,181		$289,181						
TOTAL		**$9,367,995**		**$9,367,995**						
TOTAL		**$31,622,022**		**$32,100,770**						

Long-Term Pro Forma

Waters at Waterchase, Dallas, TDHCA Bonds/4% HTC #26601

	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%	$1,625,773	$1,658,288	$1,691,454	$1,725,283	$1,759,789	$1,942,949	$2,145,172	$2,368,444	$2,614,953	$2,887,120	$3,187,613	$3,519,383
TOTAL EXPENSES	3.00%	$772,590	$795,121	$818,315	$842,191	$866,770	$1,000,960	$1,156,120	$1,335,550	$1,543,067	$1,783,095	$2,060,756	$2,381,981
NET OPERATING INCOME ("NOI")		**$853,183**	**$863,167**	**$873,139**	**$883,092**	**$893,018**	**$941,989**	**$989,052**	**$1,032,894**	**$1,071,886**	**$1,104,025**	**$1,126,858**	**$1,137,402**
EXPENSE/INCOME RATIO		47.5%	47.9%	48.4%	48.8%	49.3%	51.5%	53.9%	56.4%	59.0%	61.8%	64.6%	67.7%
MUST -PAY DEBT SERVICE													
Barings		$740,698	$740,644	$740,587	$740,526	$740,461	$740,061	$739,506	$738,732	$737,655	$736,156	$734,071	$731,168
TOTAL DEBT SERVICE		$740,698	$740,644	$740,587	$740,526	$740,461	$740,061	$739,506	$738,732	$737,655	$736,156	$734,071	$731,168
DEBT COVERAGE RATIO		1.15	1.17	1.18	1.19	1.21	1.27	1.34	1.40	1.45	1.50	1.54	1.56
ANNUAL CASH FLOW		**$112,485**	**$122,523**	**$132,552**	**$142,566**	**$152,557**	**$201,927**	**$249,547**	**$294,162**	**$334,231**	**$367,868**	**$392,787**	**$406,234**
Deferred Developer Fee Balance		$1,755,679	$1,633,156	$1,500,604	$1,358,038	$1,205,481	$294,102	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$859,323	$2,242,389	$3,835,576	$5,610,641	$7,528,739	$9,538,220

RESOLUTION NO. 26-007

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE NOTE (WATERS AT WATERCHASE) 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 Note (Waters at Waterchase) Series 2026 (the "Governmental Note") pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement") among the Department, Fifth Third Bank, N.A., as initial funding lender (the "Initial Funding Lender") and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), 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 Governmental Note to fund a mortgage loan to Waters at Waterchase, LP, a Texas limited partnership (the "Borrower"), in connection with the cost of acquisition, rehabilitation 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, as amended by a resolution adopted on April 10, 2025, 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, the Fiscal Agent and the Borrower will execute and deliver a Project Loan Agreement (the "Project Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Governmental Note (the "Project Loan") to the Borrower to enable the Borrower to finance the acquisition, rehabilitation and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a Project Loan Note (the "Project Note") in an original principal amount equal to the original aggregate principal amount of the Governmental Note, and providing for payment of interest on such principal amount equal to the interest on the Governmental Note and to pay other costs described in the Project Loan Agreement; and

WHEREAS, it is anticipated that the Project Note and the obligations of the Borrower under the Project Loan Agreement will be secured by a Leasehold Deed of Trust, Security Agreement and Assignment of Rents (the "Security Instrument") from the Borrower for the benefit of the Department; and

WHEREAS, the Department's rights (except for certain unassigned rights) under the Project Loan Agreement, the Project Note and the Security Instrument will be assigned to the Fiscal Agent pursuant to an Assignment of Leasehold Deed of Trust and Loan Documents (the "Assignment") from the Department to the Fiscal Agent; and

WHEREAS, with respect to the Governmental Note, the Board has determined that the Department, the Fiscal Agent, AHF-Waterchase, LLC, a Delaware limited liability company, 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 Fiscal Agent and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement"), in connection with the Governmental Note, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Governmental Note as exempt from gross income for federal income tax purposes; and

WHEREAS, the Governmental Note will initially be delivered to the Initial Funding Lender as provided in the Funding Loan Agreement for subsequent transfer to Barings Affordable Housing Mortgage Fund III LLC, a Delaware limited liability company, as permanent funding lender; and

WHEREAS, the Board has further determined that the Initial Funding Lender will purchase the Governmental Note from the Department; and

WHEREAS, upon completion of certain conditions it is expected that Permanent Funding Lender will facilitate the financing of the Project in the permanent phase by acquiring the Governmental Note and in connection with the conversion to the permanent phase the Borrower will execute and deliver the Amended and Restated Project Note (the "Amended Project Note") and an Amended and Restated Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Financing Statement and Fixture Filing (the "Amended Security Instrument");

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

WHEREAS, the Board has examined proposed forms of (a) the Funding Loan Agreement, the Project Loan Agreement, the Regulatory Agreement, the Assignment and the Tax Exemption Agreement (collectively, the "Governmental Lender Documents") and (b) the Security Instrument, the Amended Security Instrument, the Project Note and the Amended Project 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 Governmental Note, the execution and delivery of the Governmental Lender Documents, the acceptance of the Security Instrument, the Amended Security Instrument, the Project Note and the Amended Project 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 GOVERNMENTAL NOTE; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Governmental Note. That the issuance of the Governmental Note 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 Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, 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 Governmental Note and to deliver the Governmental Note to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for

registration and the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to deliver the Governmental Note to or upon the order of the Initial Funding Lender.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (a) the Governmental Note shall bear interest during the Construction Phase at the Construction Phase Interest Rate (each term as defined in the Funding Loan Agreement) and during the Permanent Phase at a Permanent Phase Interest Rate (each term as defined in the Funding Loan Agreement) of a fixed rate per annum, which rate shall be determined at least six (6) business days prior to the delivery of the Governmental Note, and shall be equal to the sum of (i) 1.85% and (ii) the greater of (A) a rate to be determined by a straight-line interpolation of the applicable annual SOFR Swap Index rates (based on the weighted average life of the Governmental Note) as published by Bloomberg on the date of determination, or (B) 3.25%, subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Governmental Note exceed the maximum interest rate permitted by applicable law; (b) the aggregate principal amount of the Governmental Note shall be $18,000,000; (c) the final maturity of the Governmental Note shall occur on the fifth day of the month immediately following the 234th month from the month in which the delivery of the Governmental Note occurs; and (d) the price at which the Governmental Note is sold to the Initial Funding Lender shall be the principal amount thereof.

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

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

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

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

Section 1.7 Sale of the Governmental Note. That the sale of the Governmental Note to the Initial Funding Lender is hereby authorized and approved.

Section 1.8 Reserved.

Section 1.9 Reserved.

Section 1.10 Acceptance of the Project Note, the Amended Project Note, the Security Instrument and the Amended Security Instrument. That the form and substance of the Project Note, the Amended Project Note, the Security Instrument and the Amended Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Project Note to the order of the Fiscal Agent 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 Fiscal Agent.

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 - Funding Loan Agreement
Exhibit C - Project Loan Agreement
Exhibit D - Regulatory Agreement
Exhibit E - Project Note
Exhibit F - Amended Project Note
Exhibit G - Security Instrument
Exhibit H - Amended Security Instrument

Exhibit I - Assignment
Exhibit J - Tax Exemption Agreement

Section 1.16 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the 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 Governmental Note 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 Governmental Note.

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 Governmental Note 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 Governmental Note and the fees and revenues to be received in connection with the financing of the Development in accordance with the Funding Loan Agreement and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Funding Loan Agreement 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 Governmental Note 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 Project 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 Project 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 Governmental Note 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 Project 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 Project Loan established pursuant to the Project 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 Governmental Note and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Governmental Note.

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 Governmental Note in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Governmental Note and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Funding Loan Agreement, including the revenues and funds of the Department pledged

under the Funding Loan Agreement to secure payment of the Governmental Note, and under no circumstances shall the Governmental Note be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Governmental Note shall not be and does not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Governmental Note 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 4th day of June, 2026.

EXHIBIT A

Description of Development

Borrower: Waters at Waterchase, LP, a Texas limited partnership

Development: The Development is a 130-unit affordable, multifamily housing development known as Waters at Waterchase Apartments, located at 12365 Plano Road, Dallas, Dallas County, Texas 75243. The unit mix will consist of:

104	one-bedroom/one-bath units
21	two-bedroom/one-bath units
5	three-bedroom/two-bath units
130	Total Units

Final Transcript

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS: Waters at Waterchase
June 11, 2025/10:00 a.m. CDT

PRESENTATION

Liz

Hello. This is Liz Cline with the Texas Department of Housing and Community Affairs. The purpose of this call is to conduct a public hearing with respect to the proposed Waters at Waterchase multi-family development.

To give you 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 Federal Code with respect to the public hearing. At the conclusion of the speech, I will unmute the lines and if there is anybody that would like to make public comment, that will be your opportunity to do so.

I will now begin with a brief speech.

Good morning. My name is Liz Cline. I would like to proceed with the public hearing. Let the record show that it is 10:04 a.m. Wednesday, June 11, 2025. 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 September 4, 2025.

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 Waters at Waterchase, the bonds will be issued as tax-exempt multi-family revenue bonds in the aggregate principal amount not to exceed $20 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 Waters at Waterchase LP or a related person or affiliated entity thereof to finance a portion of the costs of acquiring, constructing, and equipping a multi-family rental housing community described as follows: a 130-unit multi-family residential rental development to be located on approximately 3.21 acres of land located at or near 12365 Plano Road, Dallas, Dallas County, Texas, 75243. The proposed multi-family 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 public comment. I believe all of the lines are now unmuted. Again, I believe all of the lines are unmuted. If there are any participants that would like to make public comment, this will be your opportunity.

Hearing none, let the record show that there are no attendees, therefore, the meeting is now adjourned. The time is now 10:07 a.m. Thank you.

FUNDING LOAN AGREEMENT

among

FIFTH THIRD BANK, N.A.,
as Initial Funding Lender

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Governmental Lender

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Fiscal Agent

Relating to:

Waters at Waterchase
12365 Plano Road
Dallas, Texas 75243

Dated as of [June] 1, 2026

FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT ("**Funding Loan Agreement**") dated as of [June] 1, 2026, is made among TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (the "**Governmental Lender**"), ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States, as fiscal agent (the "**Fiscal Agent**"), and FIFTH THIRD BANK, N.A., a national banking association (the "**Initial Funding Lender**").

RECITALS

A. Pursuant to and in accordance with Chapter 2306, Texas Government Code, as amended (the "Act"), and the Project Loan Agreement, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Project Loan Agreement**"), among Governmental Lender, Fiscal Agent, and Waters at Waterchase, LP (the "**Borrower**"), Governmental Lender is agreeing to make a mortgage loan to the Borrower in the original principal amount of $[18,000,000] (the "**Project Loan**") to provide for the financing of a multifamily rental housing development located at 12365 Plano Road in Dallas, Texas and to be known as Waters at Waterchase. The Land, Improvements, and Fixtures (each as defined in the hereinafter-defined Security Instrument) are collectively referred to herein as the "**Project**."

B. Governmental Lender is making the Project Loan with the proceeds received from the separate loan being made to Governmental Lender pursuant to this Funding Loan Agreement in the original principal amount of $[18,000,000] (the "**Funding Loan**" and together with the Project Loan, the "**Loans**"). The Funding Loan is evidenced by the Governmental Lender's Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 dated as of [June] 1, 2026, executed by Governmental Lender and authenticated by Fiscal Agent in favor of Initial Funding Lender, in the form attached hereto as Exhibit A (as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time, and together with all addenda thereto, the "**Governmental Note**").

C. Pursuant to the terms and subject to the conditions of this Funding Loan Agreement and the Construction Continuing Covenant Agreement, Initial Funding Lender has agreed to originate and fund the Funding Loan to Governmental Lender, which proceeds of the Funding Loan will be used by Governmental Lender to fund the Project Loan to Borrower pursuant to the Project Loan Agreement. Initial Funding Lender will administer the Loans during the Construction Phase in accordance with the Financing Documents.

D. Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition and rehabilitation of the Project and, if necessary, to pay certain costs incurred in connection with the Loans.

E. Borrower's payment obligations in respect of the Project Loan will be evidenced by a Project Loan Note, dated the Delivery Date (as amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute note

may be amended, restated, supplemented or otherwise modified from time to time, and together with all riders and addenda thereto, the "**Project Note**"), delivered to Governmental Lender, which Project Note will be endorsed by Governmental Lender to Fiscal Agent as security for the Funding Loan.

F. To secure Borrower's obligations under the Project Note, Borrower will execute and deliver to Governmental Lender a Leasehold Deed of Trust, Security Agreement and Assignment of Rents, dated as of [June] 1, 2026 (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Security Instrument**") granting a first priority mortgage and security interest in the Project in favor of Governmental Lender. The Security Instrument will be assigned by Governmental Lender to Fiscal Agent as security for the Funding Loan.

G. Barings Affordable Housing Mortgage Fund III LLC, Delaware limited liability company (the "**Permanent Funding Lender**") has entered into a commitment with the Borrower dated [_____], 2026 (as the same may be amended, modified or supplemented from time to time, the "**Permanent Commitment**") whereby Permanent Funding Lender has agreed, subject to the satisfaction of the Conversion Conditions set forth in the Forward Loan Purchase Agreement on or before the Termination Date, to facilitate the financing of the Project in the Permanent Phase by purchasing the Funding Loan from Initial Funding Lender following the Conversion Date.

H. If the Conversion Conditions are satisfied on or before the Termination Date as provided for in the Forward Loan Purchase Agreement, the Project Loan will convert from the Construction Phase to the Permanent Phase on the Conversion Date and, on such Conversion Date, Initial Funding Lender will deliver, and Permanent Funding Lender will purchase, the Funding Loan as evidenced by the Governmental Note. If the Conversion Conditions are not satisfied on or before the Termination Date, (i) the Project Loan will not convert from the Construction Phase to the Permanent Phase, (ii) Permanent Funding Lender will not have any obligation with respect to the purchase of the Funding Loan, and (iii) Initial Funding Lender will remain the owner of the Funding Loan as the holder of the Governmental Note.

I. As Conversion Conditions, the Project Note and the Security Instrument are required to be amended and restated and Borrower is required to enter into a Continuing Covenant Agreement with Permanent Funding Lender (as the same may be amended, restated, supplemented or otherwise modified from time to time, and together with all addenda thereto, the "**Permanent Continuing Covenant Agreement**"), in each case pursuant to the forms attached to the Forward Loan Purchase Agreement.

J. Reserved.

K. Reserved.

L. Governmental Lender has determined that all things necessary to incur the Funding Loan and to make the Governmental Note, when executed by Governmental Lender and authenticated by Fiscal Agent and issued in accordance with this Funding Loan Agreement, the valid, binding and legal obligation of Governmental Lender and to constitute this Funding Loan Agreement a valid lien on the properties, interests, revenues and payments herein pledged to the

payment of the principal of, Prepayment Premium, if any, and interest on, the Governmental Note, have been duly taken, and the creation, execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Note, subject to the terms of this Funding Loan Agreement, have been duly authorized by Governmental Lender.

M. Fiscal Agent has the power and authority to enter into this Funding Loan Agreement, including corporate trust powers to accept the trusts hereunder and to accept and assume its other responsibilities hereunder as Fiscal Agent as evidenced by its execution of this Funding Loan Agreement.

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Funding Loan by Initial Funding Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; SCHEDULE AND EXHIBITS

Section 1.01. Definitions. The terms used in this Funding Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Funding Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein (including when used in the Recitals) not otherwise defined shall have the respective meanings set forth in the Project Loan Agreement and the Continuing Covenant Agreement.

"**Act**" is defined in the Recitals of this Funding Loan Agreement.

"**Additional Interest**" means an amount equal to the excess of (i) the amount of interest (other than interest on the Governmental Note for any period during which the Governmental Note is held by a Person who is a "substantial user" of the Project or a "related person" to a "substantial user," as defined in Section 147(a) of the Code) would have received during the period of time commencing on the date that the interest on the Governmental Note becomes subject to federal income taxation (by Determination of Taxability or otherwise) to the date of the payment of the Governmental Note) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for such period.

"**Administration Fund**" means the Administration Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

"**Assignment**" means the Assignment of Leasehold Deed of Trust and Loan Documents dated as of [June] 1, 2026 by the Governmental Lender assigning its interest in the Security Instrument and other Project Documents to Fiscal Agent.

"**Authorized Amount**" means $[18,000,000], the aggregate principal amount of the Funding Loan authorized under this Funding Loan Agreement.

"**Authorized Officer**" means (a) when used with respect to Governmental Lender, the Chair or Vice Chair of the Board, the Executive Director of the Governmental Lender, the Director

of Financial Administration of the Governmental Lender, the Deputy Executive Director – Housing Finance of the Governmental Lender, the Director of Multifamily Bonds of the Governmental Lender, and the Secretary or Assistant Secretary to the Board and any other officer or employee of the Governmental Lender designated by certificate of any of the foregoing or authorized by the Governmental Lender in writing to act on its behalf; (b) when used with respect to Borrower, any Person or Persons duly designated by Borrower in writing to act on its behalf; (c) when used with respect to Fiscal Agent, any authorized signatory of Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of Fiscal Agent; (d) when used with respect to Loan Servicer, any Person or Persons duly designated by Loan Servicer in writing to act on its behalf; and (e) when used with respect to Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of Funding Lender Representative. The initial Authorized Officer[s] of Borrower [is][are] [_____].

"**Bankruptcy Code**" means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., as amended from time to time.

"**Board**" means the Governing Board of the Governmental Lender.

"**Bond Counsel**" means (a) on the Delivery Date, the law firm or law firms delivering the approving opinion(s) with respect to the Governmental Note, or (b) any other firm of attorneys selected by Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer's Municipal Marketplace and is acceptable to Funding Lender Representative.

"**Borrower**" means the entity identified as "**Borrower**" in the Recitals of this Funding Loan Agreement, together with any of its permitted successors and assigns, as owner of the Project.

"**Borrower Equity Account"** means the Borrower Equity Account of the Project Loan Fund established by Fiscal Agent pursuant to Section 2.11 hereof.

"**Borrower Equity Deposit**" means a deposit of funds to be made by Borrower with Fiscal Agent on the Delivery Date, which deposit shall be specified in the Closing Memorandum and shall be comprised of sources other than the proceeds of the Project Loan.

"**Business Day**" means any day other than a Saturday, a Sunday, or any other day on which Fiscal Agent, Funding Lender or national banking associations are not open for business.

"**Certificate of Governmental Lender**" and "**Request of Governmental Lender**" mean, respectively, a written certificate or request signed in the name of Governmental Lender by an Authorized Officer of Governmental Lender or such other Person as may be designated and authorized to sign for Governmental Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"**Closed Prepayment Date**" has the meaning given to such term in Section 3.01 hereof.

"Closing Memorandum" means the [Closing Memorandum] signed by Borrower with respect to the initial disbursement of Funding Loan proceeds and other amounts specified therein.

"**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 and successor Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

"**Comptroller**" means the Comptroller of Public Accounts of the State of Texas.

"**Construction Continuing Covenant Agreement**" means the Construction Funding Agreement dated as of [June] 1, 2026, by and between Borrower and Initial Funding Lender, as the same may be amended, modified or supplemented from time to time.

"**Construction Loan Documents**" means the Forward Loan Purchase Agreement, the Construction Continuing Covenant Agreement, and all other documents to be executed and delivered by Borrower to Initial Funding Lender in connection with the Project.

"**Construction Phase**" means the construction or rehabilitation phase of the Project Loan, which time period shall commence on the Delivery Date and remain in effect to, but not including, the Conversion Date.

"**Construction Phase Interest Rate**" has the meaning set forth in the Project Note.

"**Continuing Covenant Agreement**" means (a) prior to the Conversion Date, the Construction Continuing Covenant Agreement, and (b) from and after the Conversion Date, the Permanent Continuing Covenant Agreement.

"**Conversion**" means conversion of the Project Loan from the Construction Phase to the Permanent Phase on the Conversion Date.

"**Conversion Conditions**" is defined in the Forward Loan Purchase Agreement.

"**Conversion Date**" means the date that Permanent Funding Lender purchases the Funding Loan from Initial Funding Lender upon the satisfaction of the Conversion Conditions, as such Conversion Date is specified by Permanent Funding Lender in the Conversion Notice, which date shall be at least two (2) days following the date on which the Conversion Notice is delivered.

"**Conversion Notice**" means a written notice to be delivered via electronic mail not less than two (2) days prior to the Conversion Date by Permanent Funding Lender to Governmental Lender, Fiscal Agent, Borrower and Initial Funding Lender pursuant to the Forward Loan Purchase Agreement:

(a) Stating that the Conversion Conditions have been satisfied on or before the Termination Date or, if any Conversion Condition has not been satisfied on or before the Termination Date, stating that such Conversion Condition has been waived in writing by the Permanent Funding Lender (if a waiver is permitted and

is granted by the Permanent Funding Lender in its sole and absolute discretion) on or before the Termination Date;

(b) Confirming the Conversion Date; and

(c) Providing a revised Funding Loan Amortization Schedule and Project Loan Amortization Schedule, as described in Section 2.01(e) hereof.

"**Cost**," "**Costs**" or "**Costs of the Project**" with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Code and the Act.

"**Costs of Issuance**" shall have the meaning ascribed thereto in the Tax Exemption Agreement.

"**Costs of Issuance Deposit**" means the deposit to be made by Borrower with Fiscal Agent on the Delivery Date, which deposit shall be specified in the Closing Memorandum and shall be comprised of sources other than the proceeds of the Project Loan.

"**Costs of Issuance Fund**" means the Costs of Issuance Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

"**Cure Amount**" is defined in Section 6.02 hereof.

"**Default Rate**" means (I) during the Construction Phase, the lower of (a) three percent (3%) per annum plus the Construction Phase Interest Rate otherwise in effect notwithstanding the default, or (b) the Maximum Interest Rate; or (II) during the Permanent Phase, the lower of (a) four percent (4%) per annum plus the greater of (i) the Permanent Phase Interest Rate otherwise in effect notwithstanding the default or (ii) the Federal Funds Rate, or (b) the Maximum Interest Rate.

"**Delivery Date**" means the date of funding of the Funding Loan and the delivery of the Governmental Note by Governmental Lender to Initial Funding Lender.

"**Determination of Taxability**" means, (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (c) a determination by any court of competent jurisdiction, (d) the enactment of legislation that has become effective or (e) receipt by Fiscal Agent or Funding Lender Representative, at the request of Governmental Lender, Borrower, Fiscal Agent or Funding Lender Representative, of an opinion of Bond Counsel, in each case to the effect that the interest on the Governmental Note is includable in gross income for federal income tax purposes of Funding Lender or any former Funding Lender other than a Funding Lender who is a "substantial user" of the Project or a "related person" (as such terms are defined in Section 147(a) of the Code) to such a "substantial user" of the Project; provided, however, that no such Determination of Taxability under clause (a) or (c) shall be deemed to have occurred if Governmental Lender (at the sole expense of Borrower) or Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final

determination from which no appeal may be taken with respect to such determination, (ii) abandonment of such appeal by Governmental Lender or Borrower, as the case may be, or (iii) one year from the date of initial determination.

"**Electronic Instruction and Notice**" means delivery of written instructions, directions and/or notice signed by an Authorized Officer in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 10.04 hereof (if any); *provided*, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 10.04 hereof.

"**Equity Investor**" means Wincopin Circle, LLLP, a Maryland limited liability limited partnership, its successors and/or assigns.

"**Event of Default**" means the occurrence of any event listed in Section 6.01 hereof.

"**Extraordinary Services**" means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by Fiscal Agent, in respect of or to prevent default under this Funding Loan Agreement or the Project Loan Documents, including any reasonable attorneys' or agents' fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Project Loan Agreement, and other actions taken and carried out by Fiscal Agent which are not expressly set forth in this Funding Loan Agreement or the Project Loan Documents.

"**Fair Market Value**" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

"**Favorable Opinion of Bond Counsel**" means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the Federal Tax Status of the Governmental Note under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Governmental Note or other customary exceptions acceptable to the recipient(s) thereof).

"**Federal Funds Rate**" means the rate published in The Wall Street Journal as the average federal funds rate in the "Money Rates" section as of the applicable date. If The Wall Street Journal is not in publication on the applicable date, or ceases to publish such average rates, then any other publication acceptable to the Permanent Funding Lender, quoting daily market average federal funds rates will be used.

"**Federal Tax Status**" means, as to the Governmental Note, the status under existing law of the interest on the Governmental Note as excludable from gross income for federal income tax purposes (except on the Governmental Note for any period during which it is held by a "substantial user" of the Project or by a "related person" of such a "substantial user," each within the meaning of Section 147(a) of the Code).

"**Fee Component**" is defined in the Project Loan Agreement.

"**Fee Owner**" has the meaning set forth in the TEL Regulatory Agreement.

"**Financing Documents**" means, collectively, this Funding Loan Agreement, the Governmental Note, the TEL Regulatory Agreement, the Tax Exemption Agreement, the Project Loan Documents, the Construction Loan Documents (during the Construction Phase) and all other documents or instruments evidencing, securing or relating to the Loans.

"**Fiscal Agent**" means the entity identified as "Fiscal Agent" in the introductory paragraph of this Funding Loan Agreement, together with any successor Fiscal Agent(s) appointed hereunder.

"**Fiscal Agent's Extraordinary Fees and Expenses**" means all those fees, expenses and reimbursements earned or incurred by Fiscal Agent as described in Section 7.05 hereof for Extraordinary Services, as set forth in a detailed invoice to Borrower, Loan Servicer and Funding Lender Representative.

"**Fiscal Agent's Ordinary Fees and Expenses**" means [the ongoing annual administration fee for Fiscal Agent's ordinary fees and expenses in rendering its services under this Funding Loan Agreement during each twelve month period, which acceptance fee is initially equal to $3,500 and $5,500 and shall be payable annually in advance on the Delivery Date and each annual anniversary thereof, together with all third party and out-of-pocket expenses of the Fiscal Agent (including, but not limited to, the fees and expenses of counsel to the Fiscal Agent).]

"**Forward Loan Purchase Agreement**" means the Forward Loan Purchase Agreement dated as of [_____], 2026, by and among Initial Funding Lender, Permanent Funding Lender, and acknowledged and agreed to by Borrower, as the same may be amended, modified or supplemented from time to time.

"**Freddie Mac**" means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

"**Funding Lender**" means any Person who is the holder of the Governmental Note.

"**Funding Lender Representative**" means Funding Lender or any Person designated by Funding Lender to act on behalf of Funding Lender as provided in Section 10.05, or an assignee of such Person as provided in Section 10.05. The initial Funding Lender Representative shall be Initial Funding Lender. Permanent Funding Lender shall become Funding Lender Representative upon the occurrence of the Conversion Date.

"**Funding Loan**" is defined in the Recitals of this Funding Loan Agreement.

"**Funding Loan Agreement**" means this Funding Loan Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

"**Funding Loan Amortization Schedule**" means the Funding Loan Amortization Schedule attached as Schedule 1 to the Governmental Note.

"**Funding Loan Payment Date**" means (a) the first Business Day of each month, commencing [_____] 1, 2026, during the Construction Phase and, during the Permanent Phase, the fifth day of each month, commencing the first full calendar month following the Conversion Date (b) the date of any prepayment of the Funding Loan, but only with respect to the portion of the Funding Loan subject to prepayment, (c) the Conversion Date, with respect to the payment of accrued interest at the Construction Phase Interest Rate to but not including the Conversion Date, and (d) the Maturity Date; provided that if a Funding Loan Payment Date occurs on a date that is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day as described in Section 10.06 hereof.

"**Government Obligations**" means investments meeting the requirements of clause (a) or (b) of the definition of "**Qualified Investments**" herein.

"**Governmental Lender**" means the entity identified as "**Governmental Lender**" in the introductory paragraph of this Funding Loan Agreement.

"**Governmental Lender Administration Fee**" means the fee payable annually in advance to the Governmental Lender on each [June] 1, in the amount of 0.10% per annum of the outstanding principal amount of the Governmental Note at the inception of each payment period. On the Delivery Date, the Borrower will pay the Governmental Lender Administration Fee in advance to the Governmental Lender for the period from the Delivery Date to [May 31, 2028]. The Fiscal Agent will remit to the Governmental Lender (upon receipt of an invoice from the Governmental Lender), payable solely from funds provided by the Borrower, all payments of the Governmental Lender Administration Fee due on or after [June 1, 2028].

"**Governmental Lender Compliance Fee**" means the fee payable annually in advance to the Governmental Lender on each [June] 1, in the amount of $25 per Unit (as defined in the TEL Regulatory Agreement) in the Project, for the duration of the State Restrictive Period (as defined in the TEL Regulatory Agreement). The first annual Governmental Lender Compliance Fee shall be paid on the Delivery Date. The Fiscal Agent will remit to the Governmental Lender (upon receipt of an invoice from the Governmental Lender), solely from funds provided by the Borrower, all payments of the Governmental Lender Compliance Fee due on or after [June 1, 2029]. The Governmental Lender Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

"**Governmental Lender Fees**" means, collectively, the Governmental Lender Administration Fee and the Governmental Lender Compliance Fee.

"**Governmental Note**" is defined in the Recitals of this Funding Loan Agreement.

"**Initial Funding Lender**" means the entity identified as "Initial Funding Lender" in the introductory paragraph of this Funding Loan Agreement.

"**Initial Note**" means the initial Governmental Note registered by the Comptroller and subsequently canceled and replaced by a definitive Governmental Note pursuant to this Funding Loan Agreement.

"**Investment Income**" means the earnings and profits derived from the investment of money pursuant to Section 4.07 hereof.

"**Loan Payment Fund**" means the Loan Payment Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

"**Loan Prepayment Fund**" means the Loan Prepayment Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

"**Loan Servicer**" means any entity appointed by Funding Lender Representative to service the Loans and any successor in such capacity as appointed by Funding Lender Representative pursuant to Section 3.02 of the Project Loan Agreement. During the Construction Phase, Loan Servicer shall be Fifth Third Bank, N.A., and during the Permanent Phase, Loan Servicer shall be Barings Affordable Housing Mortgage Fund III LLC or its designee.

"**Loans**" is defined in the Recitals of this Funding Loan Agreement.

"**Maturity Date**" means the maturity date as set forth in Section 2.01(e) hereof.

"**Maximum Interest Rate**" means the rate of interest which results in the maximum amount of interest allowed by applicable law pursuant to Chapter 1204 of the Texas Government Code.

"**Net Casualty Proceeds**" when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys' fees.

"**New Borrower**" is defined in Section 6.12 hereof.

"**New Project Loan**" is defined in Section 6.12 hereof.

"**Notes**" means, together, the Project Note and the Governmental Note.

"**Permanent Continuing Covenant Agreement**" is defined in the Recitals of this Funding Loan Agreement.

"**Permanent Funding Lender**" means Barings Affordable Housing Mortgage Fund III LLC, a Delaware limited liability company, its successors and assigns.

"**Permanent Loan Amount**" is defined in the Forward Loan Purchase Agreement.

"**Permanent Commitment**" is defined in the Recitals of this Funding Loan Agreement.

"**Permanent Phase**" means the permanent phase of the Project Loan, which time period shall commence on the Conversion Date and remain in effect through the remaining term of the Project Loan.

"**Permanent Phase Interest Rate**" means, during the Permanent Phase, the interest rate of [___]% per annum (the "Fixed Rate") or, as set forth in Section 2.01(d) hereof, the Taxable Rate; provided that, during the continuance of any Event of Default hereunder, the Permanent Phase Interest Rate shall be the Default Rate; each of the Fixed Rate, Taxable Rate and Default Rate shall accrue and be computed on the basis of a 360 day year and twelve (12) months of thirty (30) days each.

"**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.

"**Pledged Security**" is defined in Section 2.02 hereof.

"**Pre-Conversion Loan Equalization Payment**" means a mandatory prepayment of the Project Loan by Borrower (and corresponding prepayment of the Funding Loan hereunder) prior to Conversion in order to reduce the principal amount of the Project Loan and the Funding Loan to the Permanent Loan Amount.

"**Prepayment Premium**" means any premium payable hereunder in connection with a prepayment of the Funding Loan, which premium shall be in an amount equal to (a) during the Construction Phase, the amount payable by Borrower under Section 4 of the Project Note and (b) during the Permanent Phase, the amount payable by Borrower under Section 4(d) of the Project Note, in each case in connection with a prepayment of the Project Loan.

"**Principal Office of Fiscal Agent**" means the office of Fiscal Agent referenced in Section 10.04(a) hereof, or such other office or offices as Fiscal Agent may designate in writing from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as Fiscal Agent under indentures pursuant to which municipal or governmental obligations are issued.

"**Project**" is defined in the Recitals of this Funding Loan Agreement.

"**Project Account**" means the Project Account of the Project Loan Fund established by Fiscal Agent pursuant to Section 2.11 hereof.

"**Project Loan**" is defined in the Recitals of this Funding Loan Agreement.

"**Project Loan Agreement**" is defined in the Recitals of this Funding Loan Agreement.

"**Project Loan Amortization Schedule**" is defined in the Project Loan Agreement.

"**Project Loan Documents**" means the Security Instrument, the Project Note, the Project Loan Agreement, the TEL Regulatory Agreement, the Tax Exemption Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

"**Project Loan Fund**" means the Project Loan Fund established by Fiscal Agent pursuant to Section 2.11 hereof.

"**Project Note**" is defined in the Recitals of this Funding Loan Agreement.

"**Property Jurisdiction**" means the State of Texas.

"**Qualified Investments**" means any of the following if and to the extent permitted by law:

(a) Direct and general obligations of the United States of America.

(b) Obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.

(c) Senior debt obligations of Freddie Mac.

(d) Senior debt obligations of the Federal National Mortgage Association (i.e., Fannie Mae).

(e) Demand deposits or time deposits with, or certificates of deposit issued by, Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than $50,000,000; *provided* that Fiscal Agent or such other institution has been rated at least "VMIG 1"/"A 1+" by one of the Rating Agencies which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency.

(f) Reserved.

(g) Shares or units in any money market mutual fund rated "Aaa"/"AAA" by one of the Rating Agencies (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of Fiscal Agent or its affiliates or for which Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to

such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (i) direct obligations of the government of the United States of America or (ii) tax-exempt obligations.

(h) (i) Tax-exempt obligations rated in the highest short term rating category by one of the Rating Agencies, or

(ii) Shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act, having assets of at least $100,000,000, and having a rating of "Aaa"/"AAA" by one of the Rating Agencies (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which Fiscal Agent or its affiliates receive a fee for investment advisory or other services to the fund.

(i) Any other investments approved in writing by Funding Lender Representative.

For purposes of this definition, the "highest rating" shall mean a rating of at least "VMIG 1"/"A 1+" for obligations with less than one year maturity; at least "Aaa"/"VMIG 1"/"AAA"/"A 1+" for obligations with a maturity of one year or greater but less than three years; and at least "Aaa"/"AAA" for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index. Ratings of Qualified Investments shall be determined only at the time of purchase of such Qualified Investments and without regard to ratings subcategories.

"**Qualified Transferee**" is defined in Section 2.08 hereof.

"**Rating Agencies**" means Fitch, Inc., Moody's Investors Service, Inc., or S&P Global Ratings, or any successor entity of the foregoing, or any other nationally recognized statistical rating organization.

"**Rebate Analyst**" shall have the meaning ascribed thereto in the Tax Exemption Agreement. The initial Rebate Analyst shall be [_____].

"**Rebate Fund**" means the Rebate Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

"**Regulations**" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"**Replacement Reserve Agreement**" means that certain Capital Improvements Reserve and Security Agreement executed by and between Permanent Funding Lender and Borrower on the Conversion Date.

"**Replacement Reserve Fund**" means the fund of that name created pursuant to Section 4.01 hereof.

"**Replacement Reserve Payment**" means the amount required to be deposited by Borrower pursuant to Section 3 of the Replacement Reserve Agreement.

"**Requisition**" means, with respect to the Project Loan Fund, the requisition in the form of Exhibit E to this Funding Loan Agreement required to be submitted in connection with disbursements from the Project Account and/or the Borrower Equity Account of the Project Loan Fund, and with respect to the Costs of Issuance Fund, the requisition in the form of Exhibit D to this Funding Loan Agreement required to be submitted in connection with disbursements from the Costs of Issuance Fund.

"**Resolution**" means the resolution adopted by Governmental Lender on [June 4], 2026 authorizing the Funding Loan, the Governmental Note, the Project Loan and the execution and delivery of the Financing Documents to which it is a party.

"**Responsible Officer**" means any officer of Fiscal Agent employed within or otherwise having regular responsibility in connection with the corporate trust department of Fiscal Agent and the trusts created hereunder.

"**Revenue Fund**" means the Revenue Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

"**Revenues**" means (a) all payments made with respect to the Project Loan pursuant to the Project Loan Agreement, the Project Note or the Security Instrument, including but not limited to all casualty or other insurance benefits and condemnation awards paid in connection therewith and all payments obtained through the exercise of remedies under the Financing Documents, and (b) all money and securities held by Fiscal Agent in the funds and accounts established pursuant to this Funding Loan Agreement (excluding money or securities designated for deposit into and held in the Costs of Issuance Fund, the Administration Fund and the Rebate Fund), together with all investment earnings thereon.

"**Security Instrument**" is defined in the Recitals of this Funding Loan Agreement.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Servicing Fee**" is defined in the Project Loan Agreement.

"**Subordination Agreement**" means any subordination or intercreditor agreement(s) entered into with respect to any subordinate financing relating to the Project, as the same may be amended, supplemented or restated.

"**Tax Escrow Fund**" has the meaning given to such term in Section 4.01 hereof.

"**Tax Escrow Payment**" means the amount required to be deposited by the Borrower to for taxes pursuant to Section 5.3(c) of the Permanent Continuing Covenants Agreement.

"**Tax Exemption Agreement**" means the Tax Exemption Certificate and Agreement dated as of [June] 1, 2026, among Governmental Lender, Fiscal Agent and Borrower.

"**Taxable Rate**" means the per annum interest rate that is equal to the taxable equivalent of (i) the Construction Phase Interest Rate during the Construction Phase and (ii) the Permanent Phase Interest Rate during the Permanent Phase based on the Funding Lender's calculation of the difference between a taxable and tax-exempt loan spread, in accordance with the applicable federal tax rate at such time and Funding Lender's internal accounting for such rate; provided, however that, notwithstanding the foregoing, at any time that an Event of Default has occurred and is continuing, the Taxable Rate shall be the higher of the Default Rate and the Taxable Rate determined under this provision.

"**TEL Regulatory Agreement**" means the Regulatory and Land Use Restriction Agreement dated as of [June] 1, 2026, among Governmental Lender, Fiscal Agent, the Fee Owner and Borrower.

"**Termination Date**" means [_____ __, 20__] subject to extension by Permanent Funding Lender as provided in the Forward Loan Purchase Agreement.

"**Transferee Representations Letter**" is defined in Section 2.08 hereof.

"**Unassigned Rights**" means (a) all of the Governmental Lender's right, title and interest in and to all reimbursement, costs, expenses and indemnification pursuant to the Financing Documents and all enforcement remedies with respect to the foregoing, all of which shall survive any transfer or payment of the Governmental Note in full or in part and, if so indicated in the Project Loan Agreement or this Funding Loan Agreement, which shall also survive the termination of the Project Loan Agreement and this Funding Loan Agreement; (b) the right of the Governmental Lender to receive amounts payable to it pursuant to Section 4.02 of the Project Loan Agreement, including the Governmental Lender Fees; (c) all rights of the Governmental Lender to receive any Rebate Amount (as defined in the Tax Exemption Agreement) required to be rebated to the United States of America under the Code in connection with the Governmental Note, as described in the Tax Exemption Agreement; (d) all rights of the Governmental Lender to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the Project Loan Agreement, the TEL Regulatory Agreement and the Tax Exemption Agreement; (e) all rights of the Governmental Lender 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 Project Loan Agreement, in the Tax Exemption Agreement and in the TEL Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Governmental Lender set forth in this Funding Loan Agreement, the Project Loan Agreement, the TEL Regulatory Agreement, the Tax Exemption Agreement, and the Project Loan Documents, as applicable, regarding (1) the negotiability, registration and transfer of the Governmental Note, (2) the loss or destruction of the Governmental Note, (3) the limited liability of the Governmental Lender as provided in the Act, this Funding Loan Agreement, the Project Loan Agreement, the TEL Regulatory Agreement, the Tax Exemption Agreement, and the Project

Loan Documents, (4) no liability of the Governmental Lender to third parties, and (5) no warranties of suitability or merchantability by the Governmental Lender; (g) all rights of the Governmental Lender in connection with any amendment to or modification of this Funding Loan Agreement, the Project Loan Agreement, the TEL Regulatory Agreement, the Tax Exemption Agreement, and the Project Loan Documents; and (h) any and all limitations of the Governmental Lender's liability and the Governmental Lender's disclaimers of warranties set forth in this Funding Loan Agreement, the TEL Regulatory Agreement, the Tax Exemption Agreement or the Project Loan Agreement, and the Governmental Lender's right to inspect and audit the books, records and permits of the Borrower and the Project.

"**Uniform Commercial Code**" means the Uniform Commercial Code as promulgated in the applicable jurisdiction.

"**Window Period**" means the three (3) consecutive month period prior to the Maturity Date.

Section 1.02. Interpretation. The words "hereof," "herein," "hereunder," and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. References to Articles, Sections, and other subdivisions of this Funding Loan Agreement are to the designated Articles, Sections and other subdivisions of this Funding Loan Agreement as originally executed. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. The headings of this Funding Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

Section 1.03. Schedules and Exhibits.

Schedules and Exhibits	
Schedule I	List of Funding Loan Agreement Sections
Exhibit A	Form of Governmental Note
Exhibit B	Notice of Appointment of Funding Lender Representative
Exhibit C	Transferee Representations Letter
Exhibit D	Costs of Issuance Fund Requisition
Exhibit E	Project Loan Fund Requisition

ARTICLE II

THE FUNDING LOAN

Section 2.01. Terms.

(a) The Governmental Note shall be issued and the Funding Loan shall be originated and funded on the Delivery Date in the principal amount of $[18,000,000] with funds provided to Governmental Lender by Initial Funding Lender. The proceeds of the Funding Loan shall be fully advanced by Initial Funding Lender and deposited with Fiscal Agent on the Delivery Date and shall be disbursed in accordance with this Funding Loan Agreement. The Funding Loan shall be evidenced by the Governmental Note and shall bear interest and be paid in accordance with the payment terms set forth in the Governmental Note and this Funding Loan Agreement.

(b) The Funding Loan shall be fully originated by Initial Funding Lender on the Delivery Date. The proceeds of the Funding Loan shall be advanced by Initial Funding Lender directly to Fiscal Agent for deposit into the Project Account.

(c) Reserved.

(d) The Governmental Note and the Funding Loan shall bear interest payable on each Funding Loan Payment Date at (i) the Construction Phase Interest Rate during the Construction Phase and (ii) the Permanent Phase Interest Rate during the Permanent Phase. Interest on the Governmental Note and the Funding Loan shall be computed on the basis of (i) during the Construction Phase, a 360-day year and shall be assessed for the actual days elapsed, and (ii) during the Permanent Phase, a 360-day year and twelve (12) months of thirty (30) days each. In the event that a Determination of Taxability shall occur, then the Governmental Note and the Funding Loan shall bear interest, effective on the date of such Determination of Taxability, at a rate equal to the Taxable Rate. The Borrower shall, in addition, pay to the Fiscal Agent, for deposit into the Revenue Fund, promptly upon demand from the Funding Lender or the Servicer, an amount equal to (x) the Additional Interest payable on the Governmental Note and (y) an amount equal to any interest, penalties on overdue interest and additions to tax owed by the Funding Lender as a result

of the Determination of Taxability. The Borrower shall also indemnify, defend and hold the Governmental Lender, the Funding Lender and Fiscal Agent (and each of their directors, commissions members, officers and employees) harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees and accountants' fees and costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Governmental Note and any interest payable to any owner with respect to the Governmental Note. The obligations of the Borrower under this Section 2.01(d) shall survive termination of this Funding Loan Agreement and the cancellation of the Governmental Note and repayment of the Funding Loan.

(e) The Governmental Note and the Funding Loan shall mature on [MATURITY DATE] subject to scheduled monthly principal payments and to optional and mandatory prepayment prior to maturity as provided in Article III hereof. If the Conversion Date occurs on or prior to the initial Termination Date, then the unpaid principal balance of the Funding Loan shall be paid on the dates and in the amounts set forth on the initial Funding Loan Amortization Schedule provided on the Delivery Date and attached as Schedule 1 to the Governmental Note, provided that, at Funding Lender's discretion, a new Funding Loan Amortization Schedule may be provided on the Conversion Date that reflects the Conversion Date and the term of the Permanent Phase. If the Termination Date is changed by the Permanent Funding Lender in accordance with the Permanent Commitment and the Forward Loan Purchase Agreement, the first principal payment date under the Funding Loan Amortization Schedule may be changed consistent with the terms thereof; provided, however, if the Termination Date is extended, the Funding Loan Amortization Schedule shall automatically be extended (i) to the fifth day of the month immediately succeeding the Conversion Date if the Conversion Date occurs on the first calendar day of a month or (ii) the fifth day of the second month immediately succeeding the Conversion Date if the Conversion Date occurs on a day other than the first calendar day of the month (in either case with the succeeding principal installments remaining consistent with the original schedule but for them occurring on later dates) and any change of amortization shall be subject to the receipt by Fiscal Agent, Initial Funding Lender, and Governmental Lender of a Favorable Opinion of Bond Counsel (which shall also be addressed to the Permanent Funding Lender) on or prior to the Conversion Date with respect to such change of the Funding Loan Amortization Schedule. Additionally, in the event the outstanding amount of the Funding Loan on the Conversion Date is greater than or less than the starting principal amount set forth in the initial Funding Loan Amortization Schedule, a new Funding Loan Amortization Schedule will be generated on the Conversion Date at such greater or lesser outstanding principal amount based on the parameters set forth in the Permanent Commitment, subject to receipt of a Favorable Opinion of Bond Counsel as aforesaid. In the event the initial Funding Loan Amortization Schedule is modified in accordance with this Section 2.01(e), a replacement Funding Loan Amortization Schedule will be provided by Permanent Funding Lender (with copies provided to the Governmental Lender and Fiscal Agent), which will be attached to the Governmental Note on the Conversion Date. All unpaid principal and all accrued and unpaid interest outstanding under the Funding Loan shall be due and payable on the Maturity Date.

(f) Payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by Funding Lender (unless otherwise directed by Funding Lender).

(g) Subject to Section 2.12 hereof, on or before the date fixed for payment, money shall be deposited with Fiscal Agent to pay, and Fiscal Agent is hereby authorized and directed to apply such money to the payment of, the Funding Loan and the Governmental Note, together with accrued interest thereon to the date of payment.

(h) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Funding Loan Agreement exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines Funding Lender has charged or received interest hereunder in excess of the highest applicable rate, Funding Lender shall apply, in its sole discretion, and set off such excess interest received by Funding Lender against other obligations due or to become due under the Financing Documents and such rate shall automatically be reduced to the maximum rate permitted by such law.

(i) The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Note and all agreements made in the Governmental Note, this Funding Loan Agreement and the Financing Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto including Chapter 1204 of the Texas Government Code and other applicable laws of the State of Texas. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Note, this Funding Loan Agreement or the other Financing Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. In no event shall the interest on the Governmental Note exceed the Maximum Interest Rate. This paragraph shall control every other provision of the Governmental Note, this Funding Loan Agreement and all other Financing Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Project Loan Agreement and the Financing Documents will be paid according to the agreed terms, and

(ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Governmental Note.

(j) Notwithstanding any other provision of this Funding Loan Agreement to the contrary, THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE GOVERNMENTAL NOTE SOLELY OUT OF THE PLEDGED SECURITY, INCLUDING THE REVENUES. THE GOVERNMENTAL NOTE SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE PLEDGED SECURITY, INCLUDING THE REVENUES. THE GOVERNMENTAL NOTE SHALL CONSTITUTE A VALID CLAIM OF THE HOLDER OF THE NOTE AGAINST THE PLEDGED SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT.

Section 2.02. Pledged Security. To secure the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Note according to its tenor and effect, and the performance and observance by Governmental Lender of all the covenants expressed or implied herein and in the Governmental Note, and the payment and performance of all amounts and obligations under the Continuing Covenant Agreement, Governmental Lender does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto Fiscal Agent, and its successors in such capacity and its and their assigns in and to the following (said property being herein referred to as the "**Pledged Security**") for the benefit of Funding Lender:

(a) All right, title and interest of Governmental Lender in and to all Revenues.

(b) All right, title and interest of Governmental Lender in and to the Project Loan Agreement, the Project Note, the Security Instrument and the other Project Loan Documents (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance proceeds or condemnation awards, payments, settlements or other compensation to be paid in connection therewith), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which Governmental Lender or any other Person is or may become entitled to do under said documents.

(c) Except for funds, money or securities in the Costs of Issuance Fund, the Administration Fund and the Rebate Fund, all funds, money 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 Funding Loan by Governmental Lender or by anyone on its behalf or with its written consent to Fiscal Agent,

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.

The foregoing notwithstanding, if Governmental Lender or its successors or assigns shall pay or cause to be paid to Funding Lender in full the principal, interest and Prepayment Premium, if any, to become due with respect to the Funding Loan and the Governmental Note at the times and in the manner provided in Article IX hereof, and if Governmental Lender shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of Governmental Lender, cease, terminate and be void, and thereupon Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.09 and 4.10 hereof and Article IX hereof, reconvey to Governmental Lender the estate hereby conveyed, and assign and deliver to Governmental Lender any property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except for the Rebate Fund and cash held by Fiscal Agent for the payment of interest on and principal of the Governmental Note; otherwise this Funding Loan Agreement is to be and shall remain in full force and effect.

Section 2.03. Limited Obligations. Notwithstanding any other provision of this Funding Loan Agreement to the contrary, the Governmental Note is not and never shall become a general obligation of the Governmental Lender, but to the extent provided in and except as otherwise permitted by this Funding Loan Agreement, the Governmental Note shall be a limited obligation of the Governmental Lender and the principal of, premium, if any, thereon shall be payable equally and ratably solely from and secured solely by the Pledged Security.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS FUNDING LOAN AGREEMENT TO THE CONTRARY, ANY OBLIGATION THAT THE GOVERNMENTAL LENDER MAY INCUR UNDER THIS FUNDING LOAN AGREEMENT OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE GOVERNMENTAL LENDER, BUT SHALL BE A LIMITED OBLIGATION PAYABLE SOLELY FROM THE PLEDGED SECURITY. THE GOVERNMENTAL NOTE SHALL CONSTITUTE A VALID CLAIM OF THE HOLDER THEREOF AGAINST THE PLEDGED SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY AND INTEREST ON THE GOVERNMENTAL NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT. THE GOVERNMENTAL NOTE, TOGETHER WITH INTEREST THEREON, SHALL BE A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER GIVING RISE TO NO CHARGE AGAINST THE GOVERNMENTAL LENDER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE PLEDGED SECURITY. THE PRINCIPAL OF, PREMIUM, IF ANY AND INTEREST ON THE GOVERNMENTAL NOTE SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE GOVERNMENTAL LENDER (EXCEPT TO THE EXTENT OF THE PLEDGED SECURITY). THE GOVERNMENTAL NOTE IS NOT AND DOES NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE 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 GOVERNMENTAL LENDER HAS NO TAXING POWER.

No agreement or obligation contained herein shall be deemed to be an agreement or obligation of any governing board, member, director, officer, agent or employee of the Governmental Lender in his or her individual capacity, and no member of the governing board of the Governmental Lender or any officer executing the Governmental Note shall be personally liable on such Governmental Note or be subject to any personal liability or accountability by reason of the issuance thereof. No governing board member, director, officer, agent or employee of the Governmental Lender shall incur any personal liability with respect to any other action taken by him or her pursuant to this Funding Loan Agreement.

Section 2.04. Funding Loan Agreement Constitutes Contract. In consideration of the origination and funding of the Funding Loan by Initial Funding Lender, the provisions of this Funding Loan Agreement shall be part of the contract of Governmental Lender with Initial Funding Lender and any successors or assigns thereof in such capacity from time to time.

Section 2.05. Form and Execution. The Governmental Note shall be in substantially the form attached as Exhibit A with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement. Except for the Initial Note, which shall be numbered I-1, the Governmental Note shall be numbered consecutively from R-1 upwards.

The Initial Note shall be identical to the form of Governmental Note attached as Exhibit A; provided, the Initial Note shall be (a) dated [June] 1, 2026, (b) payable to the Initial Funding Lender and (c) registered by the Comptroller. The provisions of Exhibit A may be rearranged or re-ordered for purposes of the Initial Note.

The Governmental Note shall be executed on behalf of Governmental Lender by the manual or facsimile signature of the Chair or Vice Chair of Governmental Lender, and attested by the manual or facsimile signature of the Secretary or an Assistant Secretary of the Governmental Lender and shall bear an impression or a facsimile of the seal of the Governmental Lender. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Governmental Note. Any reproduction of the official seal of Governmental Lender on the Governmental Note shall have the same force and effect as if the official seal of Governmental Lender had been impressed on the Governmental Note. The signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the delivery of the Governmental Note or shall not have held such offices on the date of the Governmental Note.

Section 2.06. Authentication. The Governmental Note shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication or registration on the Governmental Note, substantially in the form set forth in Exhibit A, shall have been duly executed by an Authorized Officer of Fiscal Agent or the Comptroller, as applicable; and such executed certificate of authentication or registration upon the

Governmental Note shall be conclusive evidence that the Governmental Note has been duly executed, registered, authenticated and delivered under this Funding Loan Agreement.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Governmental Note. In the event the Governmental Note is mutilated, lost, stolen or destroyed, Governmental Lender shall execute and Fiscal Agent shall authenticate a new Governmental Note substantially in the form set forth in Exhibit A in exchange and substitution for and upon cancellation of the mutilated Governmental Note or in lieu of and in substitution for such lost, stolen or destroyed Governmental Note, upon payment by Funding Lender of any applicable tax or governmental charge and the reasonable expenses and charges of Governmental Lender and Fiscal Agent in connection therewith, and in the case where the Governmental Note is lost, stolen or destroyed, the filing with Fiscal Agent of evidence satisfactory to it that the Governmental Note was lost, stolen or destroyed, and of the ownership thereof, and furnishing Governmental Lender and Fiscal Agent with indemnity satisfactory to each of them.

Section 2.08. Registration; Transfer of the Governmental Note and Funding Loan; Transferee Representations Letter.

(a) The Governmental Note and the Funding Loan shall be fully registered as to principal and interest in the manner and with any additional designation as Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Governmental Note and the Funding Loan shall be transferable only on the registration books of Fiscal Agent. Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Governmental Note and the Funding Loan and any transfers of the Governmental Note and the Funding Loan as provided herein, which books shall be maintained by the Fiscal Agent for such purpose consistent with the registration requirements of the Code applicable to tax-exempt obligations and which shall be open to inspection by Governmental Lender. The Governmental Note and the Funding Loan shall (i) initially be registered to Initial Funding Lender, and (ii) upon the Conversion Date be registered to the Permanent Funding Lender.

(b) Funding Lender shall have the right to sell, assign or otherwise transfer in whole its interest in the Governmental Note and the Funding Loan or to grant a participation interest in the Governmental Note or the Funding Loan in a percentage of not less than twenty-five percent (25%) of the outstanding principal amount of the Governmental Note or the Funding Loan; provided that the Governmental Note and the Funding Loan may be transferred, or any participation interest therein granted, only to an "accredited investor" as that term is defined in Rule 501(a)(1), (2), (3), (7) or (8) of Regulation D under the Securities Act or a "qualified institutional buyer" shall constitute a "Qualified Purchaser") or pursuant to an arrangement as described in subsection (ii) below in this paragraph (collectively with a Qualified Purchaser, a "Qualified Transferee") that delivers a letter to Fiscal Agent and the Governmental Lender in substantially in the form attached hereto as Exhibit C setting forth certain representations with respect to such Qualified Transferee (the "**Transferee Representations Letter**"). Notwithstanding the preceding sentence, no Transferee Representations Letter shall be required for Funding Lender to:

(i) Transfer the Governmental Note and the Funding Loan to any affiliate or other party related to Funding Lender that is a Qualified Purchaser.

(ii) Sell or transfer the Governmental Note and the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Governmental Note and the Funding Loan or securitized interests therein are not expected to be sold or transferred except to (A) owners or beneficial owners thereof that are Qualified Purchasers or (B) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least "A" or better from a Rating Agency.

In connection with any sale, assignment or transfer of the Governmental Note and the Funding Loan, Funding Lender shall give notice of such sale, assignment or transfer to Fiscal Agent and the Governmental Lender, together with a copy of the Transferee Representations Letter as provided in this section, and Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Governmental Note and the Funding Loan. It shall not be necessary to present, exchange, or re-authenticate the Governmental Note in connection with any sale, assignment or transfer of the Funding Loan and the Governmental Note, provided that Funding Lender shall provide Fiscal Agent with (i) a copy of a signed Transferee Representations Letter from the assignee or transferee as provided in this subsection, and (ii) the name and date of registration, address, and employer identification number of the assignee or transferee, so that Fiscal Agent may maintain the registration records, together with any information necessary to allow Fiscal Agent to comply with any applicable tax reporting obligations.

(c) Other than to receive a Transferee Representation Letter as provided herein, the Fiscal Agent shall have no obligation to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Funding Loan Agreement or under applicable law with respect to any transfer of the Governmental Note or any interest therein or the Funding Loan.

Section 2.09. Reserved.

Section 2.10. Funding Loan Closing Conditions; Delivery of Governmental Note. Closing of the Funding Loan on the Delivery Date shall be conditioned upon, and Governmental Lender shall only execute and deliver to Fiscal Agent, and Fiscal Agent shall only authenticate the Governmental Note and deliver the Governmental Note to Initial Funding Lender upon, receipt by Fiscal Agent of all of the following (which may be in electronic form):

(a) Executed counterparts of this Funding Loan Agreement, the Project Loan Agreement, the TEL Regulatory Agreement and the Tax Exemption Agreement.

(b) An opinion of Bond Counsel or counsel to Governmental Lender to the effect that Governmental Lender is duly organized and existing under the laws of the Property Jurisdiction and has duly authorized, executed and delivered this Funding Loan Agreement, the Governmental Note, the Project Loan Agreement, and the other documents

specifically listed in the definition of Financing Documents to which it is a party, and such documents are valid and binding special, limited obligations of Governmental Lender enforceable in accordance with their terms subject to customary exceptions.

(c) The Initial Note registered by the Comptroller and an opinion of the Attorney General of the State of Texas approving the Governmental Note.

(d) The proceeds of the Funding Loan, representing the purchase price for the Governmental Note, from the original funding thereof by Initial Funding Lender in the amount set forth in Section 2.01(a) hereof.

(e) The executed Project Note and an endorsement of the Project Note by Governmental Lender in favor of Fiscal Agent.

(f) A copy of the executed Security Instrument, the Assignment, the Forward Loan Purchase Agreement, and the Construction Continuing Covenant Agreement.

(g) An opinion or opinions of counsel to Borrower to the effect that Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and in good standing under the laws of each other state in which Borrower transacts business and has full power and authority to enter into the Financing Documents to which it is a party, that its execution and delivery of and performance of its covenants in such documents do not contravene law or any provision of any other documents to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by Borrower, and are legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

(h) A customary approving opinion of Bond Counsel, including but not limited to an opinion to the effect that, under laws in effect on the date of such opinion and subject to any exceptions or qualifications stated therein, the interest on the Governmental Note is excludable from gross income for federal income tax purposes, except with respect to the interest on the Governmental Note for any period during which the Governmental Note is held by a "substantial user" of the Project or a "related person" of such a "substantial user," as those terms are defined for purposes of section 147(a) of the Code.

(i) An opinion of Bond Counsel to the effect that the Governmental Note is exempt from registration under the Securities Act, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(j) A certified copy of the Resolution.

(k) The written request and authorization to Fiscal Agent by Governmental Lender to authenticate and deliver the Governmental Note to Initial Funding Lender upon funding to Fiscal Agent of the proceeds of the Funding Loan.

(l) Amounts specified in Section 2.11 of this Funding Loan Agreement and Section 3.03 of the Project Loan Agreement.

(m) A Transferee Representations Letter (addressed to the Governmental Lender and Fiscal Agent) executed by Initial Funding Lender.

Section 2.11. Establishment of Project Loan Fund; Application of Funding Loan Proceeds and Other Money.

(a) Fiscal Agent shall establish, maintain and hold in trust and there is hereby established with Fiscal Agent a Project Loan Fund and therein a Project Account and a Borrower Equity Account. No amount shall be charged against the Project Loan Fund except as expressly provided in this Section 2.11 and Section 4.02 hereof.

(b) The proceeds of the Funding Loan shall be delivered by Initial Funding Lender to Fiscal Agent on behalf of Governmental Lender on the Delivery Date. Fiscal Agent shall deposit such proceeds to the credit of the Project Loan Fund. Upon receipt, Fiscal Agent shall deposit such proceeds to the credit of the Project Account of the Project Loan Fund. Amounts in the Project Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.01 of the Project Loan Agreement. Upon the disbursement of all amounts in the Project Loan Fund, the Fiscal Agent shall close the Project Loan Fund.

(c) Pursuant to the terms of the Project Loan Agreement, Borrower has covenanted to deliver from sources other than the Loans, to the Fiscal Agent, on or prior to the Delivery Date, the Costs of Issuance Deposit for deposit to the credit of the Costs of Issuance Fund and the Borrower Equity Deposit for deposit to the credit of the Borrower Equity Account. Fiscal Agent shall also deposit in the Costs of Issuance Fund and the Borrower Equity Account any additional amounts delivered from time to time to Fiscal Agent and directed by Borrower or Loan Servicer to be deposited therein, excluding any proceeds of the Loans.

(d) Upon the making of the initial deposits described above in this Section 2.11, Governmental Lender shall originate the Project Loan pursuant to the Project Loan Agreement and Fiscal Agent shall make disbursements of amounts in the Project Loan Fund as provided in Section 4.02 hereof.

Section 2.12. Loan Payments to Fiscal Agent; Loan Servicer Disbursement of Fees.

(a) Except as otherwise provided in Section 4.02(c), notwithstanding any other provision in this Funding Loan Agreement to the contrary, regardless whether a Loan Servicer is engaged with respect to the Loans, Governmental Lender and Fiscal Agent agree that all payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan and all fees due hereunder and under the Project Loan Agreement shall be paid by Borrower to Fiscal Agent not less than two (2) Business Days prior to each Funding Loan Payment Date or any date amounts are due on the Governmental Note. Notwithstanding the forgoing, to the extent that any payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan and any fees due hereunder and under the Project Loan Agreement are paid to the Loan Servicer, the Funding Lender agrees to direct Loan Servicer to remit any payments collected from

Borrower of principal of, Prepayment Premium, if any, and interest on the Funding Loan, together with other amounts due to Funding Lender, Governmental Lender and/or Fiscal Agent, to Fiscal Agent no later than one (1) Business Day prior to each Funding Loan Payment Date or any date amounts are due on the Governmental Note. Loan Servicer shall be entitled to retain its Servicing Fee (if any) collected from Borrower and shall remit Governmental Lender Fee and Ordinary Fiscal Agent's Fees and Expenses to Fiscal Agent. Fiscal Agent shall remit to Governmental Lender any amounts due to Governmental Lender, including the Governmental Lender Fees, and shall retain Fiscal Agent's Ordinary Fees and Expenses. Any payment made in accordance with the provisions of this Section shall be accompanied by sufficient information to identify the source and proper application of such payment. Fiscal Agent shall promptly notify Loan Servicer, Funding Lender, Funding Lender Representative and Governmental Lender in writing of any failure of Borrower to make any payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan when due or to pay any fees due hereunder or under the Project Loan Agreement, and Governmental Lender shall not be deemed to have any notice of such failure unless it has received such notice in writing. Fiscal Agent shall remit payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan and Governmental Note to Funding Lender, and as such shall be the paying agent hereunder.

(b) If the Governmental Note and the Funding Loan are sold or transferred as provided in Section 2.08(b), Funding Lender Representative shall notify Fiscal Agent, Borrower and Governmental Lender in writing of the name and address of the transferee and as applicable, the identity of the new Funding Lender Representative and Loan Servicer.

(c) Reserved.

Section 2.13. Conversion. If the Conversion Notice is issued in compliance with the terms of the Forward Loan Purchase Agreement, Conversion will occur, and the Permanent Lender shall purchase the Governmental Note from the Initial Funding Lender on the Conversion Date indicated in such Conversion Notice. If the Conversion Notice is not so issued, Conversion will not occur and the Permanent Funding Lender will not have any obligations with respect to the purchase of the Funding Loan or otherwise with respect to the Loans or the Project.

ARTICLE III

PREPAYMENT OF THE FUNDING LOAN AND THE GOVERNMENTAL NOTE

Section 3.01. Prepayment of the Funding Loan Prior to Maturity; Redemption of the Governmental Note.

(a) **Optional Prepayment**. The Funding Loan (and as such, the Governmental Note), together with accrued interest thereon and any Prepayment Premium, is subject to optional redemption and prepayment in whole upon optional prepayment of the Project Loan in accordance with the notice and other prepayment provisions set forth in the Project Note. Any optional prepayment of the Funding Loan shall constitute a

redemption of the Governmental Note to the extent of the prepayment. Notwithstanding the foregoing, during the Permanent Phase, Borrower shall only have the right to pay the Project Loan in full (but not in part) on or after, but not prior to, the tenth (10^{th}) anniversary of the Conversion Date (the "**Closed Prepayment Date**"), subject to the terms of and as further described in the Project Note.

(b) **Mandatory Prepayment**. The Funding Loan (and as such, the Governmental Note), together with accrued interest thereon and any Prepayment Premium, is subject to mandatory prepayment on any Business Day, in whole or in part as indicated below, at the earliest practicable date upon the occurrence of any of the following:

(i) In whole or in part, upon the occurrence of a mandatory prepayment of the Project Loan pursuant to the Project Note and receipt by Fiscal Agent of a written direction by Funding Lender Representative that the Funding Loan shall be subject to mandatory prepayment as a result thereof.

(ii) In part, on the Funding Loan Payment Date next following the completion of the rehabilitation of the Project, to the extent amounts remaining in the Project Account of the Project Loan Fund are transferred to the Loan Prepayment Fund pursuant to Section 4.02(e) hereof.

(iii) In part, in the event Borrower makes a Pre-Conversion Loan Equalization Payment.

(iv) In whole, on or after the Termination Date, at the written direction of Initial Funding Lender, if the Conversion Notice is not issued by Permanent Funding Lender prior to the Termination Date.

If, following Conversion, the Maturity Date is accelerated by Permanent Funding Lender because of the occurrence of an Event of Default, the acceleration shall be deemed to be an election on the part of Borrower to prepay the Project Loan. Accordingly, there shall be added to the amount due after an Event of Default and resulting acceleration, the Prepayment Premium or certain other fees described in the Project Note, as applicable.

Notwithstanding anything to the contrary in this Funding Loan Agreement, any prepayment of the Funding Loan, in whole or in part, shall constitute a redemption of the Governmental Note to the extent of the prepayment.

Section 3.02. Notice of Prepayment. Notice of the intended prepayment of the Funding Loan and the Governmental Note shall be given by Fiscal Agent by first class mail, postage prepaid, or by overnight delivery service, or Electronic Instruction and Notice, to Funding Lender. All such prepayment notices shall be given not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for prepayment. Notices of prepayment shall state all of the following:

(i) The prepayment date.

(ii) The prepayment amount.

(iii) The place or places where amounts due upon such prepayment will be payable.

Notice of such prepayment shall also be sent by first class mail, postage prepaid, or by overnight delivery service or Electronic Instruction and Notice to Loan Servicer by the Fiscal Agent, not later than the time of mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of the Funding Loan.

Notwithstanding the foregoing, in the event Fiscal Agent is not collecting and remitting loan payments hereunder, Fiscal Agent shall have no obligation to send prepayment notices pursuant to this Section 3.02.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. Pledge of Revenues and Assets; Establishment of Funds. The pledge and assignment of and the security interest granted in the Pledged Security pursuant to Section 2.02 hereof shall attach, be perfected and be valid and binding from and after the time of the closing of the Funding Loan and delivery of the Governmental Note by Fiscal Agent or by any Person authorized by Fiscal Agent to deliver the Governmental Note. The Pledged Security so pledged and then or thereafter received by Fiscal Agent shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against Governmental Lender irrespective of whether such parties have notice thereof.

In addition to the Project Loan Fund established pursuant to Section 2.11 hereof, Fiscal Agent shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

(a) Revenue Fund;

(b) Loan Payment Fund;

(c) Loan Prepayment Fund;

(d) Administration Fund;

(e) Costs of Issuance Fund;

(f) Rebate Fund;

(g) Replacement Reserve Fund; and

(h) Tax Escrow Fund.

The funds and accounts established pursuant to Section 2.11 and this Section 4.01 shall be maintained in the corporate trust department of Fiscal Agent as segregated trust accounts, separate and identifiable from all other funds held by Fiscal Agent. Fiscal Agent shall, at the written direction of an Authorized Officer of Governmental Lender, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as Governmental Lender or Fiscal Agent may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Funding Loan Agreement with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

Pursuant to the Tax Exemption Agreement, Fiscal Agent shall cause to be kept and maintained adequate records pertaining to investment of all proceeds of the Governmental Note and the Funding Loan sufficient to permit Borrower, on behalf of Governmental Lender, to determine the amount of rebate, if any, required to be paid to the United States of America pursuant to Section 148 of the Code. Fiscal Agent shall have no responsibility to make such determination of rebate liability. Fiscal Agent shall not be required to make any disbursement of funds until having collected funds.

Section 4.02. Project Loan Fund.

(a) Deposit. Fiscal Agent shall deposit the proceeds of the Funding Loan delivered by Initial Funding Lender into the Project Loan Fund as provided in Section 2.11(b) hereof. Fiscal Agent shall deposit the Borrower Equity Deposit into the Borrower Equity Account of the Project Loan Fund, as well as any additional amounts delivered from time to time to Fiscal Agent and directed by Borrower or Loan Servicer to be deposited therein (excluding any proceeds of the Loans), as provided in Section 2.11(c) hereof.

(b) Disbursements. Amounts on deposit in the Project Loan Fund shall be disbursed from time to time by Fiscal Agent for the purpose of paying (i) interest on the Funding Loan and the Fee Component in each case when due during the Construction Phase and (ii) Costs of the Project. In addition, amounts in the Project Loan Fund shall be transferred to the Loan Prepayment Fund, the Rebate Fund and Borrower at the times and in the manner provided in subsection (e) of this Section 4.02. Notwithstanding anything contained herein to the contrary, Fiscal Agent shall not make any disbursements of amounts on deposit in the Project Loan Fund unless the Initial Funding Lender has confirmed in writing that the conditions for disbursement of such amounts set forth in the Construction Continuing Covenant Agreement have been satisfied, which confirmation may be evidenced by the Initial Funding Lender's signature to a Requisition.

(c) Transfers and Requisitions. The Fiscal Agent shall automatically transfer amounts from the Borrower Equity Account of the Project Loan Fund to the Administration Fund to pay to the appropriate party its accrued fees that are included in the Fee Component that are due and payable as set forth herein or upon receipt of an invoice, without any need for a Requisition or other written direction. Unless Fiscal Agent is instructed otherwise by

Initial Funding Lender, Fiscal Agent shall automatically transfer amounts in the Project Account of the Project Loan Fund to the Loan Payment Fund to pay interest on the Project Loan and the Funding Loan without any need for a Requisition or other written direction. Fiscal Agent shall make disbursements from the respective accounts of the Project Loan Fund for purposes described in subsection (b)(ii) of this Section 4.02 only upon the receipt of Requisitions signed by an Authorized Officer of Borrower and countersigned by an Authorized Officer of Loan Servicer (signifying the consent to the Requisition by Loan Servicer). Fiscal Agent shall have no right or duty to determine whether any requested disbursement from the Project Loan Fund complies with the terms, conditions and provisions of the Construction Continuing Covenant Agreement. The countersignature of the Authorized Officer of Loan Servicer on a Requisition shall be deemed a certification and, insofar as Fiscal Agent and Governmental Lender are concerned, constitute conclusive evidence that all of the terms, conditions and requirements of the Construction Continuing Covenant Agreement applicable to such disbursement have been fully satisfied or waived. Fiscal Agent shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of Borrower and countersigned by an Authorized Officer of Loan Servicer, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

Notwithstanding anything to the contrary contained herein, during any period in which an Event of Default has occurred and is then continuing under the Loans or any Financing Document (notice of which default has been given in writing by Funding Lender Representative or Loan Servicer to Fiscal Agent and Governmental Lender, and Fiscal Agent shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default), no signature of an Authorized Officer of Borrower shall be required for any Requisition duly signed by an Authorized Officer of Loan Servicer.

(d) If a Requisition signed by an Authorized Officer of Borrower and countersigned by an Authorized Officer of Loan Servicer or (as permitted hereunder) solely by an Authorized Officer of Loan Servicer, is received by Fiscal Agent, the requested disbursement shall be paid by Fiscal Agent as soon as practicable, but in no event later than three (3) Business Days following receipt thereof by Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Loan Fund, including all interest accrued therein, Fiscal Agent shall close the Project Loan Fund.

(e) Immediately prior to any mandatory prepayment of the Funding Loan pursuant to Section 3.01(b)(i) hereof, any amount then remaining in the Project Loan Fund shall, at the written direction of Funding Lender Representative, be transferred to the Loan Prepayment Fund to pay amounts due on the Funding Loan, if any. In addition, any amount remaining in the Project Account of the Project Loan Fund following completion of the rehabilitation of the Project in accordance with the Construction Continuing Covenant Agreement, evidenced by an instrument signed by Funding Lender Representative or Loan Servicer, and in any case on the date that is three years after the Delivery Date, shall, after all Costs have been paid, which shall be confirmed by Borrower, shall be transferred to the Loan Prepayment Fund and used to prepay the Funding Loan in accordance with Section 3.01(b)(ii) hereof, unless Fiscal Agent and Governmental Lender receive a Favorable

Opinion of Bond Counsel (which shall also be addressed to Funding Lender Representative) with respect to the use of such money for other than prepayment of the Funding Loan; provided, if any rebate is due, that any amounts in the Project Account of the Project Loan Fund in excess of the amount needed to fund the related prepayment of the Funding Loan shall be transferred to the Rebate Fund in an amount sufficient to pay such rebate. In the event that (i) there are funds remaining in the Borrower Equity Account following completion of the rehabilitation of the Project in accordance with the Construction Continuing Covenant Agreement (as evidenced by an instrument signed by Funding Lender Representative), (ii) the Conversion Date has occurred, and (iii) no default by Borrower exists under this Funding Loan Agreement or any of the Project Loan Documents, such funds shall be paid by Fiscal Agent to Borrower at the written direction of Funding Lender Representative or Loan Servicer.

(f) Amounts on deposit in the Project Loan Fund shall be invested as provided in Section 4.07 hereof. All Investment Income on amounts on deposit in the Project Loan Fund shall be retained in and credited to and become a part of the amounts on deposit in the Project Loan Fund, and shall constitute part of any transfers required by subsection (b) or (e) of this Section 4.02.

Section 4.03. Application of Revenues.

(a) All Revenues received by Fiscal Agent shall be deposited by Fiscal Agent, promptly upon receipt thereof, to the Revenue Fund, except for each of the following:

(i) Proceeds of the Funding Loan received by Fiscal Agent pursuant to Section 2.01(b), which shall be applied in accordance with the provisions of Section 2.11 hereof.

(ii) Deposits into the Loan Prepayment Fund as required under subsection (c) of this Section 4.03.

(iii) Investment Income to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable.

(iv) Amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) Subject to Section 2.12 hereof, on each Funding Loan Payment Date or any other date on which payment of principal of or interest on the Funding Loan becomes due and payable, Fiscal Agent, out of money in the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST, to the Loan Payment Fund, an amount equal to the principal of and/or interest due on the Funding Loan on such date (including scheduled principal pursuant to the Funding Loan Amortization Schedule);

SECOND, to the Loan Prepayment Fund, an amount equal to the principal and interest due on the Funding Loan on such date with respect to a mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b) hereof (other than any extraordinary mandatory prepayment as described in Section 4.03(c)(i) or (iii) below);

THIRD, during the Permanent Phase, to the Replacement Reserve Fund, the Replacement Reserve Payment; and

FOURTH, during the Permanent Phase, to the Tax Escrow Fund, the Tax Escrow Payment.

(c) Promptly upon receipt, Fiscal Agent shall deposit each of the following directly into the Loan Prepayment Fund:

(i) Net Casualty Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Project Loan, such amount to be applied to provide for the extraordinary mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b)(i) hereof.

(ii) Funds paid to Fiscal Agent to be applied to the optional prepayment of the Funding Loan pursuant to Section 3.01(a).

(iii) Amounts transferred to the Loan Prepayment Fund from the Project Loan Fund pursuant to Section 4.02(e) hereof.

(d) Subject to Section 2.12 hereof, should the amount in the Loan Payment Fund be insufficient to pay the amount due on the Funding Loan on any given Funding Loan Payment Date, Fiscal Agent shall credit to the Loan Payment Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (i) the Revenue Fund; and (ii) the Loan Prepayment Fund, except no such charge to the Loan Prepayment Fund shall be made from money to be used to effect a prepayment for which notice of prepayment has been provided for hereunder.

Section 4.04. Application of Loan Payment Fund. Subject to Section 2.12 hereof, Fiscal Agent shall charge the Loan Payment Fund, on each Funding Loan Payment Date, an amount equal to the unpaid interest and principal due on the Funding Loan on such Funding Loan Payment Date as provided in Section 4.03(a) and (b), and shall cause the same to be applied to the payment of such interest and principal when due. Any money remaining in the Loan Payment Fund on any Funding Loan Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Loan Prepayment Fund to prepay the Funding Loan if called for prepayment on such Funding Loan Payment Date, be transferred to the Loan Prepayment Fund to be applied for such purpose. Any Investment Income on amounts on deposit in the Loan Payment Fund shall be deposited by Fiscal Agent upon receipt thereof in the Revenue Fund. No amount shall be charged against the Loan Payment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.05. Application of Loan Prepayment Fund. Any money credited to the Loan Prepayment Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; *provided*, *however*, that to the extent any money credited to the Loan Prepayment Fund is in excess of the

amount necessary to effect the prepayments described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Loan Payment Fund on any Funding Loan Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the Revenue Fund is insufficient to make up such deficiency; *provided* that no money to be used to effect a prepayment for which a notice of prepayment has been provided shall be so transferred to the Loan Payment Fund. On or before each Funding Loan Payment Date, any Investment Income on amounts on deposit in the Loan Prepayment Fund shall be credited by Fiscal Agent to the Revenue Fund. No amount shall be charged against the Loan Prepayment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.06. Administration Fund. Subject to Section 2.12 hereof, Fiscal Agent shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from Loan Servicer (or Borrower if no Loan Servicer exists for the Loans) designated for deposit into such fund, together with amounts, if any, transferred by Fiscal Agent from the Project Loan Fund for deposit into the Administration Fund pursuant to Section 4.02(c). Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by Fiscal Agent and used:

FIRST, to pay to Fiscal Agent when due the Fiscal Agent's Ordinary Fees and Expenses;

SECOND, to pay to Governmental Lender when due the Governmental Lender Fees;

THIRD, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Funding Loan Agreement and the Project Loan Agreement, upon receipt of an invoice from Rebate Analyst;

FOURTH, to pay to Fiscal Agent any Fiscal Agent's Extraordinary Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to Borrower and Loan Servicer;

FIFTH, to pay to Governmental Lender any extraordinary expenses it may incur in connection with the Loans or this Funding Loan Agreement from time to time, as set forth in an invoice submitted to Fiscal Agent and Loan Servicer;

SIXTH, to pay to Funding Lender Representative any unpaid amounts due under the Continuing Covenant Agreement, as certified in writing by Funding Lender Representative to Fiscal Agent;

SEVENTH, to make up any deficiency in the Loan Prepayment Fund on any prepayment date of the Funding Loan, to the extent money then available in accordance with Section 4.03(d) hereof in the Loan Prepayment Fund is insufficient to prepay the Funding Loan scheduled for prepayment on such prepayment date; and

EIGHTH, to transfer any remaining balance after application as aforesaid to the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on

which such amounts are due and payable, Fiscal Agent shall give notice to Borrower and Loan Servicer of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to Fiscal Agent of the amount of such deficiency. Upon payment by Borrower or Loan Servicer of such deficiency, the amounts for which such deficiency was requested shall be paid by Fiscal Agent. On or before each Funding Loan Payment Date, any Investment Income on amounts on deposit in the Administration Fund shall be credited by Fiscal Agent to the Revenue Fund. No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 hereof.

Section 4.07. Investment of Funds. The money held by Fiscal Agent shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by Fiscal Agent, at the written direction of Borrower (or, in the case of the Rebate Fund, as provided in the Tax Exemption Agreement), in Qualified Investments which mature or shall be subject to prepayment or withdrawal at par without penalty on or prior to the earlier of (a) six (6) months from the date of investment and (b) the date such money is needed; provided, that if Fiscal Agent shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements. Such investments may be made through the investment or securities department of Fiscal Agent. Fiscal Agent may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized and, in such capacity, Fiscal Agent or such affiliate may charge its ordinary and customary fees for such trades, including account maintenance fees, which fees, for purposes of this Funding Loan Agreement, shall be treated as Fiscal Agent's Extraordinary Fees and Expenses. Fiscal Agent shall be entitled to assume, absent receipt by Fiscal Agent of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter. In no event shall Fiscal Agent be required to provide supervision, recommendations, or advice with respect to any investment. In the absence of written direction from Borrower, Fiscal Agent shall hold amounts on deposit in the funds and accounts established under this Funding Loan Agreement uninvested.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the Revenue Fund. Such investments shall be sold at the current market price obtainable (but not less than par) whenever it shall be necessary to do so in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. Fiscal Agent shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

Governmental Lender acknowledges that to the extent that regulations of the Office of the Comptroller of the Currency or other applicable regulatory agency grant Governmental Lender the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, Governmental Lender specifically waives compliance with 12 C.F.R. 12 and

hereby notifies Fiscal Agent hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Section 4.08. Accounting Records. Fiscal Agent shall maintain accurate books and records for all funds and accounts established hereunder.

Section 4.09. Amounts Remaining in Funds. After full payment of the Funding Loan (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of Governmental Lender, Fiscal Agent, Rebate Analyst, Funding Lender and Loan Servicer and other amounts required to be paid hereunder or under any of the Project Loan Documents, including, but not limited to, the Continuing Covenant Agreement (as certified in writing to Fiscal Agent by Governmental Lender with respect to amounts due to Governmental Lender and by Funding Lender Representative or Loan Servicer on its behalf with respect to amounts owed under the Continuing Covenant Agreement and by Rebate Analyst with respect to amounts due to Rebate Analyst), any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to Borrower.

Section 4.10. Rebate Fund; Compliance with Tax Exemption Agreement. The Rebate Fund shall be maintained for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation, Funding Lender. The Rebate Fund is established for the purpose of complying with Section 148 of the Code and the Regulations promulgated pursuant thereto. The money deposited in the Rebate Fund, together with all investments thereof and Investment Income therefrom, shall be held in trust and applied solely as provided in this Section and in the Tax Exemption Agreement. The Rebate Fund is not a portion of the Pledged Security and is not subject to any lien under this Funding Loan Agreement. Notwithstanding the foregoing, Fiscal Agent with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

Section 4.11. Costs of Issuance Fund. Fiscal Agent shall use money on deposit to the credit of the Costs of Issuance Fund to pay the Costs of Issuance on the Delivery Date or as soon as practicable thereafter in accordance with a Requisition in the form of Exhibit D to be given to Fiscal Agent by Borrower on the Delivery Date, along with appropriate invoices for such expenses. Amounts remaining on deposit in the Costs of Issuance Fund six (6) months after the Delivery Date shall be transferred as directed in the Closing Memorandum. Upon such final disbursement, Fiscal Agent shall close the Costs of Issuance Fund.

Section 4.12. Reports from Fiscal Agent. Fiscal Agent shall, on or before the fifteenth (15th) day of each month, file with Funding Lender Representative, Loan Servicer, Governmental Lender (at its written request) and Borrower a statement setting forth in respect of the preceding calendar month all of the following:

(a) The amount withdrawn or transferred by it, and the amount deposited within or on account of each fund and account held by it under the provisions of this Funding Loan Agreement, including the amount of Investment Income on each fund and account.

(b) The amount on deposit with it at the end of such month to the credit of each fund and account.

(c) A brief description of all obligations held by it as an investment of money in each such fund and account.

(d) Any other information which Funding Lender Representative or Governmental Lender may reasonably request and to which Fiscal Agent has access in the ordinary course of its operations.

Promptly following the written request of Funding Lender, Fiscal Agent, at the cost of Borrower, shall provide a copy of such statement to Funding Lender. All records and files pertaining to the Pledged Security shall be open at all reasonable times to the inspection of Governmental Lender and Funding Lender Representative or Loan Servicer and their agents and representatives upon reasonable prior notice during normal business hours.

Section 4.13. Replacement Reserve Fund. There shall be deposited in the Replacement Reserve Fund all moneys received for such purpose by the Fiscal Agent from the Borrower pursuant to the Replacement Reserve Agreement. [Moneys in the Replacement Reserve Fund shall be disbursed by the Fiscal Agent upon receipt of a written request therefor executed by the Borrower and approved in writing by the Funding Lender Representative, in accordance with the terms of the Replacement Reserve Agreement]; provided that, upon the occurrence and continuation of an Event of Default hereunder, all moneys and investments in the Replacement Reserve Fund (other than moneys held to pay costs required to be paid but not yet payable) may be disbursed at the direction of the Funding Lender Representative to pay any costs and expenses of the Project, to pay costs of enforcement of the Financing Documents and to pay any and all amounts owed by the Borrower under the Financing Documents, in whatever amounts and whatever order the Funding Lender Representative may determine. Upon the payment in full of the Governmental Note, or provision for the payment of the Governmental Note having been made pursuant to Section 9.01 hereof, upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Project Loan Agreement, any amounts remaining in the Replacement Reserve Fund shall be paid to the Borrower as soon as practicable. If the Funding Lender Representative determines that the Replacement Reserve Fund is over-funded for any reason, the Funding Lender Representative may direct the Fiscal Agent to return all or a portion of the moneys in the Replacement Reserve Fund to the Borrower.

Section 4.14. Tax Escrow Fund. There shall be deposited in the Tax Escrow Fund all moneys received for such purpose by the Fiscal Agent from the Borrower pursuant to the Permanent Continuing Covenant Agreement. Moneys in the Tax Escrow Fund shall be applied to payment of all taxes; provided, however, that upon the occurrence and continuation of an Event of Default hereunder, all money and investments held in the Tax Escrow Fund may be disbursed at the direction of the Funding Lender Representative to pay costs and expenses of the Project, to pay costs of enforcement of the Financing Documents and to pay any and all amounts owed by the Borrower under any of the Financing Documents, in whatever amounts and in whatever order the Funding Lender Representative may determine. Upon the payment in full of the Governmental Note and the fees and expenses of the Governmental Lender and the Fiscal Agent, or provision for

the payment of the Governmental Note having been made pursuant to Section 9.01 hereof, and upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Project Loan Agreement, any amounts remaining in the Tax Escrow Fund shall be paid to the Borrower. If the Funding Lender Representative determines that the Tax Escrow Fund is over-funded for any reason, the Funding Lender Representative may direct the Fiscal Agent to return all or a portion of the moneys in the Tax Escrow Fund to the Borrower.

ARTICLE V

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01. Payment of Principal and Interest. Governmental Lender covenants that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient amounts to provide for the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Note at the place, on the dates and in the manner provided herein and in the Governmental Note, according to the true intent and meaning thereof.

Section 5.02. Performance of Covenants. Governmental Lender covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Funding Loan Agreement, in the Governmental Note and in all proceedings pertaining thereto.

Section 5.03. Instruments of Further Assurance. Governmental Lender covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, at the sole expense of the Borrower, such supplements hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto Fiscal Agent all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of Governmental Lender or Fiscal Agent, become and be subject to the lien of this Funding Loan Agreement as fully and completely as though specifically described herein, but nothing in this sentence shall be deemed to modify or change the obligations of Governmental Lender under this Section 5.03. Governmental Lender covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Pledged Security or the revenues or receipts therefrom.

Governmental Lender will promptly notify Fiscal Agent, and Fiscal Agent shall notify Funding Lender Representative, Borrower and Loan Servicer in writing of the occurrence of any of the following:

(a) The submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against Governmental Lender with respect to the Loans of which Governmental Lender has actual knowledge.

(b) Any change in the location of Governmental Lender's principal office or any change in the location of Governmental Lender's books and records relating to the transactions contemplated hereby.

(c) The occurrence of any default or Event of Default of which Governmental Lender has actual knowledge.

(d) The commencement of any proceedings or any proceedings instituted by or against Governmental Lender in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Notes of which Governmental Lender has actual knowledge.

(e) The commencement of any proceedings by or against Governmental Lender under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been, or may be, appointed or requested for Governmental Lender or any of its assets relating to the Loans.

Section 5.04. Inspection of Project Books. Governmental Lender covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as Fiscal Agent or Funding Lender Representative may from time to time reasonably designate.

Section 5.05. No Modification of Security; Additional Indebtedness. Governmental Lender covenants to and for the benefit of Funding Lender that it will not, without the prior written consent of Funding Lender Representative, take any of the following actions:

(a) Alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which Governmental Lender is a party, or which has been assigned to Governmental Lender, and which relates to or affects the security for the Loans or the payment of any amount owed under the Financing Documents; or

(b) Create or suffer to be created any lien upon the Pledged Security or any part thereof other than the lien created hereby and by the Security Instrument.

Section 5.06. Damage, Destruction or Condemnation. Net Casualty Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Continuing Covenant Agreement and, to the extent consistent therewith, Section 3.01(b) hereof.

Section 5.07. Tax Covenants.

(a) Governmental Lender's Covenants. Governmental Lender represents, covenants, and agrees that:

(i) Governmental Lender will comply with all applicable requirements of the Code that are necessary to preserve the Federal Tax Status of the Governmental Note, all as set forth in the Tax Exemption Agreement; and

(ii) Governmental Lender will not knowingly 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.

(b) Fiscal Agent's Representations and Covenants. Fiscal Agent represents, covenants and agrees that:

(i) Fiscal Agent will invest funds held under this Funding Loan Agreement in accordance with the terms of this Funding Loan Agreement, the Tax Exemption Agreement and the written instructions of the Borrower; and

(ii) Fiscal Agent 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.

(c) Change in Law. To the extent that published rulings of the Internal Revenue Service or amendments to the Code or the Regulations modify the covenants of Governmental Lender or Fiscal Agent that are set forth in this Funding Loan Agreement or that are necessary to maintain the Federal Tax Status of the Governmental Note, Fiscal Agent and Governmental Lender will comply with such modifications upon the written direction of Bond Counsel specifying such modifications; provided any such modifications shall be subject to the prior written consent of Funding Lender Representative and shall be evidenced by an amendment entered into pursuant to Article VIII.

Section 5.08. Representations and Warranties of Governmental Lender. Governmental Lender hereby represents and warrants as follows:

(a) Governmental Lender is a public and official agency of the State. Under the provisions of the Act and the Resolution, the Governmental Lender is authorized to enter into this Funding Loan Agreement, the Project Loan Agreement and the other Financing Documents to which it is a party and to carry out its obligations thereunder. By proper action of its governing body, the Governmental Lender has been duly authorized to execute and deliver the Financing Documents and to issue and sell the Governmental Note.

(b) The revenues and assets pledged for the repayment of the Funding Loan are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Funding Loan Agreement, and all action on the part of Governmental Lender to that end has been duly and validly taken.

(c) The Financing Documents to which Governmental Lender is a party have been validly authorized, executed and delivered by Governmental Lender, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of Governmental Lender, enforceable against Governmental Lender in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

IT IS EXPRESSLY ACKNOWLEDGED THAT GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT, AGREEMENT OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF BORROWER OR THE PROJECT OR THAT IT WILL BE SUITABLE FOR BORROWER'S PURPOSES OR NEEDS AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS (FINANCIAL OR OTHERWISE), REPRESENTATIONS OR CERTIFICATIONS FURNISHED OR TO BE MADE AND FURNISHED BY BORROWER IN CONNECTION WITH THE FUNDING LOAN OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

Section 5.09. State Law Verifications. The Fiscal Agent and Initial Funding Lender make 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 Funding Loan Agreement, and with respect to the Fiscal Agent, the Project Loan Agreement, (together with this Funding Loan Agreement, the "Representation Documents"). As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Fiscal Agent or Initial Funding Lender within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the applicable Representation Documents shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of any such Representation Document, notwithstanding anything therein to the contrary.

(a) Each of the Fiscal Agent, with respect to the Representation Documents, and Initial Funding Lender, with respect to this Funding Loan Agreement, 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 Fiscal Agent, Initial Funding Lender, and each of the Fiscal Agent's and Initial Funding Lender's respective 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) Each of the Fiscal Agent, with respect to the Representation Documents, and Initial Funding Lender, with respect to this Funding Loan Agreement, 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.

(c) Each of the Fiscal Agent, with respect to the Representation Documents, and Initial Funding Lender, with respect to this Funding Loan Agreement, 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.

(d) Each of the Fiscal Agent, with respect to the Representation Documents, and Initial Funding Lender, with respect to this Funding Loan Agreement, 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.

Each of the Fiscal Agent and Initial Funding Lender 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). Each of the Fiscal Agent and Initial Funding Lender 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 5.09(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. Each of the Fiscal Agent and Initial Funding Lender further represents and verifies that its Standing Letter remains in effect as of the date of this Funding Loan Agreement and that the Texas Attorney General has not notified the Fiscal Agent or Initial Funding Lender, as applicable, that a determination has been made that the Fiscal Agent or Initial Funding Lender, as applicable, 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 Fiscal Agent or Initial Funding Lender, as applicable, 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 Funding Loan Agreement through the Delivery Date (the "Bringdown Verification"). The Governmental Lender reserves the right, and the Fiscal Agent and Initial Funding Lender hereby expressly authorizes the Governmental Lender, to provide such Bringdown Verifications to the Texas Attorney General.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF FISCAL AGENT AND FUNDING LENDER

Section 6.01. Events of Default. The occurrence of any one or more of the following will constitute an Event of Default with respect to the Funding Loan under this Funding Loan Agreement:

(a) Failure to pay the principal of, Prepayment Premium, if any, or interest on the Funding Loan when due, whether on a Funding Loan Payment Date, at the stated maturity thereof, by proceedings for prepayment thereof, by acceleration or otherwise.

(b) Failure to observe the covenants set forth in Section 5.05 hereof.

(c) Failure to observe or perform any of the covenants, agreements or conditions on the part of Governmental Lender (other than those set forth in Sections 5.01 and 5.05 hereof) set forth in this Funding Loan Agreement or in the Governmental Note and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof to Governmental Lender from Fiscal Agent or Funding Lender Representative (with a copy to Fiscal Agent) specifying such default and requiring the same to be remedied; *provided* that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and Governmental Lender commences the required cure within such thirty (30) day period and continues the cure with diligence and Governmental Lender reasonably anticipates that the default could be cured within sixty (60) days, Governmental Lender shall have sixty (60) days following receipt of such notice to effect the cure.

(d) Receipt by Fiscal Agent of written notice from Funding Lender Representative of the occurrence of an "Event of Default" under the Project Loan Agreement or the Continuing Covenant Agreement.

Fiscal Agent will promptly notify Governmental Lender, Loan Servicer, Borrower, and Funding Lender Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

The Funding Lender agrees to accept performance on the part of the Equity Investor or affiliate within the same cure period expressly provided to the Borrower herein, if any, as though the same had been performed by the Borrower under any of the Project Loan Documents.

Section 6.02. Acceleration; Other Remedies Upon Event of Default. Upon the occurrence of an Event of Default, Fiscal Agent shall, upon the written request of Funding Lender Representative, by notice in writing delivered to Governmental Lender, declare the principal of the Funding Loan and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

At any time after the Funding Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, Fiscal Agent may, but only if directed in writing by Funding Lender Representative, by written notice to Governmental Lender and Fiscal Agent, rescind and annul such declaration and its consequences if Borrower shall pay to or deposit with Fiscal Agent a sum sufficient to pay all principal on the Funding Loan then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on the Funding Loan then due, with interest at the rate borne by the Funding Loan on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and all of Fiscal Agent's Extraordinary Fees and Expenses incurred to date shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Financing Documents (collectively, the "**Cure Amount**") shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by Funding Lender Representative; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, Fiscal Agent in its own name and as trustee of an express trust, on behalf and for the benefit and protection of Funding Lender, may also proceed to protect and enforce any rights of Fiscal Agent and, to the full extent that Funding Lender itself might do, the rights of Funding Lender under the laws of the Property Jurisdiction or under this Funding Loan Agreement by such of the following remedies as Fiscal Agent shall deem most effectual to protect and enforce such rights; *provided* that, Fiscal Agent may undertake any such remedy only upon the receipt of the prior written consent of Funding Lender Representative (which consent may be given in the sole discretion of Funding Lender Representative):

(a) By mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, Prepayment Premium, if any, or interest on the Funding Loan and to require Governmental Lender to carry out any covenants or agreements with or for the benefit of Funding Lender and to perform its duties under the Act, this Funding Loan Agreement, the Project Loan Agreement or the TEL Regulatory Agreement (as applicable) to the extent permitted under the applicable provisions thereof.

(b) By pursuing any available remedies under the Project Loan Agreement, the TEL Regulatory Agreement or any other Financing Document.

(c) By realizing or causing to be realized through sale or otherwise upon the Pledged Security.

(d) By action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of Funding Lender and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of Fiscal Agent in order to have the claim of Funding Lender against Governmental Lender allowed in any bankruptcy or other proceeding. Upon occurrence and during the continuance of an Event of Default hereof, Borrower and Equity Investor shall have the same rights to notice and cure as those conferred on Governmental Lender.

No remedy by the terms of this Funding Loan Agreement conferred upon or reserved to Fiscal Agent or to Funding Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to Fiscal Agent or Funding Lender hereunder or under the Project Loan Agreement, the TEL Regulatory Agreement, the Continuing Covenant Agreement or any other Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by Fiscal Agent or Funding Lender, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 6.03. Funding Lender Representative Control of Proceedings. Notwithstanding anything to the contrary herein, Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Funding Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Funding Loan Agreement. In addition, Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of Fiscal Agent or Governmental Lender (and in connection therewith Fiscal Agent shall transfer or assign to Funding Lender Representative all of its interest in the Pledged Security at the request of Funding Lender Representative). In no event shall the exercise of any of the foregoing rights result in an acceleration of the Funding Loan without the express direction of Funding Lender Representative.

Section 6.04. Waiver by Governmental Lender. Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither Governmental Lender nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or prepayment laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement. Governmental Lender, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and prepayment to which it may be entitled under the laws of the Property Jurisdiction and the United States of America.

Section 6.05. Application of Money After Default. All money collected by Fiscal Agent at any time pursuant to this Article VI shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by Fiscal Agent to the Revenue Fund. Such money so credited to the Revenue Fund and all other money from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Loan Payment Fund and the Loan Prepayment Fund available for the payment of interest or principal then due with respect to the Governmental Note shall be insufficient for such payment, such money shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to Fiscal Agent incurred in performance of its duties under this Funding Loan Agreement, including, without limitation, the payment of all of Fiscal Agent's Extraordinary Fees and Expenses incurred in exercising any remedies under this Funding Loan Agreement.

(b) To the extent directed in writing by Funding Lender Representative, to the reimbursement of any unreimbursed advances made by or on behalf of Funding Lender pursuant to the Continuing Covenant Agreement or the Security Instrument.

(c) Unless the full principal amount of the Funding Loan shall have become or have been declared due and payable:

FIRST, to Funding Lender, all installments of interest then due on the Funding Loan in the order of the maturity of such installments; and

SECOND, to Funding Lender, unpaid principal of and Prepayment Premium, if any, on the Funding Loan which shall have become due, whether at maturity or by call for prepayment, in the order in which they became due and payable.

(d) If the full principal amount of the Governmental Note shall have become or have been declared due and payable, to Funding Lender for the payment of the principal of, Prepayment Premium, if any, and interest then due and unpaid on the Funding Loan 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.

Section 6.06. Remedies Not Exclusive. No right or remedy conferred upon or reserved to Fiscal Agent, Funding Lender or Funding Lender Representative by the terms of this Funding Loan Agreement is intended to be exclusive of any other right or remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right or remedy given to Fiscal Agent, Funding Lender or Funding Lender Representative under this Funding Loan Agreement or existing at law or in equity or by statute (including the Act).

Section 6.07. Fiscal Agent May Enforce Rights Without Governmental Note. All rights of action and claims, including the right to file proof of claims, under this Funding Loan Agreement may be prosecuted and enforced by Fiscal Agent at the written direction of Funding Lender Representative without the possession of the Governmental Note or the production thereof in any trial or other proceedings relating thereto. Subject to the rights of Funding Lender Representative to direct proceedings hereunder, any such suit or proceeding instituted by Fiscal Agent shall be brought in its name as Fiscal Agent without the necessity of joining as plaintiffs or defendants any Funding Lender, and any recovery or judgment shall be for the benefit as provided herein of Funding Lender.

Section 6.08. Termination of Proceedings. In case Fiscal Agent (at the direction of Funding Lender Representative) or Funding Lender Representative shall have proceeded to enforce any right under this Funding Loan Agreement by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower and Funding Lender shall be restored to their

former positions and rights hereunder with respect to the Pledged Security herein conveyed, and all rights, remedies and powers of Fiscal Agent and Funding Lender Representative shall continue as if no such proceedings had been taken.

Section 6.09. Waivers of Events of Default. Fiscal Agent shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Funding Loan upon the written direction of Funding Lender Representative. In case of any such waiver or rescission, or in case any proceeding taken by Fiscal Agent on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case Governmental Lender, Fiscal Agent, Borrower, Loan Servicer, Funding Lender Representative and Funding Lender shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.10. Interest on Unpaid Amounts and Default Rate for Nonpayment. In the event that principal of or interest payable on the Funding Loan and the Governmental Note is not paid when due, there shall be payable on the amount not timely paid, on each Funding Loan Payment Date, interest at the Default Rate, to the extent permitted by law. Interest on the Funding Loan and the Governmental Note shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 6.11. Assignment of Project Loan; Remedies Under the Project Loan.

(a) Funding Lender Representative shall have the right, with respect to the Project Loan, in its sole and absolute discretion, without directing Fiscal Agent to effect an acceleration of the Funding Loan, to instruct Fiscal Agent in writing to assign the Project Note, the Security Instrument and the other Project Loan Documents to Funding Lender Representative, in which event Fiscal Agent shall do all of the following:

(i) Endorse and deliver the Project Note to Funding Lender Representative and assign (in recordable form) the Security Instrument.

(ii) Execute and deliver to Funding Lender Representative all documents prepared by Funding Lender Representative necessary to assign (in recordable form) all other Project Loan Documents to Funding Lender Representative.

(iii) Execute all such documents prepared by Funding Lender Representative as are necessary to legally and validly effectuate the assignments provided for in the preceding clauses (i) and (ii).

(b) Fiscal Agent's assignments to Funding Lender Representative pursuant to this Section 6.11 shall be without recourse or warranty except that Fiscal Agent shall represent and warrant in connection therewith:

(i) That Fiscal Agent has not previously endorsed or assigned any such documents or instruments and

(ii) That Fiscal Agent has the corporate authority to endorse and assign such documents and instruments and such endorsements and assignments have been duly authorized.

(c) Funding Lender Representative shall have the right, in its own name or on behalf of Governmental Lender or Fiscal Agent, to declare any default and exercise any remedies under the Project Loan Agreement, the Project Note or the Security Instrument, whether or not the Governmental Note has been accelerated or declared due and payable by reason of an Event of Default or the occurrence of a mandatory prepayment.

Section 6.12. Substitution. Upon receipt of written notice from Funding Lender Representative and the approval of Governmental Lender as and to the extent permitted under the TEL Regulatory Agreement, Fiscal Agent shall exchange the Project Note and the Security Instrument for a new Project Note and Security Instrument, evidencing and securing a new loan (the "**New Project Loan**"), which may be executed by a Person other than Borrower (the "**New Borrower**"), *provided* that if Fiscal Agent, Funding Lender or a nominee of Fiscal Agent or Funding Lender has acquired the Project through foreclosure, by accepting a deed in lieu of foreclosure or by comparable conversion of the Project, no approval from Governmental Lender of such exchange shall be required. Prior to accepting a New Project Loan, Fiscal Agent shall have received (i) written evidence that the New Borrower shall have executed and recorded a document substantially in the form of the TEL Regulatory Agreement (or executed and recorded an assumption of all of Borrower's obligations under the TEL Regulatory Agreement) and that the Project Loan Documents have been modified as necessary to be applicable to the New Project Loan, and (ii) a Favorable Opinion of Bond Counsel with respect to such exchange and modification.

ARTICLE VII

CONCERNING FISCAL AGENT

Section 7.01. Standard of Care. Fiscal Agent, prior to an Event of Default as defined in Section 6.01 hereof and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement and no implied covenants or obligations should be read into this Funding Loan Agreement against Fiscal Agent. Fiscal Agent, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Funding Loan Agreement and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs. For the avoidance of doubt, the permissive right of Fiscal Agent to do things enumerated in this Funding Loan Agreement or the Project Loan Agreement shall not be construed as a duty.

No provision of this Funding Loan Agreement shall be construed to relieve Fiscal Agent from liability for its breach of trust, own negligence or willful misconduct, except that:

(a) Prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(i) The duties and obligations of Fiscal Agent shall be determined solely by the express provisions of this Funding Loan Agreement, and Fiscal Agent shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Funding Loan Agreement; and

(ii) In the absence of bad faith on the part of Fiscal Agent, Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to Fiscal Agent by the Person or Persons authorized to furnish the same.

(b) At all times, regardless of whether or not any such Event of Default shall exist:

(i) Fiscal Agent shall not be liable for any error of judgment made in good faith by an officer or employee of Fiscal Agent except for willful misconduct or negligence by the officer or employee of Fiscal Agent as the case may be; and

(ii) Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of Funding Lender Representative relating to the time, method and place of conducting any proceeding for any remedy available to Fiscal Agent, or exercising any trust or power conferred upon Fiscal Agent under this Funding Loan Agreement.

When Fiscal Agent incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 7.02. Reliance Upon Documents. Except as otherwise provided in Section 7.01 hereof:

(a) Fiscal Agent may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper party or parties, including any Electronic Instruction and Notice as permitted hereunder or under the Project Loan Agreement.

(b) Any notice, request, direction, election, order or demand of Governmental Lender mentioned herein shall be sufficiently evidenced by an instrument signed in the name of Governmental Lender by an Authorized Officer of Governmental Lender (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of Governmental Lender may be evidenced to Fiscal Agent by a copy of such resolution duly certified by an Authorized Officer of Governmental Lender.

(c) Any notice, request, certificate, statement, requisition, direction, election, order or demand of Borrower mentioned herein shall be sufficiently evidenced by an

instrument purporting to be signed in the name of Borrower by any Authorized Officer of Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of Borrower may be evidenced to Fiscal Agent by a copy of such resolution duly certified by a secretary or other authorized representative of Borrower.

(d) Any notice, request, certificate, statement, requisition, direction, election, order or demand of Loan Servicer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of Loan Servicer by an Authorized Officer of Loan Servicer (unless other evidence in respect thereof be herein specifically prescribed).

(e) Any notice, request, direction, election, order or demand of Funding Lender Representative mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of Funding Lender Representative by any Authorized Officer of Funding Lender Representative (unless other evidence in respect thereof be herein specifically prescribed).

(f) In the administration of the trusts of this Funding Loan Agreement:

(i) Fiscal Agent may execute any of the trusts or powers hereby granted directly or through its agents, custodians, nominees, receivers or attorneys appointed with due care, and

(ii) Fiscal Agent may consult with counsel (who may be counsel for Governmental Lender, Loan Servicer or Funding Lender Representative) concerning all matters of trusts hereof and duties hereunder, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel.

(g) Whenever in the administration of the trusts of this Funding Loan Agreement, Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of Governmental Lender or Borrower and such certificate shall in the absence of bad faith on the part of Fiscal Agent be full warrant to Fiscal Agent for any action taken or permitted by it under the provisions of this Funding Loan Agreement, but in its discretion Fiscal Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable.

(h) The recitals herein and in the Governmental Note (except Fiscal Agent's certificate of authentication thereon) shall not be considered as made by or imposing any obligation or liability upon Fiscal Agent. Fiscal Agent makes no representations as to the value or condition of the Pledged Security or any part thereof, or as to the title of Governmental Lender or Borrower to the Pledged Security, or as to the security of this

Funding Loan Agreement, or of the Governmental Note issued hereunder, and Fiscal Agent shall incur no liability or responsibility in respect of any of such matters.

(i) Fiscal Agent shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Pledged Security except for its own willful misconduct or negligence, and every provision of this Funding Loan Agreement relating to the conduct or affecting the liability of or affording protection to Fiscal Agent shall be subject to the provisions of this Section 7.02(i).

(j) Fiscal Agent shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate Fiscal Agent) herein or in any contracts or securities assigned or conveyed to or pledged with Fiscal Agent hereunder, except Events of Default that are evident under Section 6.01(a) hereof. Fiscal Agent shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) hereof to the extent they are collecting loan payments hereunder) unless Fiscal Agent shall receive from Governmental Lender or Funding Lender Representative written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice Fiscal Agent may conclusively assume that there is no such default. Every provision contained in this Funding Loan Agreement or related instruments or in any such contract or security wherein the duty of Fiscal Agent depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(j).

(k) Fiscal Agent shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of Fiscal Agent, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by Funding Lender.

(l) Fiscal Agent shall be under no obligation to exercise those rights or powers vested in it by this Funding Loan Agreement, other than such rights and powers which it shall be obliged to exercise in the ordinary course of acting as Fiscal Agent under the terms and provisions of this Funding Loan Agreement and as required by law, at the request or direction of Funding Lender Representative pursuant to Section 6.03 hereof, unless Funding Lender Representative shall have offered to Fiscal Agent security or indemnity satisfactory to Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction.

None of the provisions contained in this Funding Loan Agreement shall require Fiscal Agent to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Fiscal Agent is authorized and directed to execute in its capacity as Fiscal Agent, the Project Loan Agreement, the Tax Exemption Agreement and the TEL Regulatory Agreement and shall have no responsibility or liability with respect to any information, statement or recital in any offering

memorandum or other disclosure material prepared or distributed with respect to the delivery of the Governmental Note and no responsibility for compliance with any state or federal securities laws in connection with the Governmental Note. In acting or omitting to act pursuant to the Project Loan Agreement, the TEL Regulatory Agreement, the Tax Exemption Agreement or any other documents executed in connection herewith, Fiscal Agent shall be entitled to all of the rights, immunities and indemnities accorded to it under this Funding Loan Agreement, including, but not limited to, this Article VII.

Fiscal Agent or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

Any resolution, certification, notice, request, direction, election, order or demand delivered to Fiscal Agent pursuant to this Section 7.02 shall remain in effect until Fiscal Agent receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

Fiscal Agent shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.15 hereof.

Notwithstanding anything contained herein or in the Security Instrument to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject Fiscal Agent to liability under any environmental law, statute, regulation or similar requirement relating to the environment, Fiscal Agent may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. Fiscal Agent shall not be required to take any action to foreclose or otherwise enforce the Security Instrument unless indemnified to its satisfaction and will not be required to foreclose if doing so will subject it to environmental liability or will require the approval of a governmental regulator that cannot be obtained.

Section 7.03. Use of Proceeds. Fiscal Agent shall not be accountable for the use or application of the Governmental Note authenticated or delivered hereunder or of the proceeds of the Funding Loan or any other moneys paid over by Fiscal Agent in accordance with the provisions of this Funding Loan Agreement except as provided herein.

Section 7.04. Trust Imposed. All money received by Fiscal Agent shall, until used or applied as herein provided, be held in trust for the purposes for which it was received.

Section 7.05. Compensation of Fiscal Agent. Fiscal Agent shall be entitled to its Fiscal Agent's Ordinary Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of Fiscal Agent hereunder or under any Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. Fiscal Agent shall be entitled to Fiscal Agent's Extraordinary Fees and Expenses in connection with any

Extraordinary Services performed consistent with the duties hereunder or under any of the Financing Documents; *provided* Fiscal Agent shall not perform any Extraordinary Services or incur any Fiscal Agent's Extraordinary Fees and Expenses without the consent of Funding Lender Representative. If any property, other than cash, shall at any time be held by Fiscal Agent subject to this Funding Loan Agreement, or any supplement hereto, as security for the Funding Loan, Fiscal Agent, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Funding Loan Agreement as such security for the Funding Loan, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to Fiscal Agent for its services and reimbursement to Fiscal Agent for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in the Project Loan Agreement and in Sections 4.06, 4.09 and 6.05 hereof. Governmental Lender shall have no liability for Fiscal Agent's fees, costs or expenses. Subject to the provisions of Section 7.08 hereof, Fiscal Agent agrees that it shall continue to perform its duties hereunder and under the Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that Borrower fails to pay the Fiscal Agent's Ordinary Fees and Expenses or, if applicable, the Fiscal Agent's Extraordinary Fees and Expenses as required by the Project Loan Agreement.

Section 7.06. Qualifications of Fiscal Agent. There shall at all times be a Fiscal Agent hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Fiscal Agent shall have a combined capital and surplus of at least $50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.10 hereof. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 7.06, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.06 and another association or corporation is eligible, Fiscal Agent shall resign immediately in the manner and with the effect specified in Section 7.08 hereof.

Section 7.07. Merger of Fiscal Agent. Any association or corporation into which Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Fiscal Agent hereunder and vested with all the title to the whole property or Pledged Security and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Fiscal Agent in respect of the legal interest of Fiscal Agent in the Loans.

Section 7.08. Resignation by Fiscal Agent. Fiscal Agent may at any time resign from the trusts hereby created by giving sixty (60) days written notice to Governmental Lender, Borrower, Loan Servicer and Funding Lender Representative. Such notice to Governmental Lender, Borrower, Loan Servicer and Funding Lender Representative may be served personally or sent by certified mail or overnight delivery service. The resignation of Fiscal Agent shall not be effective until a successor Fiscal Agent has been appointed as provided herein and such successor Fiscal Agent shall have agreed in writing to be bound by the duties and obligations of Fiscal Agent hereunder; *provided*, *however*, that after giving notice of resignation, Fiscal Agent may petition any court of competent jurisdiction for appointment of a temporary Fiscal Agent until a successor Fiscal Agent is appointed. The rights of Fiscal Agent to indemnity, compensation and reimbursement of fees and expenses shall survive Fiscal Agent's resignation as set forth herein and in Section 6.01(d) of the Project Loan Agreement.

Section 7.09. Removal of Fiscal Agent. Fiscal Agent may be removed at any time, either with or without cause, with the consent of Funding Lender Representative (which consent of Funding Lender Representative shall not be unreasonably withheld), by a written instrument signed by Governmental Lender and delivered to Fiscal Agent, Loan Servicer and Borrower. Fiscal Agent may also be removed by a written instrument signed by Funding Lender Representative and delivered to Fiscal Agent, Loan Servicer, Governmental Lender and Borrower. In each case written notice of such removal shall be given to Loan Servicer, Borrower, Governmental Lender and to Funding Lender. Any such removal shall take effect on the day specified in such written instrument(s), but Fiscal Agent shall not be discharged from the trusts hereby created until a successor Fiscal Agent has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of Fiscal Agent hereunder. The rights of Fiscal Agent to indemnity, compensation and reimbursement of fees and expenses shall survive Fiscal Agent's removal as set forth herein and in Section 6.01(d) of the Project Loan Agreement.

Section 7.10. Appointment of Successor Fiscal Agent.

(a) In case at any time Fiscal Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of Fiscal Agent or of its property shall be appointed, or if a public supervisory office shall take charge or control of Fiscal Agent or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Fiscal Agent hereunder, and Borrower, with the written consent of Funding Lender Representative and Governmental Lender, shall promptly appoint a successor Fiscal Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of Borrower. If Borrower fails to appoint a successor Fiscal Agent within ten (10) days following receipt of notice of the resignation or removal of Fiscal Agent pursuant to Section 7.08 or Section 7.09 hereunder, as applicable, Funding Lender Representative may appoint a successor Fiscal Agent and shall provide written notice to Governmental Lender thereof.

(b) If, in a proper case, no appointment of a successor Fiscal Agent shall be made pursuant to subsection (a) of this Section 7.10 within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.08 hereof or of removal of Fiscal Agent pursuant to Section 7.09 hereof, the retiring Fiscal Agent may, at

the expense of the Borrower, apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent.

Section 7.11. Concerning Any Successor Fiscal Agent. Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to Governmental Lender a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Pledged Security and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of Governmental Lender, Borrower or Funding Lender Representative, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Fiscal Agent all the Pledged Security and the rights, powers and trusts of such predecessor hereunder; and every predecessor Fiscal Agent shall deliver all securities and money held by it as Fiscal Agent hereunder to its successor. Should any instrument in writing from Governmental Lender be required by a successor Fiscal Agent for more fully and certainly vesting in such successor the Pledged Security and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Governmental Lender. The resignation of any Fiscal Agent and the instrument or instruments removing any Fiscal Agent and appointing a successor hereunder, together with all other instruments provided for in this Article VII, shall be filed and/or recorded by the successor Fiscal Agent in each recording office where this Funding Loan Agreement shall have been filed and/or recorded. Each successor Fiscal Agent shall mail notice by first class mail, postage prepaid, at least once within thirty (30) days of such appointment, to Funding Lender.

Section 7.12. Successor Fiscal Agent. In the event of a change in the office of Fiscal Agent, the predecessor Fiscal Agent which shall have resigned or shall have been removed shall cease to be Fiscal Agent with respect to the Governmental Note, and the successor Fiscal Agent shall become such Fiscal Agent.

Section 7.13. Appointment of Co-Fiscal Agent or Separate Fiscal Agent. It is the intent of Governmental Lender and Fiscal Agent that there shall be no violation of any law of any jurisdiction (including particularly the laws of the Property Jurisdiction) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under or connected with this Funding Loan Agreement, the Project Loan Agreement or any of the other Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case Fiscal Agent 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 or therein granted to Fiscal Agent or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that Fiscal Agent, with the consent of Governmental Lender and Funding Lender Representative, appoint an additional individual or institution as a co-fiscal agent or separate fiscal agent.

In the event that Fiscal Agent appoints an additional individual or institution as a co-fiscal agent or separate fiscal agent, in the event of the incapacity or lack of authority of Fiscal Agent,

by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to Fiscal Agent herein or to hold title to the Pledged Security or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement to be imposed upon, exercised by or vested in or conveyed to Fiscal Agent with respect thereto shall be imposed upon, exercisable by and vest in such separate fiscal agent or co-fiscal agent, but only to the extent necessary to enable such co-fiscal agent or separate fiscal agent to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-fiscal agent or separate fiscal agent shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.13. Such co-fiscal agent or separate fiscal agent shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to Governmental Lender and Fiscal Agent.

Should any instrument in writing from Governmental Lender be required by the co-fiscal agent or separate fiscal agent so appointed by Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Governmental Lender, Fiscal Agent and Borrower. If Governmental Lender shall fail to deliver the same within thirty (30) days of such request, Fiscal Agent is hereby appointed attorney-in-fact for Governmental Lender to execute, acknowledge and deliver such instruments in Governmental Lender's name and stead. In case any co-fiscal agent or separate fiscal agent, 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 co-fiscal agent or separate fiscal agent, so far as permitted by law, shall vest in and be exercised by Fiscal Agent until the appointment of a new Fiscal Agent or successor to such co-fiscal agent or separate fiscal agent.

Every co-fiscal agent or separate fiscal agent shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Governmental Note shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Funding Loan Agreement conferred upon Fiscal Agent in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by Fiscal Agent.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon Fiscal Agent shall be conferred or imposed upon or exercised or performed by Fiscal Agent, or by Fiscal Agent and such co-fiscal agent, or separate fiscal agent jointly, as shall be provided in the instrument appointing such co-fiscal agent or separate fiscal agent, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed Fiscal Agent shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-fiscal agent or separate fiscal agent.

(c) Any request in writing by Fiscal Agent to any co-fiscal agent or separate fiscal agent to take or to refrain from taking any action hereunder shall be sufficient warrant

for the taking or the refraining from taking of such action by such co-fiscal agent or separate fiscal agent.

(d) Any co-fiscal agent or separate fiscal agent to the extent permitted by law shall delegate to Fiscal Agent the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) Fiscal Agent at any time by an instrument in writing with the concurrence of Governmental Lender evidenced by a certified resolution may accept the resignation of or remove any co-fiscal agent or separate fiscal agent appointed under this Section 7.13 and in case an Event of Default shall have occurred and be continuing, Fiscal Agent shall have power to accept the resignation of or remove any such co-fiscal agent or separate fiscal agent without the concurrence of Governmental Lender, and upon the request of Fiscal Agent, Governmental Lender shall join with Fiscal Agent in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-fiscal agent or separate fiscal agent so resigned or removed may be appointed in the manner provided in this Section 7.13.

(f) No Fiscal Agent or co- fiscal agent hereunder shall be personally liable by reason of any act or omission of any other Fiscal Agent hereunder.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by Funding Lender Representative and delivered to Fiscal Agent shall be deemed to have been delivered to each such co-fiscal agent or separate fiscal agent.

(h) Any money, papers, securities or other items of personal property received by any such co-fiscal agent or separate fiscal agent hereunder shall forthwith, so far as may be permitted by law, be turned over to Fiscal Agent.

The total compensation of Fiscal Agent and any co-fiscal agent or separate fiscal agent shall be as, and may not exceed the amount, provided in Section 7.05 hereof.

Section 7.14. Notice of Certain Events. Fiscal Agent shall give written notice to Governmental Lender, Loan Servicer and Funding Lender Representative of any failure by Borrower to comply with the terms of the TEL Regulatory Agreement or any Determination of Taxability of which a Responsible Officer has actual knowledge.

Section 7.15. Filing of Financing Statements. Fiscal Agent shall, at the expense of Borrower, file or record or cause to be filed or recorded all continuation statements for financing statements that have been delivered to Fiscal Agent on which Fiscal Agent is named as a secured party or additional secured party for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Delivery Date in connection with the security for the Funding Loan pursuant to the authority of the Uniform Commercial Code. Upon the filing of any such continuation statement Fiscal Agent shall immediately notify Governmental Lender, Borrower, Funding Lender Representative and Loan Servicer that the same has been done. If direction is given by Loan Servicer or Funding Lender

Representative, Fiscal Agent shall file all continuation statements in accordance with such directions.

Notwithstanding anything to the contrary contained herein, Fiscal Agent shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code and unless Fiscal Agent shall have been notified by Funding Lender that any such initial filing or description of collateral was or has become defective, Fiscal Agent shall be fully protected in relying on such initial filing and descriptions in filing any continuation statements or modifications thereto pursuant to this Section 7.15 and in filing any continuation statements in the same filing offices as the initial filings were made.

Section 7.16. USA Patriot Act Requirements of Fiscal Agent. 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, Fiscal Agent may request documentation to verify such Person's formation and existence as a legal entity. Fiscal Agent may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII

AMENDMENTS OF CERTAIN DOCUMENTS.

Section 8.01. Amendments to Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Note may be amended or waived only by an instrument signed by Fiscal Agent and Governmental Lender, and with the prior written consent of Funding Lender Representative and, prior to the Conversion Date, Permanent Funding Lender. All fees, costs and expenses (including attorneys' fees, costs and expenses) incurred in connection with any amendment, modification or supplement shall be payable by the Borrower.

Section 8.02. Amendments to Financing Documents Require Consent of Funding Lender Representative and Permanent Funding Lender. Neither Governmental Lender nor Fiscal Agent shall consent to any amendment, change or modification of any Financing Document without the prior written consent of Funding Lender Representative and, prior to Conversion Date, Permanent Funding Lender. Fiscal Agent shall enter into such amendments to the Financing Documents as shall be directed by Funding Lender Representative, including entering into the amendments attached as exhibits to the Forward Loan Purchase Agreement on the Conversion Date.

Section 8.03. Required Consents and Opinions. No amendment to this Funding Loan Agreement, the Governmental Note, the Project Loan Agreement, the Project Note, the Security Instrument or the TEL Regulatory Agreement or the Tax Exemption Agreement shall become effective unless and until all of the following have occurred; provided such requirements shall not

apply in connection with execution of the amendments attached as exhibits to the Forward Loan Purchase Agreement on the Conversion Date:

(a) Funding Lender Representative, and prior to the Conversion Date, Permanent Funding Lender, shall have consented to the same in writing in its sole discretion.

(b) Funding Lender Representative, Governmental Lender and Fiscal Agent shall have received, at the expense of Borrower:

(i) A Favorable Opinion of Bond Counsel with respect to such amendment, change or modification;

(ii) An opinion or opinions of counsel acceptable to Governmental Lender and Funding Lender Representative to the effect that any such proposed amendment, change or modification is authorized and complies with the provisions of this Funding Loan Agreement; and

(iii) An opinion or opinions of counsel of each of the parties to any such proposed amendment, change or modification acceptable to Governmental Lender and Funding Lender Representative to the effect that such proposed amendment, change or modification is a legal, valid and binding obligation of such party, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE IX

SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT

Section 9.01. Discharge of Lien.

(a) These presents and the estates and rights hereby granted shall cease, determine and be void if Governmental Lender shall:

(i) Pay or cause to be paid to Funding Lender the principal, interest and Prepayment Premium, if any, to become due with respect to the Funding Loan and the Governmental Note at the times and in the manner stipulated herein and in the Governmental Note, in any one or more of the following ways:

(A) By the payment of all unpaid principal of (including Prepayment Premium, if any) and interest on the Funding Loan and the Governmental Note;

(B) After the Conversion Date and prior to the Window Period (or, if the Conversion Date does not occur, after the latest date on which Conversion was permitted to occur under the Forward Loan Purchase Agreement), by the deposit to the account of Fiscal Agent, in trust, of money

or securities in the necessary amount to pay the principal, Prepayment Premium and interest to the Maturity Date; or

(C) By the delivery of the Governmental Note by Funding Lender to Fiscal Agent for cancellation; and

(ii) Have paid all amounts due and owing under the other Financing Documents;

(iii) Have paid all fees and expenses of and any other amounts due to Fiscal Agent, Loan Servicer and Rebate Analyst; and

(iv) Keep, perform and observe all and singular the covenants and promises in the Governmental Note and in this Funding Loan Agreement expressed as to be kept, performed and observed by it or on its part.

(b) Upon satisfaction of each of the requirements of Section 9.01(a), Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to Governmental Lender the estate hereby conveyed, and assign and deliver to Governmental Lender any interest in property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except amounts held by Fiscal Agent for the payment of principal of, interest and Prepayment Premium, if any, on the Governmental Note, and the payment of any amounts owed to the United States of America pursuant to Section 4.10 hereof.

(c) After the Conversion Date and prior to the Window Period (or, if the Conversion Date does not occur, after the latest date on which Conversion was permitted to occur under the Forward Loan Purchase Agreement) and subject to the satisfaction of the conditions set forth in Section 4.04(c) of the Project Loan Agreement, the Funding Loan and the Governmental Note shall, prior to the Maturity Date, be deemed to have been paid within the meaning and with the effect expressed in Section 9.01(a) based on a deposit of moneys or securities with Fiscal Agent pursuant to Section 9.01(a)(i)(B) if, under circumstances which do not cause interest on the Governmental Note to become includable in the gross income of the holder thereof for federal income tax purposes, each of the following conditions shall have been fulfilled:

(i) There shall be on deposit with Fiscal Agent either money or noncallable and nonprepayable direct obligations of the United States of America (or other defeasance securities constituting Qualified Investments approved in writing by Funding Lender Representative) in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal and interest due and to become due on the Funding Loan and the Governmental Note up to and on the Maturity Date;

(ii) Fiscal Agent and Governmental Lender shall have received a verification report of a firm of certified public accountants or financial analyst reasonably acceptable to Funding Lender Representative as to the adequacy of the

amounts or securities so deposited to fully pay the Funding Loan and the Governmental Note;

(iii) Fiscal Agent, Governmental Lender and Funding Lender Representative shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if Borrower, any general partner, member or guarantor of Borrower, or Governmental Lender were to become a debtor in a proceeding under the Bankruptcy Code:

(A) Payment of such money to Funding Lender would not constitute a voidable preference under Section 547 of the Bankruptcy Code and

(B) The automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Funding Loan and the Governmental Note.

(iv) Fiscal Agent, Governmental Lender and Funding Lender Representative shall have received (A) an opinion of counsel (which may be Bond Counsel) to the effect that the defeasance of the Governmental Note is in accordance with the provisions of this Funding Loan Agreement, and (B) a Favorable Opinion of Bond Counsel with respect to such defeasance.

(v) Fiscal Agent shall have received written confirmation that all fees, expenses or reimbursement of any advances due to Funding Lender and Loan Servicer under the Financing Documents have been fully paid.

Section 9.02. Discharge of Liability on Funding Loan. Upon the deposit with Fiscal Agent, in trust, on or before the Maturity Date, of money or securities in the necessary amount (as provided in Section 9.01 above) to pay or prepay the Funding Loan (whether upon or prior to the Maturity Date or the prepayment date of the Funding Loan) *provided* that, if the Funding Loan is to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as provided in Article III or provision satisfactory to Fiscal Agent shall have been made for the giving of such notice, all liability of Governmental Lender in respect of the Funding Loan shall cease, terminate and be completely discharged, except only that thereafter Funding Lender shall be entitled to payment by Governmental Lender, and Governmental Lender shall remain liable for such payment, but only out of the money or securities deposited with Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

Section 9.03. Payment of Funding Loan After Discharge of Funding Loan Agreement. Notwithstanding any provisions of this Funding Loan Agreement, and subject to applicable unclaimed property laws of the Property Jurisdiction, any money deposited with Fiscal Agent or any paying agent in trust for the payment of the principal of, interest or Prepayment Premium on the Governmental Note remaining unclaimed for three (3) years after the maturity or earlier payment date shall be reported and disposed of by Fiscal Agent in accordance with applicable unclaimed property laws of the Property Jurisdiction, whereupon all liability of Governmental Lender and Fiscal Agent with respect to such money shall cease, and Funding

Lender shall thereafter look solely to Borrower for payment of any amounts then due. All money held by Fiscal Agent and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.

ARTICLE X

MISCELLANEOUS

Section 10.01. Servicing of the Loans. Funding Lender Representative may appoint a Loan Servicer (which may be Funding Lender Representative if Funding Lender Representative elects to service the Loans) to service the Loans as provided in Section 3.02 of the Project Loan Agreement.

Section 10.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Funding Loan Agreement or the Governmental Note is intended or shall be construed to give to any Person other than the Parties hereto, Funding Lender, Funding Lender Representative, Loan Servicer and Borrower, any legal or equitable right, remedy or claim under or in respect to this Funding Loan Agreement or any covenants, conditions and provisions hereof.

Section 10.03. Construction of Conflicts; Severability.

(a) Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by Borrower or any other arrangements agreed to by Borrower in order to finance or refinance the Project with the proceeds of the Funding Loan, the interest on which is excludable from gross income of the holder thereof for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Project Loan Documents, then the Project Loan Documents shall be controlling in all respects. If any provision of this Funding Loan Agreement shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

(b) The invalidity of any one or more phrases, sentences, clauses or sections in this Funding Loan Agreement contained, shall not affect the remaining portions of this Funding Loan Agreement, or any part thereof.

Section 10.04. Notices.

(a) Whenever in this Funding Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower, Equity Investor or Loan Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Funding Loan Agreement by Electronic Instruction and Notice. Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower, Equity Investor or Loan Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

If to Governmental Lender: Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Director of Multifamily Bonds
Email: teresa.morales@tdhca.texas.gov

If to Fiscal Agent: Zions Bancorporation, National Association
1801 Main St., Suite 460
Houston, Texas 77002
Attention: Corporate Trust
Email: alyssa.surface@amegybank.com

If to Borrower: Waters at Waterchase, LP
c/o AHF-Waters at Waterchase, LLC
c/o Atlantic Housing Foundation, Inc.
4770 Iberia Ave, Suite 100
Dallas, TX 75207
Attn: Michael N. Nguyen
Phone: 469-206-8903
Facsimile: 469-206-8999
E-mail: owner@atlantichousing.org

with a copy to: Coats Rose, P.C.
201 East Fifth Street, Suite 1810
Cincinnati, Ohio 45202
Attention: Ronald A. Bell, Esq.
Telephone: (513) 830-0266
Facsimile: (513) 672-0495
E-mail: rbell@coatsrose.com

(which copy shall not constitute notice to Borrower)

If to the Equity Investor:

Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
11000 Broken Land Parkway, Suite 700
Columbia, Maryland 21044
Attention: Asset Management
Email: legal@enterprisecommunity.com

with a copy to:

Jones Walker LLP
420 20th Street North, Suite 1100
Birmingham, Alabama 35203
Attention: Kelly B. Lewis and Brandon D. Hughey
Email: bhughey@joneswalker.com

(which copy shall not constitute notice to Equity Investor)

If to Funding Lender Representative or Loan Servicer (during the Construction Phase):

Fifth Third Bank, N.A., successor by merger to Comerica Bank
100 NE 3rd Avenue, 9th Floor
Fort Lauderdale, FL 33301
Attention: Andrew A. Wong
Email: aawong@comerica.com
Telephone: 954-295-7803

with a copy to:

Greenberg Traurig
1000 Louisiana Street, Suite 6700
Houston, TX 77002
Attention: Wayne Yaffee
Email: wayne.yafffee@gtlaw.com
Telephone: 713-374-3655

If to Funding Lender: Representative or Loan Servicer (after the Conversion Date):

Barings Affordable Housing Mortgage Fund III LLC
c/o Barings
300 S. Tryon Street, Suite 2500
Charlotte NC 28202
Attention: Legal Department, Real Estate Finance
Loan No.: [_____]

With a copy to:

NewPoint Real Estate Capital LLC
5800 Tennyson Parkway, Suite 200

Plano, TX 75024
Attention: Loan Administration
Loan No.: [_____]

With a copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: Brian C. Eades, Esq.
E-mail: brian.eades@kutakrock.com

If to Fee Owner:

AHF-Waterchase, LLC
c/o Atlantic Housing Foundation, Inc.
4770 Iberia Ave, Suite 100
Dallas, TX 75207
Attn: Michael N. Nguyen
Phone: 469-206-8903
Facsimile: 469-206-8999
E-mail: owner@atlantichousing.org

with a copy to:

Coats Rose, P.C.
201 East Fifth Street, Suite 1810
Cincinnati, Ohio 45202
Attention: Ronald A. Bell, Esq.
Telephone: (513) 830-0266
Facsimile: (513) 672-0495
E-mail: rbell@coatsrose.com

A duplicate copy of each notice or other communication given hereunder by any party to Loan Servicer shall also be given to Funding Lender Representative and by any party to Funding Lender Representative to Loan Servicer.

A duplicate copy of each notice or other communication given hereunder by any party to Borrower shall also be given to Equity Investor.

Fiscal Agent agrees to accept and act upon Electronic Instruction and Notice pursuant to this Funding Loan Agreement.

(b) Fiscal Agent shall provide to Funding Lender Representative, Governmental Lender and Loan Servicer (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from Funding Lender Representative and Loan Servicer for any such information or other communication.

Section 10.05. Funding Lender Representative.

(a) Initial Funding Lender is the initial Funding Lender Representative with respect to the Governmental Note. Upon the Conversion Date, the Permanent Funding Lender shall become Funding Lender Representative. Funding Lender Representative shall be entitled to all the rights and privileges of Funding Lender hereunder and under the other Financing Documents.

(b) Funding Lender Representative may provide written notice to Fiscal Agent designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction or other instrument on behalf of Funding Lender Representative, and such notice may be amended or rescinded by Funding Lender Representative at any time by subsequent written notice. Funding Lender Representative may be removed and a successor appointed by a written notice in the form of Exhibit B hereto given by Funding Lender to Fiscal Agent, Governmental Lender, Loan Servicer and Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by Fiscal Agent. Funding Lender may appoint any Person to act as Funding Lender Representative, including, without limitation, Loan Servicer. If, for any reason, a Funding Lender Representative resigns by written notice provided to Fiscal Agent, Funding Lender, Governmental Lender, Loan Servicer and Borrower, all references to Funding Lender Representative herein and in the other Financing Documents shall be deemed to refer to Funding Lender until a successor Funding Lender Representative is appointed by Funding Lender.

(c) Whenever pursuant to this Funding Loan Agreement or any other Financing Document, Funding Lender Representative exercises any right given to it to approve or disapprove, any arrangement or term hereof, the decision of Funding Lender Representative to approve or disapprove or to decide whether arrangements or terms are acceptable or not acceptable shall be in the sole discretion of Funding Lender Representative, except as otherwise specifically indicated.

(d) Each Funding Lender, by their purchase or other acquisition of the Funding Loan, shall be deemed to have acknowledged and agreed to the provisions of this Funding Loan Agreement and the other Financing Documents with respect to Funding Lender Representative and the rights and privileges thereof, including but not limited to the right to control all remedies in respect of the Governmental Note and the Loans.

Section 10.06. Payments Due on Non-Business Days. In any case where a date of payment with respect to the Funding Loan shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.

Section 10.07. Counterparts. This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.08. Laws Governing This Funding Loan Agreement. The effect and meaning of this Funding Loan Agreement and the rights of all parties hereunder shall be governed by, and construed according to, the internal laws of the Property Jurisdiction without regard to conflicts of laws principles.

Section 10.09. No Recourse. All covenants, obligations and agreements of the Governmental Lender contained in this Funding Loan Agreement and the Governmental Note shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future official, director, officer, employee, agent or attorney of the Governmental Lender in other than his official capacity, and no official executing this Funding Loan Agreement and the Governmental Note shall be liable personally on the Funding Loan or the Governmental Note or be subject to any personal liability or accountability by reason of the execution thereof or by reason of the covenants, obligations or agreements of the Governmental Lender contained in this Funding Loan Agreement or in the Governmental Note. No provision, covenant or agreement contained in this Funding Loan Agreement or the Governmental Note, or any obligation herein or therein imposed upon the Governmental Lender, or the breach thereof, shall constitute or give rise to or impose upon the Governmental Lender a pecuniary liability or a charge. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Governmental Lender contained in this Funding Loan Agreement or in the Governmental Note or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Governmental Lender contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance of the Governmental Note or the incurrence of the Funding Loan, against any member of the governing board of the Governmental Lender, its officers, counsel, financial advisor, employees or agents, as such, in his or her individual capacity, past, present, or future, or of any successor thereto, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any member of the governing board, officers, counsel, financial advisors, employees or agents, as such, in his or her individual capacity, past, present, or future, of the Governmental Lender or of any successor thereto, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Governmental Lender and the Fiscal Agent, the Funding Lender or the Borrower to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such director, officer, counsel, financial advisor, employee or agent, is, by the execution of the Governmental Note and this Funding Loan Agreement, and as a condition of, and as part of the consideration for, the execution of the Governmental Note, this Funding Loan Agreement and any other document or instrument in connection with the Funding Loan, expressly waived and released.

Section 10.10. Successors and Assigns. All the covenants and representations contained in this Funding Loan Agreement by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

[Signature Pages Follow]

IN WITNESS WHEREOF, Governmental Lender, the Initial Funding Lender and Fiscal Agent have caused this Funding Loan Agreement to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

GOVERNMENTAL LENDER:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,

By: _____
James B. "Beau" Eccles
Secretary to the Board

SIGNATURES CONTINUE ON FOLLOWING PAGE

INITIAL FUNDING LENDER:

FIFTH THIRD BANK, N.A.

By: _____
Andrew A. Wong, Senior Vice President

SIGNATURES CONTINUE ON FOLLOWING PAGE

FISCAL AGENT:

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
a national banking association

By: _____
Name: _____
Title: _____

Schedule I

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Section 8.03 Required Consents and Opinions

ARTICLE IX SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT

Section 9.01 Discharge of Lien
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ARTICLE X MISCELLANEOUS

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Section 10.02 Limitation of Rights
Section 10.03 Construction of Conflicts; Severability
Section 10.04 Notices
Section 10.05 Funding Lender Representative
Section 10.06 Payments Due on Non-Business Days
Section 10.07 Counterparts
Section 10.08 Laws Governing This Funding Loan Agreement
Section 10.09 No Recourse
Section 10.10 Successors and Assigns

EXHIBIT A

FORM OF GOVERNMENTAL NOTE

THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS MULTIFAMILY HOUSING GOVERNMENTAL NOTE. THE FAITH, CREDIT OR TAXING POWER OF THE STATE OF TEXAS IS NOT PLEDGED, GIVEN OR LOANED TO PAYMENT OF THIS MULTIFAMILY NOTE'S PRINCIPAL OR INTEREST.

THIS GOVERNMENTAL NOTE MAY BE OWNED ONLY BY A QUALIFIED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL NOTE (A) REPRESENTS THAT IT IS A QUALIFIED TRANSFEREE AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL NOTE TO ANOTHER QUALIFIED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE NOTE
(WATERS AT WATERCHASE)
SERIES 2026

US $_____ Dated Date: [June] 1, 2026 No. [R][I]-__

FOR VALUE RECEIVED, the undersigned, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "**Obligor**"), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of _____ (the "**Funding Lender**"), and its assigns, the principal sum of [EIGHTEEN MILLION DOLLARS ($18,000,000)], plus Prepayment Premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 (this "**Governmental Note**") is being delivered pursuant to that certain Funding Loan Agreement dated as of [June] 1, 2026 (together with any and all amendments, modifications, supplements and restatements, the "**Funding Loan Agreement**"), among Funding Lender, the Obligor and Zions Bancorporation, National Association (the "**Fiscal Agent**"), pursuant to which the Obligor has incurred a loan in the original principal amount of $[18,000,000] (the "**Funding Loan**"), and this Governmental Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Obligor is using the proceeds of the Funding Loan to make a loan to Waters at Waterchase, LP, a Texas limited partnership (the "**Borrower**"), pursuant to the Project Loan Agreement dated as of [June] 1, 2026 (the "**Project Loan Agreement**"), among the Obligor, Borrower, and Fiscal Agent.

1. **Defined Terms**. As used in this Governmental Note, (i) the term "Funding Lender" means the holder of this Governmental Note, and (ii) the term "Indebtedness" means the principal

of, Prepayment Premium, if any, and interest on or any other amounts due at any time under this Governmental Note or the Funding Loan Agreement. "Event of Default" and other capitalized terms used but not defined in this Governmental Note shall have the meanings given to such term in the Funding Loan Agreement.

2. **Payments of Principal and Interest**. The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) (i) on the first Business Day of each month commencing [_____] 1, 2026, interest on this Governmental Note at the Construction Phase Interest Rate during the Construction Phase and (ii) on the fifth calendar day of each month commencing the first full calendar month after the Conversion Date, interest on the outstanding principal balance of this Governmental Note at the Permanent Phase Interest Rate during the Permanent Phase, and shall also pay interest on this Governmental Note at the foregoing rates on the date of any optional or mandatory prepayment or acceleration of all or part of the Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Governmental Note subject to prepayment. Interest on this Governmental Note shall be computed on the basis of (i) during the Construction Phase, a 360-day year and shall be assessed for the actual days elapsed, and (ii) during the Permanent Phase, a 360-day year and twelve (12) months of thirty (30) days each.

The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Governmental Note in full on [MATURITY DATE] (the "**Maturity Date**") and in monthly installments on each date set forth on the Funding Loan Amortization Schedule attached as Schedule 1 hereto in an amount equal to the corresponding amounts set forth thereon (as such Schedule 1 may be replaced by a new Funding Loan Amortization Schedule provided by Permanent Funding Lender on the Conversion Date as provided in Section 2.01(e) of the Funding Loan Agreement), or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

3. **Manner of Payment**. All payments under this Governmental Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Funding Loan Agreement.

4. **Application of Payments**. If at any time Funding Lender receives any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Funding Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Funding Lender, in Funding Lender's discretion. Neither Funding Lender's acceptance of a payment in an amount that is less than all amounts then due and payable nor Funding Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. **Security**. The Indebtedness is secured by, among other things, the Pledged Security pledged pursuant to the Funding Loan Agreement.

6. **Acceleration**. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Governmental Note shall at once become due and payable, at the option of Funding Lender, as governed by the Funding Loan Agreement, without any prior notice to the Obligor (unless required by applicable law). Funding Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Prepayment; Prepayment Premium**. This Governmental Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.

8. **Forbearance**. Any forbearance by Funding Lender in exercising any right or remedy under this Governmental Note or any other document evidencing or securing the Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Funding Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Funding Lender of any security for the obligations under this Governmental Note shall not constitute an election by Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to Funding Lender.

9. **Waivers**. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Obligor and all endorsers and guarantors of this Governmental Note and all other third-party obligors.

10. **Loan Charges**. Neither this Governmental Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law, pursuant to Chapter 1204 of the Texas Government Code (the "**Maximum Interest Rate**"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor in connection with the Funding Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Obligor is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Governmental Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Governmental Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Governmental Note.

11. **Governing Law**. This Governmental Note shall be governed by the internal law of the Property Jurisdiction.

12. **Captions**. The captions of the paragraphs of this Governmental Note are for convenience only and shall be disregarded in construing this Governmental Note.

13. **Address for Payment**. All payments due under this Governmental Note shall be payable at the principal office of Funding Lender as designated by Funding Lender in writing to Fiscal Agent and Loan Servicer.

14. **Default Rate**. So long as (a) any monthly installment under this Governmental Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Governmental Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the "**Default Rate**") equal to (I) during the Construction Phase, the lower of (a) three percent (3%) per annum plus the Construction Phase Interest Rate otherwise in effect notwithstanding the default or (b) the Maximum Interest Rate; or (II) during the Permanent Phase, the lower of (a) four percent (4%) per annum plus the greater of (i) the Permanent Phase Interest Rate otherwise in effect notwithstanding the default or (ii) the Federal Funds Rate, or (b) the Maximum Interest Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date or on the date of any mandatory prepayment or acceleration, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date or such other date at the lesser of the Default Rate or the Maximum Interest Rate.

15. **Limited Obligation. NOTWITHSTANDING ANY OTHER PROVISION OF THIS GOVERNMENTAL NOTE TO THE CONTRARY, ANY OBLIGATION THAT THE OBLIGOR MAY INCUR UNDER THE FUNDING LOAN AGREEMENT OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE OBLIGOR, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION PAYABLE SOLELY FROM THE PLEDGED SECURITY. THIS GOVERNMENTAL NOTE SHALL CONSTITUTE A VALID CLAIM OF THE HOLDER THEREOF AGAINST THE PLEDGED SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREPAYMENT PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE FUNDING LOAN AGREEMENT. THIS GOVERNMENTAL NOTE, TOGETHER WITH INTEREST THEREON, SHALL BE A LIMITED OBLIGATION OF THE OBLIGOR GIVING RISE TO NO CHARGE AGAINST THE OBLIGOR'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE PLEDGED SECURITY. THE PRINCIPAL OF, PREPAYMENT PREMIUM, IF ANY AND INTEREST ON THIS GOVERNMENTAL NOTE SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE OBLIGOR (EXCEPT TO THE EXTENT OF THE PLEDGED SECURITY). THIS GOVERNMENTAL NOTE IS NOT AND DOES NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS (THE "STATE"), 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, AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THIS GOVERNMENTAL NOTE. THE OBLIGOR HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS NOTE OR FOR ANY CLAIM BASED ON THIS NOTE, OR OTHERWISE IN RESPECT OF THIS NOTE, OR BASED ON OR IN RESPECT OF THE FUNDING LOAN AGREEMENT OR ANY SUPPLEMENTAL FUNDING LOAN AGREEMENT, AGAINST THE GENERAL CREDIT OF THE GOVERNMENTAL LENDER OR AGAINST ANY PAST, PRESENT OR FUTURE GOVERNING BOARD MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE GOVERNMENTAL LENDER, OR OF ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, AS SUCH, EITHER DIRECTLY OR THROUGH THE GOVERNMENTAL LENDER OR ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS NOTE.

16. **Funding Loan Agreement Controlling**. The terms of this Note are subject in all respects to the terms of the Funding Loan Agreement. If there is a conflict between the provisions of this Note and the Funding Loan Agreement, the Funding Loan Agreement shall govern and control.

THIS GOVERNMENTAL NOTE SHALL NOT BE ENTITLED to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Note shall have been authenticated by the execution by Fiscal Agent of the Certificate of Authentication or the manual or electronic execution by the Comptroller of Public Accounts of the State of Texas of the Registration Certificate of Comptroller of Public Accounts hereon or such form of registration as the Comptroller of Public Accounts of the State of Texas may utilize from time to time.

[Signature page follows]

IN WITNESS WHEREOF, the Obligor has caused this Governmental Note to be duly executed in the name of Governmental Lender under its official seal and by the manual or facsimile signature of its Chair or Vice Chair and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, as of the date shown above.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(SEAL)

By:_____
[Vice] Chair

ATTEST:

By:_____
[Assistant] Secretary

[FORM OF COMPTROLLER REGISTRATION; FOR INITIAL NOTE ONLY]

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 Governmental Note 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 CERTIFICATE OF AUTHENTICATION; NOT FOR INITIAL NOTE]

CERTIFICATE OF AUTHENTICATION

This Governmental Note is issued under the provisions of and described in the within-mentioned Funding Loan Agreement.

Date of Authentication: _____

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent

By: _____
Authorized Signer

SCHEDULE 1

FUNDING LOAN AMORTIZATION SCHEDULE

[TO BE PROVIDED BY PERM LENDER COUNSEL]

EXHIBIT B

NOTICE OF APPOINTMENT OF
FUNDING LENDER REPRESENTATIVE

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent
1801 Main St., Suite 460
Houston, Texas 77002
Attention: Corporate Trust

WATERS AT WATERCHASE, LP
c/o Atlantic Housing Foundation, Inc.
4770 Iberia Ave, Suite 100
Dallas, TX 75207
Attn: Michael N. Nguyen

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
P.O. Box 13941
Austin, Texas 78711
Attention: Director of Multifamily Bonds

FIFTH THIRD BANK, N.A.
100 NE 3rd Avenue, 9th Floor
Fort Lauderdale, FL 33301
Attention: Andrew A. Wong

BARINGS AFFORDABLE HOUSING MORTGAGE FUND III LLC
300 S. Tryon Street, Suite 2500
Charlotte NC 28202
Attention: Legal Department, Real Estate Finance
Loan No.: [_____]

Re: Waters at Waterchase

Ladies and Gentlemen:

The undersigned is the holder (the "**Funding Lender**") of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 dated [June] 1, 2026 (the "**Governmental Note**") delivered pursuant to the Funding Loan Agreement dated as of [June] 1, 2026 (the "**Funding Loan Agreement**"), among Fifth Third Bank, N.A. (the "**Initial Funding Lender**"), the Texas Department of Housing and Community Affairs (the "**Governmental Lender**") and Zions Bancorporation, National Association (the "**Fiscal Agent**"). Pursuant to Section 10.05 of the Funding Loan Agreement, you are hereby notified that, effective immediately upon receipt of this notice by Fiscal Agent, Funding Lender Representative appointed under Section 10.05 of the Funding Loan Agreement shall be _____. The Person previously appointed as Funding Lender

Representative, if any, shall upon the effectiveness of this notice no longer have any further rights or obligations as Funding Lender Representative.

The following individual or individuals shall have the authority to execute any consent, waiver, approval, direction or other instrument on behalf of Funding Lender Representative and the signature(s) set forth next to his/her/their name(s) is/are his/her/their true and correct signature(s).

Name	Signature
_____	_____
_____	_____
_____	_____
_____	_____

Additional individuals may be given such authority by written notice to you from Funding Lender Representative or from Funding Lender.

This notice is dated as of the _____ day of _____, _____.

FUNDING LENDER:

_____, a
_____

By: _____
Name:_____
Title: _____

EXHIBIT C

FORM OF TRANSFEREE REPRESENTATIONS LETTER

[To be prepared on letterhead of transferee]

[Date]

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent
1801 Main St., Suite 460
Houston, Texas 77002
Attention: Corporate Trust

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
P.O. Box 13941
Austin, Texas 78711
Attention: Director of Multifamily Bonds

Re: Waters at Waterchase

Ladies and Gentlemen:

The undersigned representative of _____ (the "Funding Lender"), the funding lender of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026, dated as of [June 1, 2026] (the "Governmental Funding Lender Note"), does hereby certify, represent and warrant for the benefit of the Texas Department of Housing and Community Affairs (the "Governmental Funding Lender") and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), that the Funding Lender is an "accredited investor" as that term is defined in Rule 501(a)(1), (2), (3), (7) or (8), as amended (an "Accredited Investor"), or a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (a "QIB").

The Funding Lender hereby acknowledges, represents, and warrants to, and agrees with, the Governmental Funding Lender and the Fiscal Agent, as follows:

(1) The Funding Lender is purchasing the Governmental Funding Lender Note 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 Governmental Funding Lender Note in a custodial or trust arrangement each of the beneficial owners of which shall be required to be a QIB.

(2) The Funding Lender 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 Governmental Funding Lender Note, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto, the Funding Lender has no need for liquidity

in such investment and the Funding Lender 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 Funding Lender acknowledges that it has been provided with, and has had the opportunity to review, the documents relating to the issuance of the Governmental Funding Lender Note by the Governmental Funding Lender. The Funding Lender 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 Governmental Funding Lender, Waters at Waterchase, LP (the "Borrower"), and its credit standing, the Project Loan Agreement dated as of [June 1, 2026], between the Governmental Funding Lender and the Borrower (the "Project Loan Agreement"), the Funding Loan Agreement dated as of [June 1, 2026], among the Governmental Funding Lender, Fifth Third Bank, N.A., as funding lender and the Fiscal Agent (the "Funding Loan Agreement"), and the Governmental Funding Lender Note so that, as a sophisticated investor, the Funding Lender has been able to make its decision to purchase the Governmental Funding Lender Note.

(4) The Funding Lender 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 Funding Lender 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 Governmental Funding Lender Note; has knowledge and experience in financial and business matters that make it capable of evaluating the Borrower, the Governmental Funding Lender Note and the risks associated with the extension of credit evidenced by the Governmental Funding Lender Note; and has the ability to bear the economic risk of extending the credit evidenced by the Governmental Funding Lender Notes. The Funding Lender is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its extension of credit evidenced by the Governmental Funding Lender Notes.

(6) The Funding Lender acknowledges that (a) the Governmental Funding Lender Note (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 Governmental Funding Lender Notes and that none is likely to develop.

(7) THE FUNDING LENDER UNDERSTANDS THAT:

(i) NEITHER THE STATE OF TEXAS NOR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TEXAS, SHALL BE LIABLE OR OBLIGATED (GENERAL, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THE GOVERNMENTAL FUNDING LENDER NOTE 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 GOVERNMENTAL FUNDING LENDER NOTE; AND

(ii) THE GOVERNMENTAL FUNDING LENDER HAS NO TAXING POWER AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL FUNDING LENDER NOTE ARE PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE FISCAL AGENT ON BEHALF OF THE GOVERNMENTAL FUNDING LENDER UNDER THE BORROWER LOAN AGREEMENT AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE FUNDING LOAN AGREEMENT.

(8) The Funding Lender understands that in connection with any proposed transfer or exchange of the Governmental Funding Lender Note, there must be delivered to the Fiscal Agent a letter of the transferee in substantially the same effect as this letter or otherwise as permitted under the Funding Loan Agreement.

(9) The Funding Lender understands that, in connection with any proposed transfer of the Governmental Funding Lender Note, such transfer must be limited to an Eligible Funding Lender. "Eligible Funding Lender" means a prospective transferee that the Funding Lender 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 FUNDING LENDER INDEMNIFIES THE GOVERNMENTAL FUNDING LENDER AND THE FISCAL AGENT AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) THAT RESULT IF THE REPRESENTATIONS CONTAINED IN THE FUNDING LENDER'S TRANSFEREE REPRESENTATIONS LETTER ARE FALSE IN ANY MATERIAL RESPECT.**

(11) The Funding Lender is acquiring 100% of the Governmental Funding Lender Note.

The Funding Lender has conducted its own investigation to the extent it deemed necessary. The Funding Lender has been offered an opportunity to have made available to it any and all such information it might request from the Governmental Funding Lender and the Borrower. On this basis, it is agreed by the Funding Lender that the Funding Lender is not relying on any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

This letter and the representations and agreements contained herein are made for your benefit.

(*Continues on next page*)

IN WITNESS WHEREOF, I have hereunto set my hand the _____ day of _____, 20__.

_____
FUNDING LENDER

By:_____
Name:_____
Title:_____

MUST BE SIGNED BY ACTUAL FUNDING LENDER. MAY NOT BE SIGNED BY NOMINEE OR AGENT

EXHIBIT D

COSTS OF ISSUANCE FUND REQUISITION

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent

Re: Waters at Waterchase

Fiscal Agent:

You are requested to disburse funds from the Costs of Issuance Fund pursuant to Section 4.11 of the Funding Loan Agreement in the amount(s), to the Person(s) and for the purpose(s) set forth in this requisition ("**Requisition**"). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the "**Funding Loan Agreement**"), dated as of [June] 1, 2026, among Fifth Third Bank, N.A. (the "**Initial Funding Lender**"), Texas Department of Housing and Community Affairs, and Zions Bancorporation, National Association, as Fiscal Agent, securing the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 dated [June] 1, 2026 (the "**Governmental Note**").

Requisition No.:	
Payment Due To:	
Amount To Be Disbursed:	

The undersigned, on behalf of Waters at Waterchase, LP, a limited partnership duly organized and existing under the laws of the State of Texas (the "**Borrower**"), certifies that:

(a) the expenditures for which money is requisitioned by this Requisition represent proper charges against the Costs of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested;

(b) the money requisitioned is not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance; and

(c) including amounts paid pursuant to this Requisition, not more than 2% of the Sale Proceeds (as defined in the Tax Exemption Agreement) will have been used for Costs of Issuance.

Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: _____, 2026.

BORROWER:

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF-Waters at Waterchase, LLC,
a Texas limited liability company, its general partner

By: Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, its sole member

By: _____
Name: Michael N. Nguyen
Title: President & CEO

EXHIBIT E

PROJECT LOAN FUND REQUISITION

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent

Re: Waters at Waterchase

Fiscal Agent:

You are requested to disburse funds from the Project Loan Fund pursuant to Section 4.02 of the Funding Loan Agreement in the amount(s), to the Person(s) and for the purpose(s) set forth in this requisition ("**Requisition**"). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the "**Funding Loan Agreement**"), dated as of [June] 1, 2026, among Fifth Third Bank, N.A. (the "**Initial Funding Lender**"), Texas Department of Housing and Community Affairs, and Zions Bancorporation, National Association, as Fiscal Agent, securing the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 dated [June] 1, 2026 (the "**Governmental Note**").

Requisition No.:		
Payment Due To:		
Amount(s) To Be Disbursed:	$	from the Project Account
	$	from the Borrower Equity Account

The undersigned Borrower hereby represents and warrants that the following information and certifications provided in connection with this Requisition are true and correct as of the date hereof and authorizes Loan Servicer to submit this Requisition to Fiscal Agent on behalf of Borrower:

1. The purpose(s) for which disbursement is requested and the party or parties to whom the disbursements shall be made are specified in the Schedule 1 attached hereto (and may include the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned; provided, however, that no reimbursement shall be made for advances and payments made prior to sixty (60) days prior to October 10, 2024).

2. Attached hereto as Schedule 2 is a report setting out the progress of the rehabilitation and all other reports or information relating to the completion of the rehabilitation requested by Initial Funding Lender, if any.

3. Attached hereto as Schedule 3 are copies of any applicable invoices, bills, and appropriate lien waivers for the prior period for which disbursement was made, executed by all contractors and suppliers supplying labor or materials for the rehabilitation.

4. Attached hereto as Schedule 4 is a report prepared by the professional engineer employed by Initial Funding Lender as to the status of the rehabilitation, unless Initial Funding Lender has waived this requirement in writing.

5. The undersigned certifies as follows:

(a) The conditions precedent to disbursement set forth in the Construction Continuing Covenant Agreement have been satisfied.

(b) The disbursement requested pursuant to this Requisition: (i) will be used solely to pay a cost or costs allowable under the Funding Loan Agreement and the Construction Continuing Covenant Agreement and (ii) is substantially in accordance with the proforma draw schedules previously delivered to and accepted by Initial Funding Lender.

(c) None of the items for which disbursement is requested pursuant to this Requisition has formed the basis for any disbursement previously made from the Project Loan Fund and all such items have been properly recorded in Borrower's books and are set forth on Schedule 1, along with paid invoices attached for any sum for which reimbursement is requested and invoices or bills of sales for all other items.

(d) All labor and materials for which disbursements have been requested have been incorporated into the Project in accordance with reasonable and standard building practices, the Construction Continuing Covenant Agreement and all applicable laws, ordinances, rules and regulations of any governmental authority having jurisdiction over the Project.

(e) The materials, supplies and equipment furnished or installed for the Improvements are not subject to any lien or security interest or that the funds to be disbursed pursuant to this Requisition are to be used to satisfy any such lien or security interest.

(f) All of the funds being requisitioned are being used in compliance with all tax covenants set forth in this Funding Loan Agreement, the Project Loan Agreement, the TEL Regulatory Agreement and the Tax Exemption Agreement, including that none of the proceeds of the Funding Loan (including investment earnings thereon) will be used to provide an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, health club facility or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(g) With respect to amounts from the Project Account of the Project Loan Fund, (1) not less than 95% of the Net Proceeds (as defined in the Tax Exemption Agreement) will have been used for Qualified Project Costs (as defined in the Tax Exemption Agreement); (2) less than 25% of the Net Proceeds (as defined in the Tax Exemption Agreement) will have been used for the cost of acquiring land; and (3) not more than 2% of the Net Proceeds (as defined in the Tax Exemption

Agreement) will have been used for Costs of Issuance (as defined in the Tax Exemption Agreement).

(h) Borrower is not in default under the Project Loan Agreement, the Construction Continuing Covenant Agreement or any of the other Project Loan Documents to which it is a party, and nothing has occurred to the knowledge of Borrower that would prevent the performance of its obligations under such documents.

(i) No amounts being requisitioned hereby will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the delivery of the Governmental Note or to pay debt service with respect to the Loans.

(j) Funds deposited with Borrower for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit and Borrower reasonably expects such funds will be disbursed from its account within five (5) Business Days of such deposit.

(k) Borrower has not requested any disbursement pursuant to this Requisition for stored items.

[The following items may not be required for Initial Disbursement]

6. Estimated costs of completing the uncompleted rehabilitation as of the date of this Requisition: _____.

7. Percent of the rehabilitation completed as of the date this request: _____%.

Date of Requisition: _____, 2026

BORROWER:

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF-Waters at Waterchase, LLC,
a Texas limited liability company, its general partner

By: Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, its sole member

By: _____
Name: Michael N. Nguyen
Title: President & CEO

APPROVED BY

LOAN SERVICER:

FIFTH THIRD BANK, N.A.

By: _____
Name: _____
Title: _____

PROJECT LOAN AGREEMENT

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Governmental Lender

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Fiscal Agent

and

WATERS AT WATERCHASE, LP,
as Borrower

Relating to:

Waters at Waterchase
12365 Plano Road
Dallas, Texas 75243

Dated as of [June] 1, 2026

PROJECT LOAN AGREEMENT

THIS PROJECT LOAN AGREEMENT ("**Project Loan Agreement**") dated as of [June] 1, 2026, is made among TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (the "**Governmental Lender**"), ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States, as fiscal agent (the "**Fiscal Agent**"), and WATERS AT WATERCHASE, LP, a Texas limited partnership (the "**Borrower**").

RECITALS

A. Pursuant to and in accordance with Chapter 2306, Texas Government Code, as amended (the "Act"), and this Project Loan Agreement, Governmental Lender is agreeing to make a mortgage loan to Borrower in the original principal amount of $[18,000,000] (the "**Project Loan**") to provide for the financing of a multifamily rental housing development located at 12365 Plano Road in Dallas, Texas and to be known as Waters at Waterchase. The Land, Improvements, and Fixtures (each as defined in the Security Instrument) are collectively referred to herein as the "**Project**."

B. Governmental Lender is making the Project Loan with the proceeds received from the separate loan being made to Governmental Lender pursuant to the Funding Loan Agreement dated as of the date hereof (the "**Funding Loan Agreement**") among the Governmental Lender, the Fiscal Agent, and Fifth Third Bank, N.A. (the "**Initial Funding Lender**"), in the original principal amount of $[18,000,000] (the "**Funding Loan**" and together with the Project Loan, the "**Loans**"). The Funding Loan is evidenced by the Governmental Lender's Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 dated [June] 1, 2026, delivered by Governmental Lender to Initial Funding Lender (as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time, and together with all addenda thereto, the "**Governmental Note**").

C. Pursuant to the terms and subject to the conditions of the Funding Loan Agreement, the Forward Loan Purchase Agreement, and the Construction Continuing Covenant Agreement, Initial Funding Lender has agreed to originate and fund the Funding Loan to Governmental Lender, which proceeds of the Funding Loan will be used by Governmental Lender to fund the Project Loan to Borrower pursuant to this Project Loan Agreement. Initial Funding Lender will administer the Loans during the Construction Phase in accordance with the Financing Documents.

D. Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition and rehabilitation of the Project and, if necessary, to pay certain costs incurred in connection with the Loans.

E. Borrower's payment obligations in respect of the Project Loan will be evidenced by a Project Loan Note, dated the Delivery Date (as the same will be amended and restated into the form attached to the Forward Loan Purchase Agreement upon the occurrence of the Conversion Date, and as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute note may be amended,

restated, supplemented or otherwise modified from time to time, and together with all riders and addenda thereto, the "**Project Note**"), delivered to Governmental Lender, which Project Note will be endorsed by Governmental Lender to Fiscal Agent as security for the Funding Loan.

F. To secure Borrower's obligations under the Project Note, Borrower will execute and deliver to Governmental Lender a Leasehold Deed of Trust, Security Agreement and Assignment of Rents, dated [June] 1, 2026 (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Security Instrument**") granting a first priority mortgage and security interest in the Project in favor of Governmental Lender.

G. All of the right, title and interest of Governmental Lender (except for its Unassigned Rights) in and to this Project Loan Agreement, the Security Instrument, and the other Financing Documents are being assigned to Fiscal Agent as security for the Funding Loan.

H. Barings Affordable Housing Mortgage Fund III LLC, a Delaware limited liability company ("**Permanent Funding Lender**") has entered into a commitment with the Borrower dated [_____], 2026 (as the same may be amended, modified or supplemented from time to time, the "**Permanent Commitment**") whereby Permanent Funding Lender has agreed, subject to the satisfaction of the Conversion Conditions set forth in the Forward Loan Purchase Agreement on or before the Termination Date, to facilitate the financing of the Project in the Permanent Phase by purchasing the Funding Loan from Initial Funding Lender following the Conversion Date.

I. If the Conversion Conditions are satisfied on or before the Termination Date as provided for in the Permanent Commitment and the Forward Loan Purchase Agreement, the Project Loan will convert from the Construction Phase to the Permanent Phase on the Conversion Date and, on such Conversion Date, Initial Funding Lender will deliver, and Permanent Funding Lender will purchase, the Funding Loan as evidenced by the Governmental Note. If the Conversion Conditions are not satisfied on or before the Termination Date, (i) the Project Loan will not convert from the Construction Phase to the Permanent Phase, (ii) Permanent Funding Lender will have any obligation with respect to the purchase of the Funding Loan, and (iii) Initial Funding Lender will remain the owner of the Funding Loan as the holder of the Governmental Note.

J. As Conversion Conditions, the Project Note and the Security Instrument are required to be amended and restated and Borrower is required to enter into the Permanent Continuing Covenant Agreement with Permanent Funding Lender (as the same may be amended, restated, supplemented or otherwise modified from time to time, and together with all addenda thereto, the "**Permanent Continuing Covenant Agreement**"), in each case pursuant to the forms attached to the Forward Loan Purchase Agreement.

K. Reserved.

L. Reserved.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Project Loan by Governmental Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS; INTERPRETATION; SCHEDULES

1.01 Definitions. The terms used in this Project Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Project Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein (including when used in the Recitals) not otherwise defined shall have the respective meanings set forth in the Funding Loan Agreement and the Continuing Covenant Agreement.

"**Act**" is defined in the Recitals of this Project Loan Agreement.

"**Borrower**" means the entity identified as "Borrower" in the introductory paragraph of this Project Loan Agreement, together with any of its permitted successors and assigns, as owner of the Project.

"**Closed Prepayment Date**" has the meaning given to such term in Section 4.04 hereof.

"**Continuing Covenant Agreement**" is defined in the Funding Loan Agreement.

"**Delivery Date**" means the date of funding of the Funding Loan and the delivery of the Governmental Note by Governmental Lender to Initial Funding Lender.

"**Event of Default**" means the occurrence of any event listed in Section 7.01 hereof.

"**Fee Component**" means the regular, ongoing fees due from time to time to Governmental Lender, Fiscal Agent and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the unpaid principal amount of the Funding Loan on an annual basis.

"**Fiscal Agent**" means the entity identified as "Fiscal Agent" on Page 1 of this Project Loan Agreement, together with any successor Fiscal Agents appointed under the Funding Loan Agreement.

"**Funding Loan**" is defined in the Recitals of this Project Loan Agreement.

"**Funding Loan Agreement**" is defined in the Recitals of this Project Loan Agreement.

"**Governmental Lender**" means the entity identified as "Governmental Lender" on Page 1 of this Project Loan Agreement.

"**Governmental Note**" is defined in the Recitals of this Project Loan Agreement.

"**Initial Funding Lender**" is defined in the Recitals of this Project Loan Agreement.

"**Lease**" means the Lease Agreement between the Fee Owner, as lessor, and the Borrower, as lessee, executed as of the Delivery Date, as it may be amended, restated or supplemented from time to time.

"**Loans**" is defined in the Recitals of this Project Loan Agreement.

"**Organizational Documents**" means the First Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of the Delivery Date, as it may be amended, supplemented or modified.

"**Permanent Funding Lender**" is defined in the Recitals of this Project Loan Agreement.

"**Permanent Commitment**" is defined in the Recitals of this Project Loan Agreement.

"**Permanent Continuing Covenant Agreement**" is defined in the Recitals of this Project Loan Agreement.

"**Project**" is defined in the Recitals of this Project Loan Agreement.

"**Project Loan**" is defined in the Recitals of this Project Loan Agreement.

"**Project Loan Agreement**" means this Project Loan Agreement, together with any amendments hereto.

"**Project Loan Documents**" have the meaning given to such term in the Funding Loan Agreement.

"**Project Loan Amortization Schedule**" means the Project Loan Amortization Schedule attached as Schedule 1 to the Project Note.

"**Project Loan Payment**" means each payment of the Project Loan on each Project Loan Payment Date pursuant to the Project Note and this Project Loan Agreement.

"**Project Loan Payment Date**" means (a) the first Business Day of each calendar month, commencing [_____1 , 2026], during the Construction Phase, and the fifth day of each calendar month during the Permanent Phase, commencing the first full calendar month following the Conversion Date, or (b) any other date on which the Project Loan is prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; provided, however, that if a Project Loan Payment Date is not a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date as provided in Section 4.01(c) hereof.

"**Project Note**" is defined in the Recitals of this Project Loan Agreement.

"**Replacement Reserve Payment**" has the meaning given to such term in the Funding Loan Agreement.

"**Security Instrument**" is defined in the Recitals of this Project Loan Agreement.

"**Servicing Fee**" means during the Permanent Phase, [a rate of 0.10% per annum].

"**State**" means the State of Texas.

"**Tax Escrow Payment**" has the meaning given to such term in the Funding Loan Agreement.

"**Taxes**" means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

"**Title Company**" means Chicago Title Insurance Company, the title company insuring the lien of the Security Instrument and issuing the lender's title insurance policy in favor of Governmental Lender and Fiscal Agent.

1.02 Interpretation. The words "hereof," "herein," "hereunder," and other words of similar import refer to this Project Loan Agreement as a whole and not to any particular Article, Section or other subdivision. References to Articles, Sections, and other subdivisions of this Project Loan Agreement are to the designated Articles, Sections and other subdivisions of this Project Loan Agreement as originally executed. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall ***otherwise*** indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. The headings of this Project Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

1.03 Schedules.

Schedules	
Schedule I	List of Project Loan Agreement Sections

ARTICLE II REPRESENTATIONS, WARRANTIES AND COVENANTS

2.01 Representations, Warranties and Covenants of Governmental Lender. Governmental Lender makes the following representations, warranties and covenants for the benefit of Borrower, Fiscal Agent, Funding Lender and Loan Servicer:

(a) Governmental Lender is a public and official agency of the State of Texas.

(b) Governmental Lender has all necessary power and authority to issue the Governmental Note and to make the Project Loan from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement,

and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) Governmental Lender has taken all action on its part to incur the Funding Loan evidenced by the Governmental Note and make the Project Loan from the proceeds thereof and for the sale, execution and delivery thereof.

(d) Each of the Financing Documents to which Governmental Lender is a party has been duly and validly authorized, executed and delivered by Governmental Lender and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of Governmental Lender, enforceable against Governmental Lender in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

(e) Governmental Lender has complied with the provisions of the laws of the State, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of Governmental Lender described or contemplated in the Financing Documents. The execution and delivery of the Governmental Note and the Financing Documents to which Governmental Lender is a party, the consummation of the transactions on the part of Governmental Lender contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which Governmental Lender is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of Governmental Lender under the terms of any instrument or agreement.

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by Governmental Lender of, and performance by Governmental Lender of its obligations under, the Financing Documents.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of Governmental Lender, threatened against Governmental Lender by or before any court, governmental agency or public board or body, nor, to Governmental Lender's knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of Governmental Lender or the title to office of any member of the governing body of Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Financing Documents or the issuance, sale, execution or delivery of the Governmental Note; (iii) affects or questions the validity or enforceability of the Governmental Note or any Financing Document; (iv) questions the tax-exempt

status of the Governmental Note; or (v) questions the power or authority of Governmental Lender to perform its obligations under the Governmental Note or any Financing Document, or to carry out the transactions contemplated by the Governmental Note and the Financing Documents.

(h) No officer or other official of Governmental Lender has any personal financial interest in the Project or Borrower or in the transactions contemplated by this Project Loan Agreement.

(i) Upon the discovery by Governmental Lender of any noncompliance by Borrower with this Project Loan Agreement, the Tax Exemption Agreement or the TEL Regulatory Agreement, Governmental Lender will promptly notify Fiscal Agent, Loan Servicer and Funding Lender Representative of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause Fiscal Agent to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within sixty (60) days after such discovery, subject to the provisions of the Funding Loan Agreement, this Project Loan Agreement, the Tax Exemption Agreement and the TEL Regulatory Agreement.

(j) The Governmental Lender makes no warranty, express or implied, with respect to the Project or any portion thereof, including without limitation, the habitability thereof; the merchantability or fitness thereof for any particular purposes; the design or condition thereof; the workmanship, quality, or capacity thereof; latent defects therein; the value thereof; future performance or the compliance thereof with any legal requirements.

(k) The Governmental Lender finds and determines that financing the Project as contemplated by the Funding Loan Agreement and this Project Loan Agreement will further public purposes under the Act.

It is expressly acknowledged that Governmental Lender makes no representation as to the financial position or business condition of Borrower or the Project and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by Borrower in connection with the issuance, sale, execution and delivery of the Governmental Note, or as to the correctness, completeness or accuracy of such statements.

2.02 Representations, Warranties and Covenants of Borrower. Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of Borrower contained in this Project Loan Agreement, are relied upon by Governmental Lender, Funding Lender, Loan Servicer and Fiscal Agent and serve as a basis for the undertakings of Governmental Lender, Loan Servicer and Fiscal Agent contained in this Project Loan Agreement:

(a) Borrower is a Texas limited partnership duly organized, validly existing and in good standing under the laws of the State and is duly qualified to conduct its

business under the laws of the State and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Project Loan Agreement and the other Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Project Loan Agreement and the other Financing Documents. All corporate general partners and/or members, if any, of Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State as either domestic or foreign corporations, as applicable. All partnership general partners and/or members, if any, are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as either domestic or foreign partnerships or limited liability companies, as applicable.

(b) Borrower has the legal right, power and authority (i) to own its properties and assets, including, but not limited to, the leasehold interest in the Project, (ii) to carry on its business as now being conducted and Borrower contemplates it to be conducted with respect to the Project and (iii) to execute and deliver, carry out its obligations under, and close the transactions provided for in the Financing Documents to which it is a party.

(c) Each of the Financing Documents to which Borrower is a party has been duly authorized, executed and delivered by Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of rehabilitation of the Project, is required for the due execution and delivery or approval, as the case may be, by Borrower of, and the performance by Borrower of its obligations under, the Financing Documents.

(e) None of the execution and delivery of the Financing Documents to which Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or Borrower's fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which Borrower is subject, or any of the organizational or other governing documents of Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or

will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) results in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower, except for any lien, charge or encumbrance permitted under the terms of the Financing Documents.

(f) Reserved.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to Borrower's knowledge, threatened against or affecting Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) adversely affect the financial condition of Borrower, (iii) prohibit, restrain or enjoin the making of the Funding Loan or the Project Loan or the execution and delivery of any of the Financing Documents, (iv) adversely affect the validity or enforceability of any of the Financing Documents, or (v) adversely affect the Federal Tax Status of the Governmental Note.

(h) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and, following completion of the rehabilitation of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(i) Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(j) Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of Borrower or the enforceability of the Financing Documents to which Borrower is a party or the ability of Borrower to perform all obligations thereunder.

(k) Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(l) All of the partnership interests in Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests, except as may be permitted by the Organizational Documents. Nothing in this Project Loan Agreement shall prevent Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(m) The representations, warranties and certifications of Borrower contained in the Tax Exemption Agreement and TEL Regulatory Agreement are incorporated by reference herein and Borrower will comply with such as if set forth herein. As of the Delivery Date, Borrower is in compliance with all requirements of the Tax Exemption Agreement, and the representations, warranties and certificates set forth in the Tax Exemption Agreement are true and accurate.

(n) The information, statements or reports furnished in writing to Governmental Lender, Loan Servicer and Funding Lender Representative by Borrower in connection with this Project Loan Agreement or the consummation of the transactions contemplated hereby do not contain any untrue statement of a material 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; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of Borrower delivered as of the Delivery Date are reasonable.

(o) To the knowledge of Borrower, no commissioner, member, officer or employee of Governmental Lender has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Financing Documents, 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 Financing Documents.

(p) Borrower intends to hold the leasehold interest in the Project for its own account and has no current plans to sell, and has not entered into any agreement to sell, all or any portion of the leasehold interest in the Project, other than as described in the Organizational Documents and the Lease.

(q) The Project is located wholly within the boundaries of the State.

(r) Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or adversely affect the Federal Tax Status of the Governmental Note. Borrower shall operate the Project

as required by the TEL Regulatory Agreement and the Tax Exemption Agreement. Borrower covenants and agrees that neither it, nor any "related person" (as defined in Section 144(a)(3) of the Code) will enter into any arrangement, formal or informal, for the purchase of the Governmental Note.

(s) The Funding Loan Agreement has been submitted to Borrower for examination, and Borrower, by execution of this Project Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of Borrower pursuant to, and shall have the rights and obligations set forth by the applicable terms and conditions of, the Funding Loan Agreement.

(t) Borrower will have a leasehold interest in the Land, the Improvements and the Equipment, subject only to liens permitted under the Security Instrument.

(u) Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on Governmental Lender, Fiscal Agent, Funding Lender, Funding Lender Representative or Loan Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on Governmental Lender, Fiscal Agent, Funding Lender, Funding Lender Representative or Loan Servicer in any manner.

(v) The Borrower makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Borrower within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited, notwithstanding anything herein or therein to the contrary.

(i) The Borrower represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Texas Government Code, or Section 2270.0201, Texas Government Code. The foregoing representation excludes the Borrower and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(ii) 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.

2.03 Representations and Warranties of Fiscal Agent. Fiscal Agent makes the following representations and warranties for the benefit of Governmental Lender, Borrower, Funding Lender and Loan Servicer:

(a) Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States. Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement and meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(b) Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of the transactions contemplated hereby, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(c) Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(d) Each of the Financing Documents to which Fiscal Agent is a party has been duly executed and delivered by Fiscal Agent and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of Fiscal Agent, enforceable against Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(f) Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of Fiscal Agent described or contemplated in the Financing Documents.

(g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan

Agreement and the other Financing Documents to which Fiscal Agent is a party, (ii) the authentication or delivery of the Governmental Note, (iii) the performance by Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which Fiscal Agent is a party. Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

(h) The representations in [Section 5.09] of the Funding Loan Agreement with respect to the Fiscal Agent are expressly incorporated by reference into this Project Loan Agreement.

2.04 Reserved.

2.05 Tax Covenants of Borrower.

(a) Borrower covenants that it shall not take any action, or fail to take any action or permit any action to be taken, if any such action or inaction would adversely affect the Federal Tax Status of the Governmental Note. Without limiting the generality of the foregoing, Borrower covenants that it will comply with the instructions and requirements of the Tax Exemption Agreement, which is incorporated herein as if set forth fully herein. In the event of a conflict between the terms and requirements of this Section 2.05 and the Tax Exemption Agreement, the terms and requirements of the Tax Exemption Agreement shall control.

(b) Borrower will, on a timely basis, provide Governmental Lender with all necessary information and, with respect to Borrower's rebate requirement or yield reduction payments (both as may be required under the Tax Exemption Agreement) required to be paid, all necessary funds, in addition to any funds that are then available for such purpose in the Rebate Fund, to enable Governmental Lender to comply with all arbitrage and rebate requirements of the Code. To that end, Borrower covenants and agrees to make such payments to Fiscal Agent as are required of it under the Tax Exemption Agreement. The obligation of Borrower to make such payments shall remain in effect and be binding upon Borrower notwithstanding the release and discharge of the Funding Loan Agreement and this Project Loan Agreement.

(c) Borrower covenants that, notwithstanding any other provision of this Project Loan Agreement or any other instrument, Borrower will take no action, nor shall it direct Fiscal Agent to take any action, to invest or use of proceeds of the Governmental Note, or any other moneys that may arise out of or in connection with this Project Loan Agreement, the Funding Loan Agreement or the Project that would cause the Governmental Note to be treated as an "arbitrage bond" within the meaning of Section 148 of the Code. In addition, Borrower covenants and agrees to comply with the requirements of Section 148(f) of the Code as it may be applicable to the Governmental Note or the proceeds derived from the sale of the Governmental Note or any other moneys that may arise out of, or in connection with, this Project Loan Agreement, the Funding Loan Agreement or the Project throughout the term of the

Governmental Note. No provision of this Project Loan Agreement shall be construed to impose upon Fiscal Agent any obligation or responsibility for compliance with Section 148 of the Code or the Regulations promulgated thereunder.

(d) Neither Borrower nor any "related party" to Borrower within the meaning of Section 1.150-1(b) of the Regulations is permitted to purchase the Governmental Note in an amount related to the Project Loan.

(e) If Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, adversely affect the Federal Tax Status of the Governmental Note, it will promptly give written notice of such circumstance, event or condition to Governmental Lender, Fiscal Agent, Funding Lender Representative and Loan Servicer.

2.06 Completion Date. Borrower shall notify Governmental Lender and Fiscal Agent of the Completion Date by the delivery of a Completion Certificate signed by an Authorized Officer of Borrower substantially in the form of Exhibit A attached hereto. The Completion Certificate shall be delivered as promptly as practicable, but no more than thirty (30) days after the occurrence of the events and conditions referred to in paragraphs (a), (b), and (d) of the Completion Certificate.

ARTICLE III THE PROJECT LOAN

3.01 Conditions to Funding the Project Loan. On the Delivery Date, Governmental Lender shall cause the proceeds of the Funding Loan to be deposited with the Fiscal Agent in accordance with Section 2.11 of the Funding Loan Agreement and Section 3.03 hereof. Fiscal Agent shall use such proceeds as provided in Article II of the Funding Loan Agreement to make the Project Loan on behalf of Governmental Lender, provided that no such disbursements of proceeds shall be made until the following conditions have been met:

(a) Borrower shall have executed and delivered to Governmental Lender the Project Note and Governmental Lender shall have endorsed the Project Note to Fiscal Agent.

(b) The Security Instrument and the Assignment, with only such changes therein as shall be approved in writing by Funding Lender Representative, shall have been executed and delivered by Borrower and Governmental Lender, respectively, and delivered to Title Company for recording in the appropriate office for recording real estate documents in the county in which the Project is located (the "**Recorder's Office**").

(c) The TEL Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to Title Company for recording in the Recorder's Office.

(d) All other Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to Fiscal Agent.

(e) Borrower shall have delivered to Fiscal Agent, Governmental Lender, Funding Lender Representative and Loan Servicer a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.02 hereof and an opinion of its counsel or other counsel satisfactory to Fiscal Agent, Governmental Lender, Bond Counsel, Funding Lender Representative and Loan Servicer, which condition shall be deemed met upon Fiscal Agent's receipt of such opinion.

3.02 Terms of the Project Loan; Servicing.

(a) The Project Loan shall (i) be evidenced by the Project Note; (ii) be secured by the Security Instrument; (iii) be in the original principal amount of $[18,000,000]; (iv) bear interest as provided in the Project Note; (v) provide for principal and interest payments in accordance with the Project Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Note. The outstanding principal balance of the Project Loan at any time shall be an amount equal to the proceeds of the Funding Loan minus any amounts prepaid with respect to principal in accordance with the terms hereof and the Project Note.

(b) Funding Lender Representative may appoint a Loan Servicer to service the Loans for all or a portion of the term of the Loans. The initial Loan Servicer of the Loans is Fifth Third Bank, N.A., who shall service the Loans as required by Initial Funding Lender. Upon conversion, the Loan Servicer of the Loans shall be Barings Affordable Housing Mortgage Fund III LLC or its designee, who shall service the Loans as required by Permanent Funding Lender. Funding Lender Representative may remove a Loan Servicer or appoint a replacement Loan Servicer, in its discretion, by written notice provided to Governmental Lender, Fiscal Agent and Borrower. Any successor Loan Servicer shall signify its acceptance of the duties and obligations imposed upon it by the Funding Loan Agreement and this Project Loan Agreement by executing such instrument(s) as shall be acceptable to Funding Lender Representative, a copy of which shall be provided to the parties hereto.

(c) During any period that Loan Servicer services the Loans, Borrower shall make all payments in connection with the Project Loan to Loan Servicer, and Loan Servicer will:

(i) Retain the allocable portion of the monthly Servicing Fee (if any) for its own account;

(ii) Remit to Fiscal Agent to be paid to Funding Lender all payments of principal of, Prepayment Premium, if any, and interest due with respect to the Funding Loan, together with any other amounts due to Funding Lender;

(iii) During the Permanent Phase, remit to Fiscal Agent (a) the Replacement Reserve Payment and (b) the Tax Escrow Payment;

(iv) Remit to Fiscal Agent the Fiscal Agent's Ordinary Fees and Expenses, together with any other amounts due to Fiscal Agent; and

(v) Remit to Fiscal Agent to be paid to Governmental Lender the Governmental Lender Fees, together with any other amounts due to Governmental Lender.

During any period in which there is no Loan Servicer, all notices to be sent to Loan Servicer shall be sent to Funding Lender Representative (to the extent not already provided) and all amounts to be paid to Loan Servicer by Borrower shall be paid directly to Fiscal Agent (unless otherwise directed by Funding Lender Representative).

(d) Governmental Lender, Fiscal Agent and Borrower hereby acknowledge and agree that:

(i) Funding Lender Representative has appointed Loan Servicer to service and administer the Project Loan.

(ii) The selection or removal of any Loan Servicer is in the sole and absolute discretion of Funding Lender Representative.

(iii) None of Governmental Lender, Fiscal Agent or Borrower shall terminate or attempt to terminate any Loan Servicer as Loan Servicer for the Project Loan or appoint or attempt to appoint a substitute Loan Servicer for the Project Loan.

(iv) Reserved.

3.03 Initial Deposits.

(a) On the Delivery Date, the proceeds of the Funding Loan shall be deposited in the Project Account of the Project Loan Fund[, of which an amount specified in the Closing Memorandum shall be transferred from the Project Account for deposit to the Costs of Issuance Fund as provided in Section 2.11(d) of the Funding Loan Agreement][TO BE CONFIRMED]. In addition, on the Delivery Date, Borrower will deposit (i) with Fiscal Agent (A) an amount specified in the Closing Memorandum for credit to the Costs of Issuance Fund and (B) an amount specified in the Closing Memorandum for credit to the Borrower Equity Account of the Project Loan Fund. Subject to the conditions listed in Section 3.01 hereof, amounts on deposit in the Project Loan Fund are to be disbursed to Borrower or otherwise as provided in Section 2.11(d) of the Funding Loan Agreement.

(b) To the extent that amounts in the Costs of Issuance Fund from the above-mentioned sources are insufficient to pay all costs of closing the Loans, Borrower shall cause the payment of such additional costs of closing the Loans to be made on its behalf as such amounts become due.

3.04 Pledge and Assignment to Fiscal Agent. The parties hereto acknowledge, and Borrower consents to, the pledge and assignment by Governmental Lender to Fiscal Agent pursuant to the Funding Loan Agreement of all of Governmental Lender's right, title and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loan, the Project Note, the Security Instrument, the other Project Loan Documents and the Revenues as security for the payment of the principal of, Prepayment Premium, if any, and interest on the Governmental Note and the payment of any other amounts due under the Financing Documents.

3.05 Investment of Funds. Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by Fiscal Agent in Qualified Investments in accordance with Section 4.07 of the Funding Loan Agreement.

3.06 Damage; Destruction and Eminent Domain. If, prior to payment in full of the Project Loan, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and Governmental Lender, Borrower, Fiscal Agent or Loan Servicer receives Net Casualty Proceeds from insurance or any condemnation award in connection therewith, such Net Casualty Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

3.07 Enforcement of Financing Documents. Fiscal Agent or Funding Lender Representative may enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.

ARTICLE IV LOAN PAYMENTS.

4.01 Payments Under the Project Note; Independent Obligation of Borrower.

(a) Payment Obligations. Borrower agrees to repay the Project Loan on each Project Loan Payment Date as provided in the Project Note, and in all instances at the times and in the amounts necessary to enable Fiscal Agent, on behalf of Governmental Lender, or Loan Servicer, to pay all amounts payable with respect to the Funding Loan, when due, whether at maturity or upon prepayment (with Prepayment Premium, if any), acceleration or otherwise. To ensure such timely payment during the Permanent Phase, Fiscal Agent or Loan Servicer shall collect from Borrower, and Borrower shall provide to Fiscal Agent or Loan Servicer, as applicable, the foregoing payments not less than two (2) Business Days prior to each respective Project Loan Payment Date. If payments are made to Loan Servicer, Loan Servicer shall transfer payments to Fiscal Agent no later than one (1) Business Day prior to any payment date in accordance with Section 2.12 of the Funding Loan Agreement.

The obligation of Borrower to make the payments set forth in this Article IV shall be an independent obligation of Borrower, separate from its obligation to make

payments under the Project Note, provided that in all events payments made by Borrower under and pursuant to the Project Note shall be credited against Borrower's obligations hereunder on a dollar-for-dollar basis. If for any reason the Project Note or any provision of the Project Note shall be held invalid or unenforceable against Borrower by any court of competent jurisdiction, the Project Note or such provision of the Project Note shall be deemed to be the obligation of Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Project Note.

(b) Obligations Unconditional; No Set-Off. The obligation of Borrower to repay the Project Loan, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of Borrower's use thereof, the eviction or constructive eviction of Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in Governmental Lender's legal organization or status, or any default of Governmental Lender or Fiscal Agent hereunder or under any other Financing Document, and regardless of the invalidity of any action of Governmental Lender or the invalidity of any portion of this Project Loan Agreement.

(c) Payments from Borrower to Fiscal Agent or Loan Servicer. Each payment by Borrower hereunder or under the Project Note shall be made in immediately available funds to Loan Servicer on each Project Loan Payment Date or such other date when such payment is due; provided, however, such Project Loan Payment shall be made directly to Fiscal Agent if there is no Loan Servicer or if Borrower is so directed in writing by Funding Lender Representative. Each such payment shall be made to Fiscal Agent or Loan Servicer, as applicable, by deposit to such account as Fiscal Agent or Loan Servicer may designate by written notice to Borrower. If payments are made to Loan Servicer, Loan Servicer shall transfer payments to Fiscal Agent not less than one (1) Business Day prior to any payment date in accordance with Section 2.12 of the Funding Loan Agreement. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or

under the Project Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

4.02 Additional Payments Under the Project Note and Project Loan Agreement.

(a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by Borrower under the Project Note include certain money to be paid in respect of, among other things, the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component, the Servicing Fee, or amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of Borrower as provided in subsection (b) of this Section 4.02.

(b) In addition to the funding of the initial deposits required of Borrower described in Section 3.03 hereof, Borrower shall pay (or cause to be paid by Loan Servicer), to Fiscal Agent (to the extent paid from money on deposit in the Administration Fund or the Costs of Issuance Fund, as applicable) or Title Company (as provided for in a settlement statement delivered on or prior to the Delivery Date), in consideration of the funding of the Project Loan, the following fees, expenses and other money payable in connection with the Loans:

(i) On the Delivery Date, from money on deposit with Title Company or, to the extent such money is insufficient for such purpose, from other money of Borrower, to Initial Funding Lender its origination fees, together with all third party and out-of-pocket expenses of Initial Funding Lender (including but not limited to the fees and expenses of counsel to Initial Funding Lender) in connection with the Loans.

(ii) Reserved.

(iii) On the Delivery Date, from money on deposit in the Costs of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of Borrower, to Governmental Lender, a closing fee in an amount equal to $0.50% of issuance amount and the initial payments of the Governmental Lender Administration Fee and Governmental Lender Compliance Fee (each as described in the Funding Loan Agreement), together with all third party and out-of-pocket expenses of Governmental Lender (including but not limited to the fees and expenses of Bond Counsel and any other counsel to Governmental Lender) in connection with the Loans and the delivery of the Governmental Note.

(iv) On the Delivery Date, from money on deposit with Title Company or, to the extent such money is insufficient for such purpose, from other money of Borrower, to Permanent Funding Lender, its commitment fees and application fees, together with all third party and out-of-pocket expenses of Permanent Funding Lender (including but not limited to the fees and expenses of counsel to Permanent Funding Lender, if any) in connection with the Loans.

(v) On the Delivery Date, from money on deposit in the Costs of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of Borrower, to Fiscal Agent, an acceptance fee in an amount equal to $[3,500], together with all third party and out-of-pocket expenses of Fiscal Agent (including but not limited to the fees and expenses of counsel to Fiscal Agent) in connection with the Loans and the issuance of the Governmental Note.

(vi) To Fiscal Agent, the Fiscal Agent's Ordinary Fees and Expenses and the Fiscal Agent's Extraordinary Fees and Expenses when due from time to time.

(vii) To the Fiscal Agent to be paid by Fiscal Agent to Governmental Lender, the Governmental Lender Fees when due and any extraordinary expenses not covered by the Governmental Lender Fees that Governmental Lender may incur in connection with the Financing Documents or the Project from time to time.

(viii) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement and the Tax Exemption Agreement when due from time to time.

(ix) To Funding Lender Representative, any amount due and owing to Funding Lender Representative from time to time but unpaid under the Continuing Covenant Agreement.

(x) To Loan Servicer, the amount of any portion of the Servicing Fee remaining unpaid and any fees, costs and expenses of Loan Servicer as provided in the Continuing Covenant Agreement.

(xi) To Loan Servicer, the amounts required to be deposited in respect of reserves and impositions required under the Continuing Covenant Agreement and the other Project Loan Documents.

(xii) If Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to Fiscal Agent, within two (2) Business Days of receipt by Borrower from Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

4.03 Payments to Rebate Fund. Borrower shall pay when due to Fiscal Agent at the Principal Office of Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with Section 4.10 of the Funding Loan Agreement and the Tax Exemption Agreement.

4.04 Prepayment.

(a) Optional Prepayment of the Project Loan. Borrower shall have the option to prepay the Project Loan in whole, together with all accrued and unpaid interest thereon, as provided in the Project Note. Notwithstanding the foregoing, during the Permanent Phase, Borrower shall only have the right to pay the Project Loan in full (but not in part) on or after, but not prior to, the tenth (10^{th}) anniversary of the Conversion Date (the "**Closed Prepayment Date**"), subject to the terms of and as further described in the Project Note.

(b) Mandatory Prepayment of the Project Loan. Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, as provided in the Project Note. Additionally, Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, in connection with any of the following:

(i) In part, in the event Borrower makes a Pre-Conversion Loan Equalization Payment.

(ii) In whole, on or after the Termination Date, at the written direction of Initial Funding Lender, if Conversion has not occurred prior to the Termination Date.

If, following Conversion, the Maturity Date is accelerated by Permanent Funding Lender because of the occurrence of an Event of Default, the acceleration shall be deemed to be an election on the part of Borrower to prepay the Project Loan. Accordingly, there shall be added to the amount due after an Event of Default and resulting acceleration, the Prepayment Premium or certain other fees described in the Project Note as may be applicable.

(c) Defeasance of the Funding Loan. In addition, after the Conversion Date and prior to the Window Period, Borrower may cause a defeasance of the Funding Loan resulting in a release of the Pledged Security by satisfying the conditions set forth hereunder and in Article IX of the Funding Loan Agreement. In connection therewith, Borrower will give written notice (a "**Defeasance Notice**") to Funding Lender Representative, Loan Servicer, Governmental Lender and Fiscal Agent of the date Borrower desires to defease the Funding Loan (the "**Defeasance Date**"). The Defeasance Date may not be more than 60 calendar days, nor less than 30 calendar days, after the delivery of the Defeasance Notice. In connection with the

delivery of the Defeasance Notice, Borrower shall cause to be paid to Funding Lender Representative the Defeasance Fee set forth in the Continuing Covenant Agreement. In addition to, and not in limitation of any other provisions of this Project Loan Agreement, Borrower shall pay all fees, costs and expenses in connection with any defeasance whether or not such defeasance occurs. Following such defeasance in accordance with the terms and conditions hereof and the Funding Loan Agreement, the Project Loan shall be deemed paid in full, and Borrower shall be entitled to the release of the Security Instrument, the Pledged Security and other security provided by it for the Project Loan, subject to the terms and conditions hereof and the other Financing Documents.

4.05 Borrower's Obligations Upon Prepayment. In the event of any prepayment, Borrower will timely pay, or cause to be paid through Loan Servicer, who shall in turn remit to Fiscal Agent, an amount equal to the principal amount of the Funding Loan or portion thereof called for prepayment, together with interest accrued to the prepayment date and Prepayment Premium, if any. In addition, Borrower will timely pay all fees, costs and expenses associated with any prepayment of the Funding Loan.

4.06 Limits on Personal Liability.

(a) Except as otherwise set forth in the Project Note, Article 11 of the Permanent Continuing Covenants Agreement and subsection 4.06(b) below, during the Permanent Phase the obligations of Borrower under this Project Loan Agreement and the other Financing Documents are non-recourse liabilities of Borrower which shall be enforced only against the Borrower's leasehold interest in the Project and other property of Borrower encumbered by the Financing Documents and not personally against Borrower or any partner of Borrower or any successor or assign of Borrower. However, nothing in this Section 4.06 shall limit the right of Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative to proceed against Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys' fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that Loan Servicer or Funding Lender Representative may have to enforce the Project Note, the Security Instrument, or any other Financing Document in accordance with their terms.

(b) Notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of Borrower shall be and remain the joint and several full recourse obligations of Borrower and Borrower's general partner:

(i) Borrower's obligations to Governmental Lender and Fiscal Agent under subsections (b)(iii), (b)(v), (b)(vi), and (b)(vii) of Section 4.02 hereof.

(ii) Borrower's obligations under Sections 2.05 and 6.01 of this Project Loan Agreement.

(iii) Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 4.02(b)(viii), and 4.03 of this Project Loan Agreement and the Tax Exemption Agreement.

(iv) Borrower's obligation to pay legal fees and expenses under Section 7.04 hereof.

ARTICLE V SPECIAL COVENANTS OF BORROWER

5.01 Performance of Obligations. Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

5.02 Compliance with Applicable Laws. All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

5.03 Funding Loan Agreement Provisions. The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon Borrower, such duty or obligation shall be binding upon Borrower to the same extent as if Borrower were an express party to the Funding Loan Agreement, and Borrower shall carry out and perform all of its obligations under the Funding Loan Agreement as fully as if Borrower were a party to the Funding Loan Agreement.

5.04 Borrower to Maintain Its Existence; Certification of No Default.

(a) Borrower agrees to maintain its existence and maintain its current legal status with authority to own its leasehold interest in, and operate, the Project.

(b) In addition to performing all other similar requirements under the Financing Documents to which Borrower is a party, Borrower shall, within 30 days after the end of each calendar year, render to Fiscal Agent a certificate executed by an Authorized Officer of Borrower to the effect that Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which Borrower is a party and that, to the best of Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

5.05 Borrower to Remain Qualified in State and Appoint Agent. Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against Borrower.

5.06 Sale or Other Transfer of Project. Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents, and upon receipt of the prior written consent of Governmental Lender, except as otherwise permitted pursuant to the TEL Regulatory Agreement, and Funding Lender Representative.

5.07 Right to Perform Borrower's Obligations. In the event Borrower fails to perform any of its obligations under this Project Loan Agreement, Governmental Lender, Fiscal Agent, Loan Servicer and/or Funding Lender Representative, after giving requisite notice, if any, and subject to Section 5.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

5.08 Notice of Certain Events. Borrower shall promptly advise Governmental Lender, Fiscal Agent, Funding Lender Representative and Loan Servicer in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

5.09 Survival of Covenants. The provisions of Sections 2.05, 4.02, 4.03, 6.01 and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to Fiscal Agent, the resignation or removal of Fiscal Agent.

5.10 Access to Project; Records. Subject to reasonable notice and the rights of tenants at the Project, Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours to do any of the following:

(a) Enter the Project and any other location containing the records relating to Borrower, the Project, the Loans and Borrower's compliance with the terms and conditions of the Financing Documents.

(b) Inspect and audit any and all of Borrower's records or accounts pertaining to Borrower, the Project, the Loans and Borrower's compliance with the terms and conditions of the Financing Documents.

(c) Require Borrower, at Borrower's sole expense, (i) to furnish such documents to Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, as Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents

have been complied with and (ii) to make copies of any records that Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative or the respective duly authorized agents of each, may reasonably require.

Borrower shall make available to Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, such information concerning the Project, the Security Instrument and the Financing Documents as any of them may reasonably request.

5.11 TEL Regulatory Agreement. The covenants of Borrower in the TEL Regulatory Agreement shall be deemed to constitute covenants of Borrower running with the land and an equitable servitude for the benefit of Governmental Lender and Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the TEL Regulatory Agreement. Borrower covenants to file of record the TEL Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the TEL Regulatory Agreement will, subject to the terms of the TEL Regulatory Agreement, be binding upon all owners of the Project. Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the TEL Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, Governmental Lender and Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of Borrower contained in the TEL Regulatory Agreement.

5.12 Damage, Destruction and Condemnation. If prior to payment in full of the Funding Loan (or provision for payment in full of the Funding Loan in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Note to the extent the Project Loan is not prepaid in full in accordance with the terms of the Project Loan Documents.

5.13 Obligation of Borrower to Rehabilitate the Project. Borrower shall proceed with reasonable dispatch (and in no event later than required under the Financing Documents) to complete the rehabilitation, development and equipping of the Project as required by the Financing Documents. If amounts on deposit in the Project Loan Fund designated for the Project and available to be disbursed to Borrower are not sufficient to pay the costs of such acquisition, rehabilitation, development and equipping, Borrower shall pay such additional costs from its own funds. Borrower shall not be entitled to any reimbursement from Governmental Lender, Fiscal Agent, Loan Servicer, Funding Lender Representative or Funding Lender in respect of any such additional costs or to any diminution or abatement in the repayment of the Project Loan. None of Fiscal Agent, Governmental Lender,

Funding Lender, Funding Lender Representative or Loan Servicer makes any representation or warranty, either express or implied, that money, if any, which will be paid into the Project Loan Fund or otherwise made available to Borrower will be sufficient to complete the Project, and none of Fiscal Agent, Governmental Lender, Funding Lender, Funding Lender Representative or Loan Servicer shall be liable to Borrower or any other person if for any reason the Project is not completed.

5.14 Filing of Financing Statements. Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Project Loan, the Funding Loan, the Pledged Security and the Security Instrument, and the rights and powers of Governmental Lender, Fiscal Agent and Funding Lender in connection with such security interests. Borrower shall cooperate with Fiscal Agent in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements; provided, however, that Fiscal Agent shall only file or record, or cause to be filed or recorded, those UCC continuation statements on which Fiscal Agent is named as a secured party or additional secured party for financing statements that have been delivered to Fiscal Agent, at Borrower's expense.

ARTICLE VI INDEMNIFICATION

6.01 Indemnification.

(a) **Indemnification of the Governmental Lender**.

(i) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY COVENANTS AND AGREES TO PROTECT, INDEMNIFY AND SAVE THE GOVERNMENTAL LENDER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES (EACH, A "GOVERNMENTAL LENDER INDEMNIFIED PARTY," AND COLLECTIVELY "GOVERNMENTAL LENDER INDEMNIFIED PARTIES") HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING ATTORNEYS' FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM (THE "GOVERNMENTAL LENDER INDEMNITY LIABILITIES"), BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS PROJECT LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT INCLUDING WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE PROJECT OR THE OPERATION OF THE PROJECT DURING THE TERM OF THIS PROJECT LOAN AGREEMENT; (II) ANY BREACH OR DEFAULT ON THE PART OF

THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS PROJECT LOAN AGREEMENT (OTHER THAN A FAILURE TO PAY THE PRINCIPAL OF, AND ANY INTEREST AND PREMIUM ON, THE PROJECT LOAN, THE FUNDING LOAN OR THE GOVERNMENTAL NOTE); (III) ANY CLAIM OR CAUSE OF ACTION AGAINST THE GOVERNMENTAL LENDER THAT SEEKS TO IMPOSE LIABILITY ON THE GOVERNMENTAL LENDER WITH RESPECT TO THE GOVERNMENTAL NOTE, THIS PROJECT LOAN AGREEMENT, THE TEL REGULATORY AGREEMENT, THE TAX EXEMPTION AGREEMENT OR THE FUNDING LOAN AGREEMENT WHICH EXCEEDS THE LIABILITY OF THE GOVERNMENTAL LENDER AS SET FORTH IN SECTION 8.14 HEREOF; (IV) THE PROJECT OR ANY PART THEREOF; (V) ANY VIOLATION OF ANY CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL NOTE, THE FUNDING LOAN OR THE PROJECT LOAN; OR (VI) 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 LENDER INDEMNIFIED PARTY, THE BORROWER SHALL DEFEND THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE, AND PROVIDE COMPETENT COUNSEL REASONABLY SATISFACTORY TO THE GOVERNMENTAL LENDER INDEMNIFIED PARTY; PROVIDED, HOWEVER, THAT THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHALL HAVE THE ABSOLUTE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER;

(ii) IT IS THE INTENTION OF THE PARTIES HERETO THAT THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS PROJECT LOAN AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES HEREUNDER IN CONNECTION WITH THE ISSUANCE OF THE GOVERNMENTAL NOTE, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THIS PROJECT LOAN AGREEMENT, THE TEL REGULATORY AGREEMENT, THE TAX EXEMPTION AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES, BY THIS

PROJECT LOAN AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS PROJECT 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 FUNDING LOAN AGREEMENT, THIS PROJECT LOAN AGREEMENT, THE TEL REGULATORY AGREEMENT, THE TAX EXEMPTION AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION. NEVERTHELESS, IF THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION FEES AND EXPENSES OF COUNSEL) INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM ANY GOVERNMENTAL LENDER INDEMNIFIED PARTY THE BORROWER SHALL DEFEND THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COUNSEL SATISFACTORY TO SUCH GOVERNMENTAL LENDER INDEMNIFIED PARTIES AND THE BORROWER SHALL PAY A GOVERNMENTAL LENDER INDEMNIFIED PARTY'S EXPENSES INCLUDING PAYMENT OF THE FEES AND EXPENSES OF THE COUNSEL USED BY SUCH GOVERNMENTAL LENDER INDEMNIFIED PARTY; PROVIDED, HOWEVER, THAT A GOVERNMENTAL LENDER INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER; AND

(iii) NOTWITHSTANDING ANY PROVISION OF THIS SECTION 6.01(a) TO THE CONTRARY, THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM A GOVERNMENTAL LENDER INDEMNIFIED PARTY'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM A GOVERNMENTAL LENDER INDEMNIFIED PARTY'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

NOTWITHSTANDING ANYTHING ELSE IN THIS PROJECT LOAN AGREEMENT TO THE CONTRARY, EXCEPT FOR THE PROVISIONS OF SECTION 6.01(A)(III), BORROWER SHALL BE RESPONSIBLE FOR THE FEES, COSTS AND EXPENSES OF COUNSEL TO GOVERNMENTAL LENDER AT ALL TIMES; PROVIDED THAT GOVERNMENTAL LENDER MAINTAINS CONTROL OF THE SELECTION OF ITS COUNSEL AT ALL TIMES.

THIS INDEMNIFICATION COVENANT SHALL SURVIVE REPAYMENT OF THE LOANS AND THE GOVERNMENTAL NOTE.

(b) **Indemnification of Other Parties**. IN ADDITION TO ITS OTHER OBLIGATIONS HEREUNDER, AND IN ADDITION TO ANY AND ALL RIGHTS OF REIMBURSEMENT, INDEMNIFICATION, SUBROGATION AND OTHER RIGHTS OF GOVERNMENTAL LENDER OR FISCAL AGENT PURSUANT HERETO AND UNDER LAW OR EQUITY, INCLUDING, BUT NOT LIMITED TO, GOVERNMENTAL LENDER'S RIGHTS UNDER THE TAX REGULATORY AGREEMENT, TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND GOVERNMENTAL LENDER, FISCAL AGENT, LOAN SERVICER, FUNDING LENDER, FUNDING LENDER REPRESENTATIVE AND EACH OF THEIR RESPECTIVE OFFICERS, GOVERNING COMMISSIONERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS (COLLECTIVELY, THE "**INDEMNITEES**"), AGAINST ANY AND ALL LOSSES, DAMAGES (INCLUDING, BUT NOT LIMITED TO, CONSEQUENTIAL AND PUNITIVE DAMAGES), CLAIMS, ACTIONS, LIABILITIES, COSTS AND EXPENSES OF ANY CONCEIVABLE NATURE, KIND OR CHARACTER (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) TO WHICH THE INDEMNITEES, OR ANY OF THEM, MAY BECOME SUBJECT UNDER FEDERAL OR STATE SECURITIES LAWS OR ANY OTHER STATUTORY LAW OR AT COMMON LAW OR OTHERWISE (COLLECTIVELY, "**LOSSES**"), TO THE EXTENT ARISING, DIRECTLY OR INDIRECTLY, OUT OF OR BASED UPON OR IN ANY WAY RELATING TO ANY OF THE FOLLOWING:

(i) ANY BREACH BY THE BORROWER OF ITS OBLIGATIONS UNDER THE FINANCING DOCUMENTS OR THE EXECUTION, AMENDMENT, RESTRUCTURING OR ENFORCEMENT THEREOF, OR IN CONNECTION WITH TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE ISSUANCE, SALE, TRANSFER OR RESALE OF THE GOVERNMENTAL NOTE.

(ii) ANY ACT OR OMISSION OF BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES OR LICENSEES IN CONNECTION WITH THE PROJECT LOAN OR THE PROJECT, THE OPERATION OF THE PROJECT, OR THE CONDITION,

ENVIRONMENTAL OR OTHERWISE, OCCUPANCY, USE, POSSESSION, CONDUCT OR MANAGEMENT OF WORK DONE IN OR ABOUT, OR FROM THE PLANNING, DESIGN, ACQUISITION, INSTALLATION, REHABILITATION, CONSTRUCTION OR EQUIPPING OF, THE PROJECT OR ANY PART THEREOF.

(iii) ANY ACCIDENT, INJURY TO, OR DEATH OF PERSONS OR LOSS OF OR DAMAGE TO PROPERTY OCCURRING IN, ON OR ABOUT THE PROJECT OR ANY PART THEREOF.

(iv) ANY LIEN (OTHER THAN LIENS PERMITTED UNDER THE CONTINUING COVENANT AGREEMENT) OR CHARGE UPON PAYMENTS BY BORROWER TO GOVERNMENTAL LENDER, FISCAL AGENT OR LOAN SERVICER HEREUNDER, OR ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IMPOSED ON GOVERNMENTAL LENDER OR FISCAL AGENT IN RESPECT OF ANY PORTION OF THE PROJECT (OTHER THAN INCOME AND SIMILAR TAXES ON FEES RECEIVED OR EARNED IN CONNECTION THEREWITH).

(v) ANY VIOLATION OF ANY ENVIRONMENTAL LAW, RULE OR REGULATION WITH RESPECT TO, OR THE RELEASE OF ANY HAZARDOUS MATERIALS FROM, THE PROJECT OR ANY PART THEREOF.

(vi) THE ENFORCEMENT OF, OR ANY ACTION TAKEN BY GOVERNMENTAL LENDER, FISCAL AGENT OR FUNDING LENDER REPRESENTATIVE RELATED TO REMEDIES UNDER THIS PROJECT LOAN AGREEMENT, THE FUNDING LOAN AGREEMENT OR ANY OTHER FINANCING DOCUMENT.

(vii) ANY UNTRUE STATEMENT OF A MATERIAL FACT OR ALLEGED UNTRUE STATEMENT OF A MATERIAL FACT BY BORROWER CONTAINED IN ANY OFFERING STATEMENT OR DOCUMENT FOR THE GOVERNMENTAL NOTE OR ANY OF THE FINANCING DOCUMENTS TO WHICH BORROWER IS A PARTY, OR ANY OMISSION OR ALLEGED OMISSION BY BORROWER OF A MATERIAL FACT FROM ANY OFFERING STATEMENT OR DOCUMENT FOR THE GOVERNMENTAL NOTE NECESSARY TO BE STATED THEREIN IN ORDER TO MAKE THE STATEMENTS MADE THEREIN BY BORROWER, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING.

(viii) ANY DECLARATION OF TAXABILITY OF INTEREST ON THE GOVERNMENTAL NOTE OR ALLEGATIONS (OR REGULATORY

INQUIRY) THAT INTEREST ON THE GOVERNMENTAL NOTE IS INCLUDABLE IN GROSS INCOME OF THE HOLDER THEREOF FOR FEDERAL INCOME TAX PURPOSES.

(ix) ANY AUDIT OR INQUIRY BY THE INTERNAL REVENUE SERVICE WITH RESPECT TO THE PROJECT AND/OR THE TAX-EXEMPT STATUS OF THE GOVERNMENTAL NOTE.

(x) FISCAL AGENT'S ACCEPTANCE OR ADMINISTRATION OF THE TRUST OF THE FUNDING LOAN AGREEMENT, OR THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES THEREUNDER OR UNDER ANY OF THE DOCUMENTS RELATING TO THE GOVERNMENTAL NOTE TO WHICH IT IS A PARTY;

EXCEPT (A) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF FISCAL AGENT, OR ANY OF ITS RESPECTIVE OFFICERS, COMMISSIONERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH LOSSES ARE CAUSED BY THE NEGLIGENCE, UNLAWFUL ACTS OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY; OR (B) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF GOVERNMENTAL LENDER, LOAN SERVICER, FUNDING LENDER REPRESENTATIVE OR FUNDING LENDER OR ANY OF THEIR RESPECTIVE OFFICERS, COMMISSIONERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH LOSSES ARE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. **IT IS THE EXPRESS INTENTION OF BORROWER THAT THE INDEMNIFICATION OF THE INDEMNIFIED PARTIES AS PROVIDED IN THIS SECTION 6.01(B) SHALL REMAIN IN FULL FORCE AND EFFECT IF LOSSES DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF, OR RELATE TO, OR ARE ASSERTED TO HAVE RESULTED FROM, ARISEN OUT OF OR RELATED TO, THE SOLE OR CONTRIBUTORY NEGLIGENCE OF ANY SUCH INDEMNIFIED PARTY, BUT NOT THE NEGLIGENCE OR GROSS NEGLIGENCE (AS APPLICABLE), OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY, EXCEPT AS PROVIDED HEREINABOVE.**

IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST ANY INDEMNITEE WITH RESPECT TO WHICH INDEMNITY MAY BE SOUGHT HEREUNDER, BORROWER, UPON WRITTEN NOTICE FROM SUCH INDEMNITEE, SHALL ASSUME THE INVESTIGATION AND DEFENSE THEREOF, INCLUDING THE EMPLOYMENT OF COUNSEL SELECTED OR APPROVED BY THE INDEMNITEE, AND SHALL ASSUME THE PAYMENT OF ALL EXPENSES RELATED THERETO, WITH FULL POWER TO LITIGATE, COMPROMISE OR SETTLE THE SAME IN ITS SOLE DISCRETION; PROVIDED THAT SUCH INDEMNITEE SHALL HAVE THE RIGHT TO REVIEW AND

APPROVE OR DISAPPROVE ANY SUCH COMPROMISE OR SETTLEMENT. EACH INDEMNITEE SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY SUCH ACTION OR PROCEEDING AND TO PARTICIPATE IN THE INVESTIGATION AND DEFENSE THEREOF. BORROWER SHALL PAY THE REASONABLE FEES AND EXPENSES OF SUCH SEPARATE COUNSEL; PROVIDED, HOWEVER, THAT SUCH INDEMNITEE MAY EMPLOY SEPARATE COUNSEL AT THE EXPENSE OF BORROWER ONLY IF, IN SUCH INDEMNITEE'S GOOD FAITH JUDGMENT, A CONFLICT OF INTEREST EXISTS BY REASON OF COMMON REPRESENTATION OR IF ALL PARTIES COMMONLY REPRESENTED DO NOT AGREE AS TO THE ACTION (OR INACTION) OF COUNSEL.

In addition thereto, Borrower will pay upon demand all of the fees and expenses paid or incurred by Fiscal Agent and/or Governmental Lender in enforcing the provisions hereof, as more fully set forth in the Tax Regulatory Agreement.

(c) **Borrower to Remain Obligated**. Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement, the Continuing Covenant Agreement and the TEL Regulatory Agreement, Borrower shall remain obligated to indemnify each Governmental Lender Indemnified Party and Indemnitee pursuant to this Section 6.01 for Losses (which term includes for purposes of this Section 6.01(c) amounts described in Section 6.01(a) hereof) with respect to any claims based on actions or events occurring prior to the date of such transfer unless (i) such subsequent owner assumed in writing at the time of such transfer all obligations of Borrower under this Section 6.01 (including obligations under this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer) and (ii) any such transfer is in compliance with the requirements of the Financing Documents.

(d) **Survival**. The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement, the final payment or defeasance of the Project Loan and the Funding Loan and in the case of the Servicer and Fiscal Agent, any resignation or removal.

6.02 Limitation with Respect to Funding Lender. Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project Loan, Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that Funding Lender (or its nominee) is the owner of the Project. Accordingly, during any period that Funding Lender (or its nominee) owns the Project and that this Article VI is applicable to Funding Lender (or its nominee), Funding Lender's (or its nominee's) obligations under this Article VI shall be limited to acts and omissions of

Funding Lender (or its nominee) occurring during the period of Funding Lender's (or its nominee's) ownership of the Project.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

7.01 Events of Default. The occurrence of any one or more of the following will constitute an Event of Default under this Project Loan Agreement:

(a) Any representation or warranty made by Borrower in the Financing Documents or any certificate, statement, data or information furnished by Borrower in connection therewith or included by Borrower in its application to Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect.

(b) Failure by Borrower to pay any amounts due under this Project Loan Agreement or the Project Note at the times and in the amounts required by this Project Loan Agreement or the Project Note, as applicable.

(c) Borrower shall fail to observe or perform any other term, covenant, condition or agreement (after taking into account any applicable cure period) set forth in this Project Loan Agreement, which failure continues for a period of 30 days after notice of such failure by Governmental Lender, Fiscal Agent or Funding Lender Representative to Borrower and Equity Investor (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in Funding Lender Representative's sole discretion, adversely affect Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in Funding Lender Representative's judgment, absent immediate exercise by Funding Lender Representative of a right or remedy under this Project Loan Agreement, result in harm to Funding Lender or impairment of this Project Loan Agreement or any other Financing Document.

(d) The occurrence of a default under the Continuing Covenant Agreement or the Security Instrument (after taking into account any applicable cure period thereunder) shall at the discretion of Funding Lender Representative constitute an Event of Default under this Project Loan Agreement but only if Fiscal Agent is provided written notice by Funding Lender Representative that an Event of Default has occurred under such Financing Document and Fiscal Agent is instructed by Funding Lender Representative that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of Funding Lender Representative constitute a default under the other Financing Documents.

In addition, the Governmental Lender, the Servicer and the Initial Funding Lender agree that any cure of any default under this Project Loan Agreement or any other Financing Document made or tendered by one or more partners of Borrower shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative to any notice and cure periods other than as expressly set forth in the Financing Documents.

7.02 Remedies on Default. Subject to Section 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, Funding Lender (or Fiscal Agent at the direction of Funding Lender), may take any one or more of the following remedial steps:

(a) Such action, without notice or demand, as Funding Lender deems advisable to protect and enforce its rights against Borrower and in and to the Project, including declaring the Project Loan to be immediately due and payable (including, without limitation, declaring the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Project Note to be immediately due and payable).

(b) Without being required to give any notice (other than to Governmental Lender or Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(c) Whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, Governmental Lender and Fiscal Agent may pursue remedies with respect to the Unassigned Rights. Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Funding Loan collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

7.03 No Remedy Exclusive. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available against Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by Funding Lender (or Fiscal Agent at the direction of Funding Lender), at any time and from time to time, whether or not Funding Lender has accelerated the Project Loan, and whether or not Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to Funding Lender or Fiscal Agent by this Project Loan Agreement 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 Project Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Funding Lender (or Fiscal Agent at the direction of Funding Lender) 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 expressly required by this Project Loan Agreement.

7.04 Agreement to Pay Attorneys' Fees and Expenses. In the event Borrower shall default under any of the provisions of this Project Loan Agreement and Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of Borrower contained in this Project Loan Agreement or in the Project Note, Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

7.05 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

7.06 Control of Proceedings.

(a) Notwithstanding anything to the contrary herein, Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of Fiscal Agent or Governmental Lender. In no event shall the exercise of any of the foregoing rights result in an acceleration of the Project Loan without the express direction of Funding Lender Representative.

(b) Governmental Lender and Fiscal Agent covenant that they will not, without the prior written consent of Funding Lender Representative, take any of the following actions:

(i) Prosecute any action with respect to a lien on the Project.

(ii) Initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan.

(iii) Interfere with or attempt to influence the exercise by Funding Lender Representative of any of its rights under the Financing Documents upon the occurrence of any default by Borrower under the Financing Documents.

(iv) Take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Project Loan or the Funding Loan.

(c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, Governmental Lender or Fiscal Agent may take one or both of the following actions:

(i) Specifically enforce the tax covenants of Borrower specified in the Tax Exemption Agreement and in Section 2.05 hereof or seek injunctive relief against acts which may be in violation thereof.

(ii) Specifically enforce the TEL Regulatory Agreement or seek injunctive relief against acts which may be in violation of the TEL Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Code (as such requirements are further set forth in the Tax Exemption Agreement and state law (but in neither the case of subsection (c)(i) above or this subsection (c)(ii) may Governmental Lender or Fiscal Agent seek any form of monetary damages from Borrower in connection with such enforcement).

In addition, notwithstanding Sections 7.06(a) and 7.06(b) hereof, Governmental Lender and Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no monetary damages are sought), and nothing herein shall be construed to limit the rights of Governmental Lender, Fiscal Agent or any Indemnified Party related to Governmental Lender or Fiscal Agent under Section 6.01 (each a "**Related Indemnified Party**") to enforce their respective rights against Borrower under Sections 4.02, 4.03, 6.01 and 7.04 hereof, provided that no obligation of Borrower to Governmental Lender, Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of Governmental Lender, Fiscal Agent or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for Fiscal Agent's right to receive payment of Fiscal Agent's Extraordinary Fees and Expenses pursuant to Section 6.05(a) of the Funding Loan Agreement after an Event of Default with respect to the Funding Loan, which Fiscal Agent's Extraordinary Fees and Expenses shall be payable as provided thereunder). Accordingly, none of Governmental Lender, Fiscal Agent or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against Borrower, without recourse to the Project. In addition, any such enforcement must not cause Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Borrower under any applicable liquidation, insolvency, bankruptcy, construction, composition, reorganization, conservation or other similar law in effect now or in the future.

7.07 Assumption of Obligations. In the event that Fiscal Agent or Funding Lender or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of Borrower under this Project Loan Agreement, the Project Note, the TEL Regulatory Agreement, and any other Financing Documents to which Borrower is a party or with respect to which it is a third-party beneficiary. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of Borrower.

ARTICLE VIII MISCELLANEOUS.

8.01 Notices.

(a) Whenever in this Project Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower, Equity Investor or Loan Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 10.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Instruction and Notice. Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower, Equity Investor or Loan Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to Loan Servicer shall also be given to Funding Lender Representative and a duplicate copy of each notice or other communication given hereunder by any party to Funding Lender Representative shall be given to Loan Servicer.

A duplicate copy of each notice or other communication given hereunder by any party to Borrower shall also be given to Equity Investor.

Fiscal Agent agrees to accept and act upon Electronic Instruction and Notice of written instructions and/or directions pursuant to this Project Loan Agreement.

(b) Fiscal Agent shall provide to Funding Lender Representative and Loan Servicer (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any

written information or other communication received by Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from Funding Lender Representative for any such information or other communication.

8.02 **Concerning Successors and Assigns**. All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of Governmental Lender, Fiscal Agent, Loan Servicer, Funding Lender and Funding Lender Representative, as applicable.

8.03 **Governing Law**. This Project Loan Agreement shall be construed in accordance with and governed by the internal laws of the State and, where applicable, the laws of the United States of America.

8.04 **Modifications in Writing**. Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of Funding Lender Representative and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

8.05 **Further Assurances and Corrective Instruments**. Governmental Lender, Fiscal Agent and 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 (including such supplements or further instruments requested by Funding Lender Representative) for correcting any inadequate or incorrect description of the performance of this Project Loan Agreement.

8.06 **Captions**. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.

8.07 **Severability**. The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

8.08 **Counterparts**. This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

8.09 **Amounts Remaining in Loan Payment Fund or Other Funds**. It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof (and the repayment in full of the Project Loan and all other amounts owing

under the Project Loan Documents), shall be paid in accordance with the Funding Loan Agreement.

8.10 Effective Date and Term. This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the Delivery Date, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.

8.11 Cross References. Any reference in this Project Loan Agreement to an "Exhibit," an "Article," a "Section," a "Subsection" or a "Paragraph" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Project Loan Agreement, an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears. All schedules and exhibits attached to or referred to in this Project Loan Agreement are incorporated by reference into this Project Loan Agreement.

8.12 Funding Lender Representative and Loan Servicer as Third-Party Beneficiaries. The parties hereto agree and acknowledge that Funding Lender Representative and Loan Servicer are third-party beneficiaries of this Project Loan Agreement.

8.13 Reserved.

8.14 Non-Liability of Governmental Lender. Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loan, except from Revenues and other money and assets received by Fiscal Agent on behalf of Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of Governmental Lender or any member is pledged to the payment of the principal (or Prepayment Premium) or interest on the Funding Loan. Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loan or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from Borrower under this Project Loan Agreement.

Borrower hereby acknowledges that Governmental Lender's sole source of money to repay the Funding Loan will be provided by the payments made by Borrower pursuant to this Project Loan Agreement, together with Investment Income on certain funds and accounts held by Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Prepayment Premium) and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from Fiscal Agent, Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Prepayment Premium) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of Fiscal Agent, Borrower, Governmental Lender or any third

party, subject to any right of reimbursement from Fiscal Agent, Governmental Lender or any such third party, as the case may be, therefor.

8.15 No Liability of Officers. No recourse under or upon any obligation, covenant, or agreement or in the Governmental Note, or under any judgment obtained against Governmental Lender, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of Governmental Lender, either directly or through Governmental Lender, or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, of any sum that may be due and unpaid by Governmental Lender upon the Funding Loan. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, of any sum that may remain due and unpaid upon the Funding Loan, is hereby expressly waived and released as a condition of and consideration for the execution of this Project Loan Agreement and the issuance of the Governmental Note.

8.16 Capacity of Fiscal Agent. Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. Fiscal Agent shall be responsible only for the duties of Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.

8.17 Reliance. The representations, covenants, agreements and warranties set forth in this Project Loan Agreement may be relied upon by Governmental Lender, Fiscal Agent, Bond Counsel, Loan Servicer, Funding Lender and Funding Lender Representative. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, Governmental Lender and Fiscal Agent may rely upon statements and certificates of Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of Borrower pertaining to occupancy of the Project. In addition, Governmental Lender and Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by Governmental Lender or Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than Governmental Lender) that:

(a) Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to Governmental Lender by Fiscal Agent, Funding Lender or Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by Governmental Lender;

(b) Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by Fiscal Agent, Funding Lender Representative, Loan Servicer or Borrower, as applicable; and

(c) None of the provisions of this Project Loan Agreement shall require Governmental Lender or Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loan issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

IN WITNESS WHEREOF, the parties hereto have executed this Project Loan Agreement, all as of the date first set forth above.

GOVERNMENTAL LENDER:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas

By: _____
James B. "Beau" Eccles
Secretary to the Board

SIGNATURES CONTINUE ON FOLLOWING PAGE

FISCAL AGENT:

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association

By: _____
Name: _____
Title: _____

SIGNATURES CONTINUE ON FOLLOWING PAGE

BORROWER:

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF-Waters at Waterchase, LLC,
a Texas limited liability company, its general partner

By: Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, its sole member

By: _____
Name: Michael N. Nguyen
Title: President & CEO

Schedule I

List of Project Loan Agreement Sections

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1.02 Interpretation
1.03 Schedules

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8.04 Modifications in Writing
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8.10 Effective Date and Term
8.11 Cross References
8.12 Funding Lender Representative and Loan Servicer as Third-Party Beneficiaries
8.13 Reserved.
8.14 Non-Liability of Governmental Lender
8.15 No Liability of Officers
8.16 Capacity of Fiscal Agent
8.17 Reliance

EXHIBIT A

$[18,000,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Governmental Note
(Waters at Waterchase)
Series 2026

COMPLETION CERTIFICATE

Pursuant to Section 2.06 of the Project Loan Agreement (the "**Project Loan Agreement**") among the Texas Department of Housing and Community Affairs (the "**Governmental Lender**") and Waters at Waterchase, LP, a Texas limited partnership (the "**Borrower**") and the Fiscal Agent named therein, dated as of [June] 1, 2026, relating to the captioned Multifamily Housing Governmental Note, the undersigned Authorized Officer of the Borrower hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings assigned or referenced in the Project 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, rehabilitation, 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 loans from the Governmental Lender 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 Governmental Note were used in accordance with the requirements of the Tax Exemption Agreement, including the requirement that at least 95% of the proceeds of the Governmental Note be expended for Qualified Project Costs and no more than 2% of the proceeds of the Governmental Note be expended for Costs of Issuance. The Project will be operated in accordance with the terms of the Tax Exemption Agreement and the Tax Regulatory Agreement.

(f) 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 Officer has set his or her hand as of the _____ day of _____, 20__.

Authorized Officer

By: _____

REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Governmental Lender,

ZIONS BANCORPORATION, NATIONAL ASSOCIATION
a national banking association,
as Fiscal Agent,

AHF-WATERCHASE, LLC
a Delaware limited liability company,
as Fee Owner

and

WATERS AT WATERCHASE, LP,
a Texas limited partnership,
as Borrower

Dated as of [June 1], 2026

Relating to

$[18,000,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Note
(Waters at Waterchase)
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 [June 1], 2026 is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the "**Governmental Lender**" or "**Department**"), a public and official agency of the State of Texas (the "**State**"), **ZIONS BANCORPORATION, NATIONAL ASSOCIATION**, a national banking association, as fiscal agent under the hereafter defined Funding Loan Agreement (together with any successor fiscal agent under the Funding Loan Agreement described below and their respective successors and assigns, the "**Fiscal Agent**"), **AHF-WATERCHASE, LLC,** a Delaware limited liability company (together with its permitted successors and assigns, the "**Fee Owner**") and **WATERS AT WATERCHASE, LP**, a Texas limited partnership (together with its permitted successors and assigns, the "**Borrower**").

RECITALS

WHEREAS, pursuant to the Act (as hereinafter defined), the Governmental Lender is authorized to issue bonds (including notes) and to use the proceeds thereof to provide monies to aid in financing the acquisition, rehabilitation and equipping of residential rental property for dwelling units in the State; and

WHEREAS, the Borrower has requested the assistance of the Governmental Lender in connection with the financing of a multifamily residential rental housing development located on the real property described in Exhibit A hereto (as defined herein, the "**Development Site**") and described in Exhibit B-1 hereto (as defined herein, the "**Development Facilities**" and, together with the Development Site, the "**Development**"), and, as a condition to such assistance, the Borrower has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Development; and

WHEREAS, the Fee Owner owns fee simple title to the real property described in Exhibit A hereto and the Borrower owns a leasehold estate pursuant to the 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 Lease; and

WHEREAS, the Governmental Lender has determined to provide funds in connection with the financing of the Development by issuing its Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 (the "**Governmental Note**") in the original principal amount of $[18,000,000], and loaning the proceeds of such to the Borrower, upon the terms and conditions set forth in the Project Loan Agreement (as hereinafter defined); and

WHEREAS, in order for interest on the Governmental Note 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 Governmental Lender, the Fiscal Agent, 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, rehabilitation, equipping, use and operation of the Development and in order to ensure that the Development will be acquired, rehabilitated, 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 Governmental Lender, the Fiscal Agent, 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 Funding Loan Agreement, in the Project 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 any 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 Governmental Lender, and initially means Bracewell LLP.

"**Closing Date**" has the meaning given to the term "Delivery Date" in the Funding Loan Agreement.

"**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 Governmental Lender in Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code.

"**Continuing Covenant Agreement**" means (a) prior to the Conversion Date, the Construction Continuing Covenant Agreement, as defined in the Funding Loan Agreement, and (b) from and after the Conversion Date, the Permanent Continuing Covenant Agreement, as defined in the Funding Loan Agreement.

"**Conversion Date**" has the meaning given to it in the Funding Loan Agreement.

"**Development**" means the Development Facilities and the Development Site.

"**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 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 on the Development Site 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 Governmental Lender 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**" has the meaning given to it in the Funding Loan Agreement.

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

"**Federal Tax Status**" means, as to the Governmental Note, the status under existing law of the interest on the Governmental Note 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 Governmental Note).

"**Fee Owner**" means AHF-Waterchase, LLC, a Delaware limited liability company, and its permitted successors and assigns.

"**Financing Documents**" has the meaning given to it in the Funding Loan Agreement.

"**Funding Lender**" has the meaning given to it in the Funding Loan Agreement.

"**Funding Loan Agreement**" means the Funding Loan Agreement of even date herewith among the Governmental Lender, the Initial Funding Lender and the Fiscal Agent, relating to the issuance of the Governmental Note, as it may be amended, modified, supplemented or restated from time to time.

"**General Partner**" means AHF-Waters at Waterchase, LLC a Texas limited liability company, and its permitted successors and assigns, as the Borrower's general partner.

"**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.

"**Initial Funding Lender**" means Fifth Third Bank, N.A..

"**Lease**" means that certain Lease Agreement dated to be effective as of the Closing Date between the Borrower and the Fee Owner.

"**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.

"**Organizational Documents**" means the First Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of the Closing Date, as it 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 Governmental Lender 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 Governmental Lender.

"**Project Loan**" means the loan of the proceeds of the Governmental Note made by the Governmental Lender to the Borrower pursuant to the Project Loan Agreement, and as evidenced by the Project Note.

"**Project Loan Agreement**" means the Project Loan Agreement of even date herewith among the Governmental Lender, Fiscal Agent and the Borrower, as it may be amended, modified, supplemented or restated from time to time as permitted by the Financing Documents.

"**Project Note**" has the meaning set forth in the Funding Loan Agreement.

"**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 (which date may be the Closing Date) 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 (which date may be the Closing Date), (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 Replacement Reserve Fund required to be established by the Continuing Covenant Agreement.

"**Security Instrument**" means the Deed of Trust, Security Agreement and Assignment of Rents from the Borrower to Governmental Lender granting a first priority mortgage and security interest in the Development in favor of Governmental Lender and assigned by the Governmental Lender to the Fiscal Agent, 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 Project 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 Governmental Lender, the Fiscal Agent 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 Governmental Lender'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 Governmental Lender electronically through the filing system available on the Governmental Lender's website in the form available on the

Governmental Lender's website at the time of submission of the report or in such other form as the Governmental Lender 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, Rehabilitation 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 Governmental Lender or the Fiscal Agent 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 Governmental Lender and the Fiscal Agent evidence of construction completion as required in the Project Loan Agreement, and attached as Exhibit A thereto, within 30 days of completion. The Borrower will also submit a request for final construction inspection to the Governmental Lender, in the format prescribed by the Governmental Lender 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 rehabilitated in compliance with all applicable laws and the engineer of record (if applicable) must submit a certification that the Development was rehabilitated 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 Governmental Note to be applied in a manner consistent with the requirements of the Funding Loan Agreement, the Project 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 Governmental Note. 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 Governmental Note. 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 Project Loan Agreement) at all times during the longer of (A) the remaining term of the Governmental Note 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 except, if applicable, during the 12-month "transition period" beginning on the Closing Date, as provided under Revenue Procedure 2004-39, 2004-2 C.B. 49, 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 Governmental Lender'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 Governmental Lender'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 Governmental Lender, 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 Governmental Lender's website at the time of such submission to the Governmental Lender (via the electronic filing system available on the Governmental Lender'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 Governmental Lender, the Fiscal Agent, 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, as of the Delivery Date, at least 50% of the Units are occupied. The Borrower will provide to the Fiscal Agent and the Governmental Lender on the Delivery Date a certificate in the form attached hereto as Exhibit F certifying the dates on which (i) 10% of the Units were occupied, and (ii) 50% of the Units were occupied.

(d) That the Borrower will prepare and submit to the Governmental Lender and the Fiscal Agent, 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 Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Governmental Lender and the Fiscal Agent 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 Governmental Note.

Section 3. Modification of Tax and Other Restrictive Covenants. The Borrower, the Fiscal Agent, the Fee Owner and the Governmental Lender 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 Governmental Lender, the Fiscal Agent, the Fee Owner and the Borrower, impose requirements upon the ownership or operation of the Development 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 Project 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 Governmental Lender, the Fiscal Agent 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 Governmental

Lender, the Fiscal Agent, 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 Governmental Lender and the Fiscal Agent, 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 Governmental Lender 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 Governmental Lender 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 and in accordance with the Borrower's election under Section 1372.0321(c) of the Texas Government Code;

(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 Governmental Lender 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 Project 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 Fiscal Agent, the Fee Owner and the Governmental Lender, 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 Governmental Lender (via the electronic filing system available on the Governmental Lender's website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Governmental Lender with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Governmental Lender's website at the time of submission or in such other form

as the Governmental Lender 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 Governmental Lender or the Fiscal Agent 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 Governmental Lender'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 Governmental Lender's website) the Annual Owner's Compliance Report to the Governmental Lender in the form available on the Governmental Lender's website at the time of submission by April 30 of each year, commencing April 30, 2027;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Resident Supportive Services attached hereto as Exhibit C in the manner provided in such Exhibit, or from any additional supportive services added to the Governmental Lender'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 Governmental Lender. The Borrower must maintain documentation satisfactory to the Governmental Lender 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 Governmental Lender 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 Governmental Lender rules regarding affirmative marketing and written policies and procedures, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's National Standards for the Physical Inspections of Real Estate and to provide regular maintenance to keep the Development sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Governmental Lender 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 Governmental Lender'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 Governmental Lender 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 and the reservation of Units under Section 4(a) 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 Governmental Lender the Governmental Lender Compliance Fee (as defined in the Funding Loan Agreement).

Section 4.A. Repairs and Maintenance Required by State Law. The Borrower will maintain the Replacement Reserve required by and created pursuant to the Continuing Covenant Agreement or a similar account for the longer of: (a) the period of time required pursuant to the Continuing Covenant 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 Governmental Lender has issued the Governmental Note to provide funds to make the Project Loan to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate, equip and operate the Development. In consideration of the issuance of the Governmental Note by the Governmental Lender and in consideration of the Borrower entering into the 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 Governmental Lender, the Fiscal Agent, 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 Governmental Note, and in the excludability of interest on the Governmental Note from gross income for federal income tax purposes under existing law. In performing their duties and obligations hereunder, the Borrower, the Governmental Lender, the Fee Owner and the Fiscal Agent may conclusively rely upon statements and certificates of the Low-Income Tenants or Eligible Tenants and the Governmental Lender and the Fiscal Agent may conclusively 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 Fiscal Agent, any other information provided to the Fiscal Agent, pursuant to this Regulatory Agreement. In addition, the Governmental Lender, the Borrower, the Fee Owner and the Fiscal Agent may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection in respect of any action or inaction taken or suffered by the Governmental Lender, the Borrower, the Fee Owner or the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent, as required by this Regulatory Agreement, by any Person retained to review the Borrower's or Fee Owner's compliance with this Regulatory Agreement or by the Borrower, the Fee Owner or the Governmental

Lender with respect to the occurrence or absence of a default unless it has actual knowledge that the report, notice or certificate is erroneous or misleading.

Section 9. Development in Dallas County. The Borrower hereby represents that the Development is located entirely within Dallas County, Texas.

Section 10. Sale or Transfer of the Development or Change in General Partner.

(a) Each of the Borrower and the Fee Owner covenants and agrees not to sell, transfer or otherwise dispose of the Development (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Governmental Lender, (ii) complying with any applicable provisions of this Regulatory Agreement, the Project Loan Agreement, the Tax Exemption Agreement and other Financing Documents and (iii) obtaining the prior written consent of the Governmental Lender. Such consent of the Governmental Lender 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 Governmental Lender: (A) there is delivered to the Fiscal Agent and the Governmental Lender a written opinion of independent legal counsel reasonably satisfactory to the Governmental Lender, addressed to the Fiscal Agent and the Governmental Lender, 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 Project Loan Agreement, the Tax Exemption Agreement and the other Financing 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 Governmental Lender receives a Favorable Opinion of Bond Counsel, with a copy to the Fiscal Agent, which opinion will be furnished at the expense of the Borrower or the proposed purchaser or transferee, (C) the Governmental Lender receives a transfer fee equal to $1,000, (D) the proposed purchaser or transferee executes any document requested by the Governmental Lender with respect to assuming the obligations of the Borrower or Fee Owner under this Regulatory Agreement, the Project Loan Agreement, the Tax Exemption Agreement and the other Financing Documents, (E) the Governmental Lender has performed a previous participation review on the proposed purchaser or transferee or any affiliated party, the results of which are satisfactory to the Governmental Lender in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Governmental Lender 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 Project Loan Agreement, the Tax Exemption Agreement, the Security Instrument, and other Financing 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 the Governmental Lender, provided that written notice thereof has been provided to the Governmental Lender: (a) the transfer by the Equity Investor of its non-Controlling interest in the Borrower in accordance with the terms of the Organizational Documents of the Borrower, (b) the removal of the General Partner of the Borrower in accordance with the Organizational Documents and the temporary replacement thereof with the Equity Investor or any of its affiliates, (c) the transfer of ownership interests in the Equity Investor, (d) upon the expiration of the tax credit compliance period, the transfer of interests of the Equity Investor in the Borrower to the General Partner of the Borrower 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 Project Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement or any other Financing 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 Project Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement, or any other Financing Document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Development.

(b) No transfer of the Development will release the Borrower or the Fee Owner from its respective obligations under this Regulatory Agreement arising prior to the date of such transfer, but any such transfer in accordance with this Regulatory Agreement will relieve the Borrower or the Fee Owner, as applicable, of further liability for obligations under the Project Loan Agreement and this Regulatory Agreement or the Security Instrument arising after the date of such transfer.

(c) Except as set forth in Section 10(a) above, the Borrower will not change its General Partner by transfer, sale or otherwise without the prior written consent of the Governmental Lender in accordance with Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code. A change in the Borrower's General Partner includes any transfer of any controlling ownership interest in the General Partner other than by death or incapacity.

Section 11. Term. This Regulatory Agreement and all and each of the provisions hereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Governmental Note, discharge of the Project Loan, termination of the Project Loan Agreement and defeasance or termination of the Funding Loan Agreement; 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 Governmental Lender or the Fiscal Agent, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date that prevents the Governmental Lender or the Fiscal Agent

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 Governmental Note is 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 Governmental Lender, the Fiscal Agent, 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 Governmental Lender and the Fiscal Agent 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 subjects the Development (including the Development Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Governmental Lender, the Fiscal Agent, 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 Governmental Lender, the Fiscal Agent, 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 Governmental Lender, the Fiscal Agent, 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 Governmental Note was 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 Fiscal Agent and Governmental Lender. 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 Governmental Lender or the Fiscal Agent to the Borrower, the Fee Owner and the Equity Investor at the Notice Addresses set forth in the Funding Loan Agreement, then the Fiscal Agent, acting on its own behalf or on behalf of the Governmental Lender and after being indemnified as provided in the Funding Loan Agreement and Project 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 Governmental Lender and the Fiscal Agent a Favorable Opinion of Bond Counsel. The Governmental Lender 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 Governmental Lender on the same basis as if made or tendered by the Borrower.

During the existence of an Event of Default hereunder, the Fiscal Agent or the Governmental Lender, each subject to being indemnified as provided in the Funding Loan Agreement and in the Project 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 Governmental Lender or the Fiscal Agent 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 Governmental Lender and the Fiscal Agent 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 Governmental Lender 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 Governmental Lender will to the extent that it has actual knowledge thereof, by notice in writing, use its best efforts to inform the Fiscal Agent, the Fee Owner and the Borrower (provided that the

failure to notify will not adversely affect the Governmental Lender's or the Fiscal Agent'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 Funding Loan Agreement, by the owners of the Governmental Note.

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 Governmental Lender, 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), 4(j) and 5 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 Fiscal Agent. The Fiscal Agent will act only as specifically provided herein, in the Funding Loan Agreement, in the Project Loan Agreement and in the Tax Exemption Agreement. Subject to the right of the Fiscal Agent to be indemnified as provided in the Funding Loan Agreement, the Fiscal Agent agrees to act as the agent of and on behalf of the Governmental Lender when requested in writing by the Governmental Lender to do so, and any act required to be performed by the Governmental Lender as herein provided will be deemed taken if such act is performed by the Fiscal Agent. The Fiscal Agent is entering into this Regulatory Agreement solely in its capacity as Fiscal Agent under the Funding Loan Agreement, and the duties, powers, rights and obligations of the Fiscal Agent in acting hereunder will be subject to the provisions of the Funding Loan Agreement and the Tax Exemption Agreement, all of which are incorporated by reference herein. The incorporated provisions of the Funding Loan Agreement and the Tax Exemption Agreement are intended to survive the retirement of the Governmental Note, discharge of the Project Loan, termination of the Project Loan Agreement and defeasance or termination of the Funding Loan Agreement and the Tax Exemption Agreement.

Subject to the Fiscal Agent's protections and rights under the Funding Loan Agreement, the Fiscal Agent will, at the written direction of the Governmental Lender, take reasonable actions to enforce compliance by the Borrower and the Fee Owner with the terms of this Regulatory Agreement. The Fiscal Agent may rely on certificates, reports or other information delivered to the Fiscal Agent, in accordance with this Regulatory Agreement, without independent investigation and the Fiscal Agent's responsibility to review and monitor compliance hereunder will not extend beyond the Fiscal Agent's receipt of the certificates, reports, and other documents required to be submitted to the Fiscal Agent pursuant to this Regulatory Agreement.

The Fiscal Agent may resign or be removed only as provided in Sections 7.08 and 7.09, respectively, of the Funding Loan Agreement. Such resignation or removal will not be effective until a successor Fiscal Agent satisfying the requirements of the Funding Loan Agreement is appointed and has accepted its appointment. The Fiscal Agent's right to indemnification provided in the Project Loan

Agreement and Funding Loan Agreement will survive the resignation or removal of the Fiscal Agent and the termination of this Regulatory Agreement.

Upon discharge of the Funding Loan Agreement, the Borrower will pay to the Fiscal Agent a fee, in an amount mutually agreed upon by the Borrower and the Fiscal Agent at the time of such discharge, for the performance of the Fiscal Agent's duties under this Agreement through the date upon which all of the Governmental Note is to be paid in full. After the date upon which all of the Governmental Note has been paid in full, the Fiscal Agent shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Fiscal Agent in this Regulatory Agreement shall be deemed references to the Governmental Lender.

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 Governmental Lender or the Fiscal Agent may reasonably request. A file-stamped copy of this Regulatory Agreement and, prior to the date upon which all of the Governmental Note has been paid in full, all amendments and supplements thereto will be delivered to the Fiscal Agent. 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 Project Loan and notwithstanding a discharge of the Funding Loan Agreement and the Tax Exemption Agreement, throughout the term of this Regulatory Agreement, the Borrower will continue to pay to the Governmental Lender and the Fiscal Agent all fees and reimbursement for all expenses actually incurred thereby required to be paid to the Governmental Lender and the Fiscal Agent by the Borrower pursuant to the Project Loan Agreement and the Tax Exemption Agreement.

Section 20. Governing Law. This Regulatory Agreement is governed by the laws of the State of Texas. The Fiscal Agent's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Regulatory Agreement, the Project Loan Agreement, the Funding Loan Agreement 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 Funding Loan Agreement, consent of the Fiscal Agent 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 Governmental Lender, and prior to the discharge of the Funding Loan Agreement, the Fiscal Agent.

Section 22. Notices. Any notice required to be given hereunder to the Governmental Lender, the Fiscal Agent, the Equity Investor, the Fee Owner and the Borrower will be given in the manner and to the Notice Addresses or via electronic means as set forth in the Funding Loan Agreement.

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 Governmental Lender. To the extent allowed by law, the Governmental Lender hereby authorizes the Borrower to take on behalf of the Governmental Lender all actions required or permitted to be taken by it hereunder, or under the Tax Exemption Agreement, the Funding Loan Agreement and the Project Loan Agreement and to make on behalf of the Governmental Lender all elections and determinations required or permitted to be made by the Governmental Lender hereunder or under the Tax Exemption Agreement, the Funding Loan Agreement and the Project Loan Agreement. In addition, the Governmental Lender hereby authorizes the Borrower to exercise, on behalf of the Governmental Lender, any election with respect to the Governmental Note pursuant to the Code or the Regulations, and the Governmental Lender 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. Reserved.

Section 27. Compliance with Texas Government Code.

(a) The representations in Section 5.09 of the Funding Loan Agreement (with respect to the Fiscal Agent) and in Section 2.02(v) of the Project Loan Agreement (with respect to the Borrower) are expressly incorporated by reference into this Regulatory Agreement.

(b) 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.

(i) 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.

(ii) Fee Owner 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.

(iii) Fee Owner 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.

(iv) Fee Owner 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.

(v) Fee Owner 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). Fee Owner 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 5.09(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. Fee Owner 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 Fee Owner that a determination has been made that the Fee Owner 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, Fee Owner 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 Fee Owner hereby expressly authorizes the Governmental Lender, to provide such Bringdown Verifications to the Texas Attorney General.

IN WITNESS WHEREOF, the Governmental Lender, the Fiscal Agent, 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 Governmental Lender

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to the 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)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF _____ §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me on _____, 2026 by _____, a _____ of Zions Bancorporation, National Association, a national banking association, on behalf of said entity.

_____
Notary Public Signature

My Commission expires:_____

(Personalized Seal)

AHF-WATERCHASE, LLC,
a Delaware limited liability company

By: Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, its sole member

By: _____
Name: Michael N. Nguyen
Title: President & CEO

STATE OF TEXAS §
§
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me on _____, 2026 by Michael N. Nguyen, personally known to me to be the same person whose name is, as President & CEO of Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation and the sole member of AHF-Waterchase, LLC, a Delaware limited liability company, on behalf of said company.

_____
Notary Public Signature

My Commission expires:_____

(Personalized Seal)

BORROWER:

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF-Waters at Waterchase, LLC,
a Texas limited liability company, its general partner

By: Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, its sole member

By: _____
Name: Michael N. Nguyen
Title: President & CEO

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me on _____, 2026 by Michael N. Nguyen, President & CEO of Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation and the sole member of AHF-Waters at Waterchase, LLC, a Texas limited liability company and the general partner of Waters at Waterchase, LP, a Texas limited partnership, on behalf of said partnership.

_____
Notary Public Signature

My Commission expires:_____

(Personalized Seal)

EXHIBIT A

PROPERTY DESCRIPTION

Real property in the City of Dallas, County of Dallas, State of Texas, described as follows:

Being the remainder of Lot 4, in Block 8445 of Lawrence A. Beck Addition, an addition in the City of Dallas, Dallas County, Texas, according to the map or plat thereof recorded in Volume 82236, Page 83 of the Map Records of Dallas County, Texas, and being the same tract of land conveyed to AHF-Waterchase, LLC, a Delaware limited liability company, by deed recorded in Volume 2004001, Page 1919, Deed Records, Dallas County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for corner, said corner being in the West line of Plano Road (110 foot right-of-way) and being the Southeast corner of Lot 2, in Block 8445 of Walnut Convenience Center No. 1 Addition, an addition in the City of Dallas, Dallas County, Texas, according to the map or plat thereof recorded in Volume 80067, Page 629 of the Map Records of Dallas County, Texas;

THENCE South 00 degrees 34 minutes 00 seconds East, along the West line of said Plano Road, a distance of 267.00 feet to a 1/2 inch iron rod found for corner, said corner being the Northeast corner of Block 8445 of The Northgate Village Apartments, an addition in the City of Dallas, Dallas County, Texas, according to the map or plat thereof recorded in Volume 78166, Page 1928 of the Map Records of Dallas County, Texas;

THENCE South 89 degrees 12 minutes 17 seconds West, along the North line of said Northgate Village Apartments, a distance of 523.31 feet to a 1/2 inch iron rod set with yellow cap stamped “CBG Surveying” for corner, said corner being the Southeast corner of Lot 4B, Block 8445 of Korean Village, an addition in the City of Dallas, Dallas County, Texas, according to the map or plat thereof recorded in Volume 88120, Page 2929 of the Map Records of Dallas County, Texas;

THENCE North 00 degrees 57 minutes 02 seconds West, along the East line of said Lot 4B, a distance of 266.72 feet to a fence post for corner, said corner being the Southwest corner of Lot 3 in said Walnut Convenience Addition;

THENCE North 89 degrees 10 minutes 26 seconds East, along the South line of said Walnut Convenience Addition, a distance of 525.10 feet to the POINT OF BEGINNING and containing 139,887 square feet or 3.21 acre tract of land.

EXHIBIT B-1

DESCRIPTION OF DEVELOPMENT

Borrower: Waters at Waterchase, LP, a Texas limited partnership

Development: The Development is a 130-unit affordable, multifamily housing development known as Waters at Waterchase Apartments, located at 12365 Plano Road, Dallas, Dallas County, Texas 75243. The unit mix will consist of:

104	one-bedroom/one-bath units
21	two-bedroom/one-bath units
5	three-bedroom/two-bath units
130	Total Units

EXHIBIT B-2

DEVELOPMENT AMENITIES

Development Common Amenities must include ten (10) 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).

[Continued on next page]

Unit, Development Construction, and Energy and Water Efficiency Features. The Development must include at least nine (9) points selected from the following list. Rehabilitation Developments will start with a base score of five (5) points. 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

RESIDENT SUPPORTIVE SERVICES

The resident 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 Governmental Lender'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 Governmental Lender, 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

Reserved.

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EXHIBIT F

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

Greg Abbott
GOVERNOR

BOARD MEMBERS
Leo Vasquez, *Chair*
Kenny Marchant, *Vice Chair*
Cindy Conroy, Member
Anna Maria Farias, 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

PROJECT LOAN NOTE
One-Month Term Secured Overnight Financing Rate
(Tax-Exempt SOFR)
Obligatory Advances
(Business and Commercial Loans Only)

(this "**Project Loan Note**")

AMOUNT	NOTE DATE	MATURITY DATE
$18,000,000.00	_____ __, 2026	_____ 1, 2028

1. Promise to Pay. FOR VALUE RECEIVED, the undersigned, WATERS AT WATERCHASE, LP, a Texas limited partnership (together with such party's or parties' successors and assigns, the "**Borrower**") promises to pay to the order of TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "**Governmental Lender**"; the Governmental Lender and each subsequent transferee and/or owner of this Project Loan Note whether taken by endorsement or otherwise, being successively called the "**Holder**"), a public and official agency of the State of Texas (the "**State**"), and its assigns, the principal sum of EIGHTEEN MILLION AND No/100 DOLLARS (US $18,000,000.00), plus premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Project Loan Note is being delivered pursuant to that certain Project Loan Agreement dated as of _____ 1, 2026, among the Governmental Lender, Zions Bancorporation, National Association, a national banking association (the "**Fiscal Agent**"), and Borrower (together with any and all amendments, modifications, supplements and restatements, the "**Project Loan Agreement**"), pursuant to which the Governmental Lender has made a mortgage loan in the principal amount of this Project Loan Note to Borrower (the "**Project Loan**"), and this Project Loan Note is entitled to the benefits of the Project Loan Agreement and is subject to the terms, conditions and provisions thereof. The Project Loan was funded with the proceeds of the loan (the "**Funding Loan**") made by Fifth Third Bank, N.A., a national banking association (the "**Initial Funding Lender**") to the Governmental Lender pursuant to the Funding Loan Agreement dated as of _____ 1, 2026 (as amended, the "**Funding Loan Agreement**") by and among, the Initial Funding Lender, the Governmental Lender, and the Fiscal Agent. This Project Loan Note shall be advanced in a single advance into the Project Loan Fund and other funds and accounts created by the Funding Loan Agreement, and will be periodically disbursed therefrom as and when provided for in the Project Loan Agreement, the Funding Loan Agreement, and the Construction Funding Agreement dated _____ 1, 2026, between Borrower and the Initial Funding Lender (the "**Disbursement Agreement**"). Under the terms of the Funding Loan Agreement, the Governmental Lender has or will assign this Project Loan Note to Fiscal

Agent and the Governmental Lender has authorized the Initial Funding Lender to administer and service the Project Loan.

2. *Payments; Interest*.

2.1 *Payment Date; Computation Period*. Accrued and unpaid interest on the unpaid principal balance of the Advance hereunder shall be payable monthly, in arrears, commencing on the first Business Day of the next succeeding month following the date of this Project Loan Note and continuing on the first Business Day of each succeeding month thereafter, until the Maturity Date (whether as stated herein, by acceleration, or otherwise), when the entire unpaid balance of principal, interest and all other sums hereunder shall be due and payable in full. Interest accruing hereunder shall be computed on the basis of a 360-day year and shall be assessed for the actual number of days elapsed, and in such computation, effect shall be given to any change in the Construction Phase Interest Rate as a result of any change in the interest rate on the date of each such change. Payments under this Project Loan Note shall be first applied to accrued and unpaid interest hereunder and the balance, if any, to principal.

2.2 *Interest Rate*. Subject to the terms and conditions of this Project Loan Note, the unpaid principal balance of all Indebtedness outstanding under this Project Loan Note from time to time shall bear interest at the Construction Phase Interest Rate. The Term SOFR Rate shall be the initial basis for the Construction Phase Interest Rate under this Project Loan Note and effective as of the Interest Period commencing on the date of this Project Loan Note and continuing for each succeeding Interest Period ending thereafter, the unpaid principal balance of all Indebtedness outstanding under this Project Loan Note shall bear interest at the Construction Phase Interest Rate based upon the Term SOFR Rate for the Interest Period applicable thereto. The foregoing shall not in any way whatsoever limit or otherwise affect any of the Initial Funding Lender's (acting in its own right or on behalf of Governmental Lender and/or Fiscal Agent) rights or remedies under this Project Loan Note upon the occurrence of any Default hereunder, or any condition or event which, with the giving of notice or the running of time, or both, would constitute a Default. No interest shall accrue under this Project Loan Note until the date of the Advance made by or on behalf of Governmental Lender hereunder for deposit with the Fiscal Agent in accordance with the terms of the Funding Loan Agreement for later disbursement to Borrower as provided for in the Disbursement Agreement (interest will accrue from the date of the single Advance of this Project Loan Note with Fiscal Agent); after that, interest shall accrue and be computed on the principal balance outstanding from time to time under this Project Loan Note in accordance with the terms hereof until the same is paid in full.

2.3 *Default Rate; Late Payments*. From and after the occurrence of any Event of Default hereunder, and so long as any such Event of Default remains unremedied or uncured thereafter, the Indebtedness outstanding under this Project Loan Note shall bear interest at a per annum rate of three percent (3%) above the otherwise Construction Phase Interest Rate, which interest shall be payable upon demand. In addition to the foregoing, a late payment charge equal to five percent (5%) of each late payment hereunder may be charged on any payment not received by Initial Funding

Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) within ten (10) calendar days after the payment due date therefor, but acceptance of payment of any such charge shall not constitute a waiver of any Event of Default hereunder.

2.4 *Business Day*. In the event that any payment under this Project Loan Note becomes due and payable on any day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day, and, to the extent applicable, interest shall continue to accrue and be payable thereon during such extension at the rates set forth in this Project Loan Note.

2.5 *Legal Tender*. All payments to be made by Borrower to Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) under or pursuant to this Project Loan Note shall be in immediately available funds in United States dollars, without condition or deduction for any counterclaim, defense, recoupment or setoff, and in the event that any payments submitted hereunder are in funds not available until collected, said payments shall continue to bear interest until collected.

2.6 *Maximum Interest Rate*. In no event shall the per annum interest payable under this Project Loan Note at any time exceed the Maximum Rate (as defined below).

2.7 *No Responsibility for Changes to the Term SOFR Rate*. Borrower acknowledges that (i) the methods of calculation, publication schedule, rate revision practices, or availability of the Term SOFR Rate at any time may change without notice, and (ii) the Term SOFR Rate may be withdrawn, modified, or amended without notice. Initial Funding Lender does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, or any other matter related to the Term SOFR Rate. Each determination by Initial Funding Lender of the Term SOFR Rate shall be conclusive and binding for all purposes, absent manifest error.

2.8 *Rate Conforming Changes*. Notwithstanding anything to the contrary herein or in any other Project Loan Document, Initial Funding Lender shall have the right to make Rate Conforming Changes from time to time and, any amendments or modifications to any Project Loan Document implementing or evidencing such Rate Conforming Changes will become effective without any further action or consent of Borrower.

2.9 *Rate Contracts*. To the extent that Initial Funding Lender (in its own name or by an affiliate of the Initial Funding Lender), in its sole and absolute discretion, issues or causes to be issued Rate Contracts in connection with Rate Contract Loans, Borrower hereby acknowledges and agrees that such Rate Contracts shall be issued only in connection with the maximum principal amount of the Rate Contract Loans that may be available or outstanding from time to time. Initial Funding Lender shall have no obligation to provide any Rate Contract which does not correspond to the Rate Contract Loans. Notwithstanding anything contained in this Project Loan Note or in any Rate

Contracts entered into by Borrower from time to time to the contrary, in the event that the outstanding principal amount of the Rate Contract Loans is less than the Notional Amount of any applicable corresponding Rate Contract for any reason, including, without limitation, (i) Borrower prepaid or repaid all or part of any outstanding Rate Contract Loans (whether voluntarily or involuntarily) in full or in part prior to maturity, or (ii) the applicable Rate Contract is entered into with the assumption that if Borrower requests advances under this Project Loan Note (if applicable), the applicable outstanding principal amount of the Rate Contract Loans will be greater than or equal to the Notional Amount, and that assumption proves to be incorrect, Borrower shall, promptly upon demand by Initial Funding Lender and at Borrower's sole cost and expense, close out and terminate all or part of any such Rate Contract in an amount necessary to eliminate the Rate Contract Differential.

The obligation of Borrower to immediately reimburse Initial Funding Lender (in its own right and on behalf of Governmental Lender and/or Fiscal Agent, as applicable) for the termination values due under all such Rate Contracts shall be absolute, unconditional and irrevocable in accordance with the terms of this Project Loan Note and of the standard application, agreement and/or contract with respect to each such Rate Contract. Borrower shall indemnify, defend, protect and hold Initial Funding Lender, Governmental Lender, and Fiscal Agent harmless from any loss, cost, expense, or liability, including, without limitation, reasonable attorney's fees incurred by Initial Funding Lender, whether in-house or outside counsel is used, arising out of or in connection with any Rate Contracts. Borrower hereby acknowledges and agrees that the Construction Phase Interest Rate under this Project Loan Note may not match the benchmark interest rate under a Rate Contract (e.g., the Construction Phase Interest Rate may be a forward-looking interest rate while the benchmark interest rate under a Rate Contract may be backward-looking).

3. *Advance.*

3.1 *Generally*. This Project Loan Note shall be fully funded in a single Advance in an aggregate principal amount not to exceed the Loan Amount, subject to the terms and conditions of this Project Loan Note, the Disbursement Agreement, the Project Loan Agreement, and the Funding Loan Agreement.

3.2 *Disbursement of Advance*. AFTER THE SINGLE ADVANCE OF THIS PROJECT LOAN NOTE WHICH WILL FULLY FUND THIS PROJECT LOAN NOTE, THE PROCEEDS OF THIS PROJECT LOAN NOTE WILL BE DEPOSITED IN FUNDS CONTROLLED BT THE FISCAL AGENT AND CREATED BY THE FUNDING LOAN AGREEMENT AND WILL THEN BE DISBURSED TO BORROWER BASED ON REQUISITIONS MADE BY BORROWER UNDER THE FUNDING LOAN AGREEMENT, THE PROJECT LOAN AGREEMENT AND THE DISBURSEMENT AGREEMENT.

3.3 *Non-Revolving Advances*. After the Advance of this Project Loan Note, the aggregate principal amount outstanding under this Project Loan Note after giving effect to such Advance shall equal the face amount of this Project Loan Note, and no further advances shall be available under this Project Loan Note. Amounts advanced

under this Project Loan Note cannot be reborrowed, regardless of any repayments, whether voluntarily, by required payment or otherwise. A refunding of the Advance as the same type of Advance or the conversion of the Advance to another type of Advance in accordance with the foregoing shall not be deemed to be a repayment of the Advance or a reborrowing under this Project Loan Note.

3.2 *Evidence of Advances*. The outstanding amount and funding date of the Advance, the Construction Phase Interest Rate thereon and the amount and date of any repayment thereof shall be noted on Initial Funding Lender's records, which records shall be conclusive evidence of the foregoing, absent manifest error; provided, however, any failure by Initial Funding Lender to make, or any delay in making, any such notation, or any error in any such notation, shall not relieve Borrower of its/their obligations to repay Initial Funding Lender (on behalf of itself or on behalf of the Governmental Lender or the Fiscal Agent) all amounts payable by Borrower to Initial Funding Lender (on behalf of itself or on behalf of the Governmental Lender or the Fiscal Agent) under or pursuant to this Project Loan Note, when due in accordance with the terms hereof.

3.3 *(Reserved).*

3.4 *(Reserved)*.

4. Prepayments. In the event that the Term SOFR Rate is the basis for the Construction Phase Interest Rate for the principal Indebtedness outstanding under this Project Loan Note, and any payment or prepayment of any such Indebtedness shall occur on any day other than the last day of the Interest Period applicable thereto (whether voluntarily, by acceleration, required payment or otherwise), or if Borrower shall fail to make any payment of principal or interest hereunder at any time that the Term SOFR Rate is the basis for the Construction Phase Interest Rate hereunder in respect of such Indebtedness, Borrower shall reimburse Initial Funding Lender, on demand, for any resulting loss, cost or expense incurred by Initial Funding Lender as a result of the corresponding payment made on the Initial Funding Lender, including, without limitation, any such loss, cost or expense incurred in obtaining, liquidating, employing or redeploying deposits from third parties. Such amount payable by Borrower to Governmental Lender, or the Initial Funding Lender or Fiscal Agent as the case may be, may include, without limitation, an amount equal to the excess, if any, of (a) the amount of interest which would have accrued on the amount so prepaid, for the period from the date of such prepayment, through the last day of the relevant Interest Period, at the applicable rate of interest for the Advance provided under this Project Loan Note, over (b) the amount of interest (as reasonably determined by the Initial Funding Lender) which would have accrued to Initial Funding Lender (or to Governmental Lender or the Fiscal Agent, as the case may be) on such amount by placing such amount on deposit for a comparable period with leading market. Calculation of any amounts payable to Initial Funding Lender (in its own right or on behalf of Governmental Lender or Fiscal Agent) under this paragraph shall be made as though Initial Funding Lender (or Governmental Lender, as the case may be) shall have actually funded or committed to fund the Advance at the Term SOFR Rate through the purchase of an underlying deposit in an amount equal to the amount of the Advance and having a maturity comparable to the relevant Interest Period; provided, however, that

Initial Funding Lender (in its own right or on behalf of Governmental Lender or Fiscal Agent), which may fund any Term SOFR Rate-based Advance in any manner it deems fit and the foregoing assumptions shall be utilized only for the purpose of the calculation of amounts payable under this paragraph. Upon the written request of Borrower, Initial Funding Lender (in its own right or on behalf of Governmental Lender or Fiscal Agent) shall deliver to Borrower a certificate setting forth the basis for determining such losses, costs and expenses, which certificate shall be conclusively presumed correct, absent manifest error. Borrower may prepay all or any part of the outstanding balance of any Indebtedness hereunder at any such time without premium or penalty. This Project Loan is subject to mandatory prepayment as described in the Funding Loan Agreement. Any prepayment hereunder shall also be accompanied by the payment of all accrued and unpaid interest on the amount so prepaid.

5. *Unavailability of Construction Phase Interest Rate; Change of Law*.

(a) Generally. If, at any time, Initial Funding Lender's obligation to maintain any of the Indebtedness hereunder at an Construction Phase Interest Rate based on the Term SOFR Rate is suspended in accordance with the terms of this Project Loan Note, then (a) the Prime Referenced Rate at such time will replace the Term SOFR Rate for all purposes hereunder, (b) the Construction Phase Interest Rate hereunder in respect of such Indebtedness will be the Construction Phase Interest Rate based upon the Prime Referenced Rate, and (c) Initial Funding Lender shall have the right to make Rate Conforming Changes as provided in Section 2.8, in each case, without any further action or consent of Borrower.

(b) Initial Funding Lender *Unable to Determine the Construction Phase Interest Rate*. If, at any time, Initial Funding Lender determines (which determination shall be conclusive and binding for all purposes) that (a) Initial Funding Lender is unable to determine or ascertain the Term SOFR Rate, or (b) the Term SOFR Rate will not adequately and fairly cover or reflect the cost to Initial Funding Lender of maintaining any of the Indebtedness under this Project Loan Note or the Governmental Note (including, without limitation, as a result of the alteration of the methods of calculation or availability of the Term SOFR Rate), Initial Funding Lender shall promptly give notice thereof to Borrower. Thereafter, until Initial Funding Lender notifies Borrower that the foregoing conditions or circumstances no longer exist, any obligation of Initial Funding Lender to maintain any of the Indebtedness hereunder at an Construction Phase Interest Rate based on the Term SOFR Rate, shall be suspended, and the Prime Referenced Rate will replace the Term SOFR Rate in accordance with Section 5 (a).

(c) Legal Impossibility. If, at any time, Initial Funding Lender determines (which determination shall be conclusive and binding for all purposes) that any Change in Law shall make it unlawful or impossible, or that any Governmental Authority has asserted that it is unlawful, for Initial Funding Lender to maintain any of the Indebtedness under this Project Loan Note (or the Governmental Note, as may be the case) with interest based upon the Term SOFR Rate, Initial Funding Lender shall promptly give notice thereof to Borrower. Thereafter, until Initial Funding Lender notifies Borrower that such conditions or circumstances no longer exist, any obligation of Initial Funding Lender to

maintain any of the Indebtedness hereunder at an Construction Phase Interest Rate based on the Term SOFR Rate shall be suspended and the Prime Referenced Rate will replace the Term SOFR Rate in accordance with Section 5(a).

(d) Yield Maintenance. If any Change in Law shall (a) subject Initial Funding Lender (or Governmental Lender, as the case may be) to any tax, duty or other charge with respect to this Project Loan Note or any Indebtedness hereunder (or the Funding Loan, as the case may be), or shall change the basis of taxation of payments to Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) or to Fiscal Agent, as the case may be, of the principal of or interest under this Project Loan Note or any other amounts due under this Project Loan Note in respect thereof (except for changes in the rate of tax on the overall net income of Initial Funding Lender imposed by the jurisdiction in which Initial Funding Lender's principal executive office is located); or (b) impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by Initial Funding Lender, or shall impose on Initial Funding Lender or the interbank markets any other condition affecting this Project Loan Note (or the Governmental Note) or the Indebtedness hereunder; and the result of any of the foregoing is to increase the cost to Initial Funding Lender of maintaining any part of the Indebtedness hereunder (or under the Governmental Note) or to reduce the amount of any sum received or receivable by Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) or Fiscal Agent, as the case may be under this Project Loan Note (or the Governmental Note), then Borrower shall pay to Initial Funding Lender, within fifteen (15) days of Borrower's receipt of written notice from Initial Funding Lender demanding such compensation, such additional amount or amounts as will compensate Initial Funding Lender for such increased cost or reduction. A certificate of Initial Funding Lender, submitted by Initial Funding Lender to Borrower, setting forth the basis for determining such additional amount or amounts necessary to compensate Initial Funding Lender shall be conclusive and binding for all purposes, absent manifest error.

(e) *Changes to Capital or Liquidity*. If any Change in Law affects or would affect the amount of capital or liquidity required or expected to be maintained by Initial Funding Lender (or any corporation controlling Initial Funding Lender), and Initial Funding Lender determines that the amount of such capital or liquidity is increased by or based upon the existence of any obligations of Initial Funding Lender hereunder or the maintaining of any Indebtedness hereunder, and such increase has the effect of reducing the rate of return on Initial Funding Lender's (or such controlling corporation's) capital as a consequence of such obligations or the maintaining of such Indebtedness hereunder to a level below that which Initial Funding Lender (or such controlling corporation) could have achieved but for such circumstances (taking into consideration its policies with respect to capital adequacy and liquidity), then Borrower shall pay to Initial Funding Lender, within fifteen (15) days of Borrower's receipt of written notice from Initial Funding Lender demanding such compensation, such additional amount or amounts as will compensate Initial Funding Lender (or such controlling corporation) for any increase in the amount of capital and/or liquidity and reduced rate of return which Initial Funding

Lender reasonably determines to be allocable to the existence of any obligations of Initial Funding Lender hereunder or to maintaining any Indebtedness hereunder. A certificate of Initial Funding Lender, submitted by Initial Funding Lender to Borrower, setting forth the basis for determining such additional amount or amounts necessary to compensate Initial Funding Lender (or such controlling corporation) shall be conclusive and binding for all purposes absent manifest error.

6. *Indebtedness*; Collateral. The Indebtedness is secured by, among other things, the Security Instrument granting a lien against leasehold interest in the Project, and additionally Government Lender is hereby granted a security interest in and lien upon the Collateral. Notwithstanding the above, (i) to the extent that any portion of the Indebtedness is a consumer loan, that portion shall not be secured by any deed of trust or mortgage on or other security interest in any of Borrower's principal dwelling or in any of Borrower's real property which is not a purchase money security interest as to that portion, unless expressly provided to the contrary in another place, or (ii) if Borrower (or any of them) has given or gives Initial Funding Lender a deed of trust or mortgage covering California real property, that deed of trust or mortgage shall not secure this Project Loan Note or any other indebtedness of Borrower (or any of them), unless expressly provided to the contrary in another place, or (iii) if Borrower (or any of them) has given or gives Initial Funding Lender a deed of trust or mortgage covering real property which, under Texas law, constitutes the homestead of such person, that deed of trust or mortgage shall not secure this Project Loan Note or any other indebtedness of Borrower (or any of them) unless expressly provided to the contrary in another place.

7. Default; *Remedies*. If the Conversion Conditions shall not occur on or before the Construction Term Maturity Date, or if any other Event of Default shall occur and be then continuing, then (WITHOUT LIMITING ANY OF INITIAL FUNDING LENDER'S RIGHTS HEREUNDER, WHETHER IN ITS OWN RIGHT OR IF ACTING ON BEHALF OF GOVERNMENTAL LENDER AND FISCAL AGENT, INCLUDING, WITHOUT LIMITATION, IF APPLICABLE, INITIAL FUNDING LENDER'S RIGHT TO REFUSE ANY DRAW REQUESTS FOR DISBURSEMENTS OF AMOUNTS HELD BY THE FISCAL AGENT IN THE PROJECT LOAN FUND) Initial Funding Lender, upon the occurrence and at any time during the continuance or existence of an Event of Default, may, at its option and without prior notice to Borrower (or any of them) or any other person or entity, (a) cease authorizing the disbursement of proceeds of this Project Loan Note in the Project Loan Fund or otherwise extending credit to or for the benefit of Borrower under this Project Loan Note, under the Project Loan Agreement, under the Disbursement Agreement, or any other agreement between Borrower and Initial Funding Lender, (b) terminate this Project Loan Note as to any future liability or obligation of Initial Funding Lender (in its own behalf or on behalf of the Governmental Lender or the Fiscal Lender) or (c) on, but without affecting Initial Funding Lender's (in its own right or on behalf of Governmental Lender and/or Fiscal Agent) rights and security interests in any Collateral and the Indebtedness of Borrower to Governmental Lender or Initial Funding Lender (as the case may be), (i) declare any or all of the Indebtedness to be immediately due and payable (notwithstanding any provisions contained in the evidence of it to the contrary), (ii) sell or liquidate all or any portion of the Collateral, set off against the Indebtedness any amounts owing by Initial Funding Lender, Governmental Lender and/or Fiscal Agent to

Borrower (or any of them), (iii) charge interest at the default rate provided herein or in any other Project Loan Document or the Disbursement Agreement, and (iv) exercise any one or more of the rights and remedies granted to Initial Funding Lender by any agreement with Borrower (or any of them) or given to it under applicable law. In addition, if this Project Loan Note is secured by a deed of trust or mortgage covering real property, then the trustor or mortgagor shall not mortgage or pledge the mortgaged premises as security for any other indebtedness or obligations other than in favor of the Initial Funding Lender. This Project Loan Note, together with all other indebtedness secured by said deed of trust or mortgage, shall become due and payable immediately, without notice, at the option of Initial Funding Lender, (x) if said trustor or mortgagor shall mortgage or pledge the mortgaged premises for any other indebtedness or obligations or shall convey, assign or transfer the mortgaged premises by deed, installment sale contract or other instrument, (y) if the title to the mortgaged premises shall become vested in any other person or party in any manner whatsoever, or (z) if there is any disposition (through one or more transactions) of legal or beneficial title to a controlling interest of said trustor or mortgagor.

8. Miscellaneous.

8.1 *Right of Setoff*. Borrower authorize(s) Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) to charge any account(s) of Borrower (or any of them) with the Fiscal Agent, Initial Funding Lender, or any Holder for any and all sums due hereunder when due; provided, however, that such authorization shall not affect any of Borrower's obligation to pay to Governmental Lender all amounts when due, whether or not any such account balances that are maintained by Borrower with Fiscal Agent and/or the Initial Funding Lender are insufficient to pay to Initial Funding Lender any amounts when due, and to the extent that such accounts are insufficient to pay to Governmental Lender all such amounts, Borrower shall remain liable for any deficiencies until paid in full.

8.2 *Joint and Several Liability*. If this Project Loan Note is signed by two or more parties (whether by all as makers or by one or more as an accommodation party or otherwise), the obligations and undertakings under this Project Loan Note shall be that of all and any two or more jointly and also of each severally.

8.3 *Waiver*. The Borrower waives presentment, demand for payment, notice of dishonor and any or all notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Project Loan Note (other than notice that the Holder, or the Initial Funding Lender, as the case may be, has specifically agreed to provide pursuant to the terms of the Disbursement Agreement or in the Project Loan Documents) and consents to any or all delays, extensions of time, renewals, release of any party to any of the Project Loan Documents and of any available security therefor, to any party to the Project Loan Documents or to the actual holder thereof and any and all waivers or modifications that may be granted or consented to by the Initial Funding Lender (in its own right or on behalf Holder of the Fiscal Agent) with regard to the time of payment or with respect to any other provisions of the Disbursement Agreement or the Project Loan Documents and agrees that no such action, delay or failure to act on the part of the Initial Funding Lender shall be construed as a waiver by the Initial Funding

Lender of, or otherwise affect, in whole or in part, its right to avail itself of any remedy. No notice to or demand on the Borrower shall be deemed to be a waiver of the obligation of the Borrower or of the right of the Initial Funding Lender (in its own right or on behalf Holder of the Fiscal Agent) to take further action without further notice or demand as provided in any of the Disbursement Agreement and the Project Loan Documents. If the Borrower is a partnership, the agreements contained in this Project Loan Note shall remain in force and applicable, notwithstanding any changes in the individuals comprising the partnership, and the term "**Borrower**", as used herein, shall include any alternate or successor partnerships, but any predecessor partnership and their partners shall not thereby be released from any liability. Nothing in the previous sentence shall be construed as a consent to, or a waiver of, any prohibition or restriction on transfers of interests in such partnership which may be set forth in the Disbursement Agreement or in the Project Loan Documents.

8.4 *Successors and Assigns*. This Project Loan Note shall bind Borrower, and Borrower's respective heirs, personal representatives, successors and assigns; provided, that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Initial Funding Lender (and any attempted assignment or transfer by Borrower without such consent shall be null and void). Borrower agree(s) that the Initial Funding Lender has the right to sell, assign, and grant participations or any interest in, any or all of the Indebtedness (by virtue of its holding the Funding Loan), and that, in connection with this right, but without limiting its ability to make other disclosures to the full extent allowable, Initial Funding Lender may disclose all documents and information which Initial Funding Lender now or later has relating to Borrower or the Indebtedness. Borrower agrees that Initial Funding Lender may provide information relating to this Project Loan Note or relating to Borrower to Initial Funding Lender's parent, affiliates, subsidiaries and service providers.

8.5 *Collection Costs*. Borrower agrees to pay or reimburse to Initial Funding Lender, Governmental Lender, Fiscal Agent, and/ or any other holder or owner of this Project Loan Note, on demand, any and all costs and expenses of Initial Funding Lender (including, without limit, court costs, legal expenses and reasonable attorneys' fees, whether inside or outside counsel is used, whether or not suit is instituted, and, if suit is instituted, whether at the trial court level, appellate level, in a bankruptcy, probate or administrative proceeding or otherwise) incurred in connection with the preparation, execution, delivery, amendment, administration, and performance of this Project Loan Note and the other Project Loan Documents, or incurred in collecting or attempting to collect, or enforcing, this Project Loan Note, the other Project Loan Documents, or the Indebtedness, or incurred in any other matter or proceeding relating to this Project Loan Note, the Disbursement Agreement the other Project Loan Documents, the Disbursement Agreement, or the Indebtedness.

8.6 *Entire Agreement; Amendments*. This Project Loan Note, the Disbursement Agreement, and the Project Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. The terms and conditions of this Project Loan Note may not be amended, waived

or modified except in a writing signed by an officer of Initial Funding Lender expressly stating that the writing constitutes an amendment, waiver or modification of the terms of this Project Loan Note.

8.7 *Severability*. If any provision of this Project Loan Note is unenforceable in whole or part for any reason, the remaining provisions shall continue to be effective.

8.8 *Multiple Counterparts/Scanned Originals*. This Project Loan Note and the other Project Loan Documents (i) may be executed in several counterparts, and each executed copy shall constitute an original instrument, but such counterparts shall together constitute but one and the same instrument, and (ii) a photocopy, facsimile, .pdf or scanned copy of an executed counterpart of this Project Loan Note or any of the other Project Loan Documents shall be sufficient to bind the party whose signature appears hereon. In addition, Borrower acknowledge(s) and agree(s) to provide originals of this Project Loan Note and the other Project Loan Documents to Initial Funding Lender upon its request. Notwithstanding the foregoing, if any of the Facility Documents require an original be recorded or filed with a county or other governmental agency (e.g., mortgages or deeds of trust), the funding of any loan or the advance of any draw request hereunder will be delayed until either Initial Funding Lender receives evidence that the document has actually been recorded with a county or other governmental agency, whichever the case may be, or Initial Funding Lender has been issued gap insurance acceptable to Initial Funding Lender by a title insurance company approved by Initial Funding Lender

8.9 *Governing Law*. THIS PROJECT LOAN NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE APPLICABLE STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

8.10 *No Waiver*. No delay or failure of Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof, or the exercise of any other power, right or privilege. The rights of Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) under this Project Loan Note are cumulative and not exclusive of any right or remedies which Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) would otherwise have, whether by other instruments or by law.

8.11 *Waiver of Jury Trial*. BORROWER AND INITIAL FUNDING LENDER, BY ACCEPTANCE OF THIS PROJECT LOAN NOTE, ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR

ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS PROJECT LOAN NOTE OR THE INDEBTEDNESS.

8.12 Venue. BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY (I) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL COURT OR STATE COURT SITTING IN THE APPLICABLE CITY OF THE APPLICABLE STATE (AND ANY APPELLATE COURT THEREOF) IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS PROJECT LOAN NOTE, THE DISBURSEMENT AGREEMENT, OR ANY OTHER PROJECT LOAN DOCUMENT, (II) AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT, (III) WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUCH SUIT OR PROCEEDING IN ANY SUCH COURT, AND (IV) CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY COURT IN OR OF THE APPLICABLE STATE BY THE DELIVERY OF COPIES OF SUCH PROCESS TO BORROWER AT ITS ADDRESS SPECIFIED ON THE SIGNATURE PAGE HERETO OR BY CERTIFIED MAIL DIRECTED TO SUCH ADDRESS (OR, IN ANY CASE, ANY OTHER ADDRESS DESIGNATED BY BORROWER IN A NOTICE TO INITIAL FUNDING LENDER). NOTHING IN THIS PARAGRAPH SHALL LIMIT OR OTHERWISE AFFECT THE RIGHT OF INITIAL FUNDING LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING ANY SUCH ACTION OR PROCEEDING AGAINST BORROWER OR ANY GUARANTOR OR ANY OF THEIR PROPERTY IN ANY COURT OF ANY OTHER JURISDICTION.

8.13 Time. Time is of the essence with respect to Borrower's obligations under this Project Loan Note.

8.14 Payments Set Aside. To the extent that any payment by or on behalf of Borrower is made to Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent), or Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Initial Funding Lender (in its own right or acting on behalf of Governmental Lender and/or Fiscal Agent) in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any bankruptcy law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

8.15 Captions. The article and section headings used in this Note are for convenience of reference only and shall not affect, alter or define the meaning or interpretation of the text of any article or section contained in this Note.

8.16 State Specific Provisions.

Chapter 346 of the Texas Finance Code (and as the same may be incorporated by reference in other Texas statutes) shall not apply to the Indebtedness evidenced by this Project Loan Note.

This Project Loan Note, the Disbursement Agreement, and all the other Project Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable usury laws. If any provision hereof, the Disbursement Agreement, or of any of the other Project Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the application of such provision to any other person or circumstance nor the remainder of the instrument in which such provision is contained shall be affected thereby and shall be enforced to the greatest extent permitted by law. It is expressly stipulated and agreed to be the intent of the holder hereof to at all times comply with the usury and other applicable laws now or hereafter governing the interest payable on the indebtedness evidenced by this Project Loan Note. If the applicable law is ever revised, repealed or judicially interpreted so as to render usurious any amount called for under this Project Loan Note, the Disbursement Agreement, or under any of the other Project Loan Documents, or contracted for, charged, taken, reserved or received with respect to the indebtedness evidenced by this Project Loan Note, or if Initial Funding Lender's exercise (in its own right or on behalf of Governmental Lender or Fiscal Agent) of the option to accelerate the maturity of this Project Loan Note, or if any prepayment by Borrower or prepayment agreement results (or would, if complied with, result) in Borrower having paid, contracted for or being charged for any interest in excess of that permitted by law, then it is the express intent of Borrower and Initial Funding Lender (in its own right or on behalf of Governmental Lender or Fiscal Agent) that this Project Loan Note, the Disbursement Agreement, and the other Project Loan Documents shall be limited to the extent necessary to prevent such result and all excess amounts theretofore collected by Initial Funding Lender (in its own right or on behalf of Governmental Lender or Fiscal Agent) shall be credited on the principal balance of this Project Loan Note or, if fully paid, upon such other Indebtedness as shall then remain outstanding (or, if this Project Loan Note and all other Indebtedness have been paid in full, refunded to Borrower), and the provisions of this Project Loan Note, the Disbursement Agreement, and the other Project Loan Documents shall immediately be deemed reformed and the amounts thereafter collectable hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the then applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid, or agreed to be paid, by Borrower for the use, forbearance, detention, taking, charging, receiving or reserving of the indebtedness of Borrower to Governmental Lender (or Fiscal Agent or the Initial Funding Lender as the case may be) under this Project Loan Note or arising under or pursuant to the Disbursement Agreement or the other Project Loan Documents shall, to the maximum extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the usury ceiling from time to time in effect and applicable to such indebtedness for so long as such indebtedness is outstanding. Notwithstanding anything

to the contrary contained herein or in any of the other Project Loan Documents, it is not the intention of Initial Funding Lender (in its own right or on behalf of Governmental Lender or Fiscal Agent) to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

THIS WRITTEN LOAN AGREEMENT (AS DEFINED BY SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE) REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

9. Definitions. For the purposes of this Project Loan Note, the following terms have the following meanings:

"Advance" means the single advance of this Project Loan Note on the Delivery Date, which shall be a Term SOFR Rate-based Advance or (subject to the terms of this Project Loan Note) a Prime Rate-based Advance.

"Applicable City" means Dallas, Texas.

"Applicable Margin" means, (i) with respect to the Term SOFR Rate, one and one and eighty-five hundredths percent (1.85%) per annum, and (ii) with respect to the Prime Referenced Rate, the greater of (x) the Applicable Margin for the Term SOFR Rate minus one percent (1%) per annum, or (y) zero percent (0%) per annum.

"Applicable State" means the State of Texas.

"Applicable Time" means 11:00 a.m. Detroit, Michigan time.

"Business Day" means any day, other than a Saturday, Sunday or any other day designated as a holiday under Federal or applicable State statute or regulation, on which Initial Funding Lender is open for all or substantially all of its domestic and international business (including dealings in foreign exchange) in Detroit, Michigan; provided, however, for purposes of determining the Term SOFR Rate, a Business Day shall also exclude a day on which the Securities Industry and Financial Markets Association ("SIFMA") recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities.

"Change in Law" means the occurrence, after the date hereof, of any of the following: (i) the adoption or introduction of, or any change in any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect and whether or not applicable to Initial Funding Lender on such date, or (ii) any change in interpretation, administration, application or implementation of any such law, treaty, rule or regulation by any Governmental Authority, or (iii) the issuance, making or implementation by any Governmental Authority of any interpretation, administration, request, rule, regulation, guideline, or directive (whether or not having the force of law), including, without limitation,

any risk-based capital guidelines or any interpretation, administration, request, regulation, guideline, or directive relating to liquidity. For purposes of this definition, (x) a change in law, treaty, rule, regulation, interpretation, administration, application or implementation shall include, without limitation, any change made or which becomes effective on the basis of a law, treaty, rule, regulation, interpretation administration, application or implementation then in force, the effective date of which change is delayed by the terms of such law, treaty, rule, regulation, interpretation, administration, application or implementation, and (y) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, H.R. 4173) and all requests, rules, regulations, guidelines, interpretations or directives promulgated thereunder or issued in connection therewith shall be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or promulgated, whether before or after the date hereof, and (z) all requests, rules, guidelines or directives promulgated by the Initial Funding Lender for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall each be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.

"Collateral" shall have the meaning assigned to that term in the Disbursement Agreement.

"Construction Phase" means the Construction Phase of the Project Loan, which period shall commence on the Closing Date and shall remain in effect to, but not including the Conversion Date.

"Construction Phase Interest Rate" means the Term SOFR Rate plus the Applicable Margin, or (subject to the terms of this Note) the Prime Referenced Rate plus the Applicable Margin, as otherwise determined in accordance with the terms and conditions of this Note.

"Construction Term Maturity Date" means _____ 1, 2028, as may be extended to the Maturity Date under the terms of the Disbursement Agreement.

"Conversion Conditions" has the meaning ascribed to such term in the Forward Loan Purchase Agreement.

"Conversion Date" means the date the Permanent Lender purchases the Funding Loan from the Initial Funding Lender.

"Default" has the meaning ascribed to that term in the Disbursement Agreement.

"Delivery Date" has the meaning ascribed to that term in the Disbursement Agreement.

"Draw Request" has the meaning ascribed to that term in the Disbursement Agreement.

"Event of Default" has the meaning ascribed to that term in the Loan Agreement.

"Forward Loan Purchase Agreement" means the Forward Loan Purchase Agreement dated as of _____ 1, 2026, by and among the Initial Funding Lender, Permanent Lender, and Borrower.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central Initial Funding Lender or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supranational bodies such as the European Union or the European Central Initial Funding Lender).

"Guarantor" has the meaning ascribed to that term in the Disbursement Agreement.

"Indebtedness" means, collectively, the indebtedness and liabilities under this Project Loan Note and any other indebtedness and liabilities of any kind of Borrower (or any of them) to Governmental Lender or Initial Funding Lender and any and all modifications, renewals or extensions of it, whether joint or several, contingent or absolute, now existing or later arising, and however evidenced and whether incurred voluntarily or involuntarily, known or unknown, or originally payable to Governmental Lender or Initial Funding Lender or to a third party and subsequently acquired by Initial Funding Lender (in its own right or on behalf of the Governmental Lender or Fiscal Agent) including, without limitation, any and all obligations owed to the Initial Funding Lender in respect of a Rate Contract (if any); any late charges; loan fees or charges; overdraft indebtedness; any interest and fees that accrue after the commencement by or against Borrower in any bankruptcy proceeding regardless of whether such interest and fees are allowed claims in such proceeding; costs incurred by a Lending Party in establishing, determining, continuing or defending the validity or priority of any security interest, pledge or other lien or in pursuing any of its rights or remedies under the Disbursement Agreement or any Project Loan Document (or otherwise) or in connection with any proceeding involving a Lender Party as a result of any financial accommodation to Borrower (or any of them); and reasonable costs and expenses of attorneys and paralegals, whether inside or outside counsel is used, and whether any suit or other action is instituted, and to court costs if suit or action is instituted, and whether any such fees, costs or expenses are incurred at the trial court level or on appeal, in bankruptcy, in administrative proceedings, in probate proceedings or otherwise.

"Interest Period" means a period of one (1) month. The initial Interest Period hereunder shall commence as of the date of this Project Loan Note, as set forth above, and shall end on the first Business Day of the next succeeding month following the date

of this Project Loan Note. The next occurring Interest Period, and each succeeding Interest Period, shall commence on the first Business Day of the month and shall end on the first Business Day of the next succeeding month; provided, however, that no Interest Period shall extend beyond the Construction Term Maturity Date (as then applicable).

"Loan Amount" means the face amount of this Note as set forth at the top of Page 1 hereof.

"Lender Party" shall mean the Governmental Lender, the Fiscal Agent, and the Initial Funding Lender, individually and collectively.

"Maturity Date" means the maturity date of this Project Loan Note as set forth at the top of Page 1 hereof, provided, however, if the Conversion Conditions have been satisfied on or before the Construction Term Maturity Date, the term "Maturity Date" shall mean _____ 1, 20__.

"Maximum Rate" means, the rate of interest which results in the maximum amount of interest allowed by applicable law pursuant to Chapter 1204 of the Texas Government Code. If on any day the Construction Phase Interest Rate hereunder in respect of any Indebtedness under this Project Loan Note shall exceed the Maximum Rate for that day, the rate of interest applicable to such Indebtedness shall be fixed at the Maximum Rate on that day and on each day thereafter until the total amount of interest accrued on the unpaid principal balance of this Project Loan Note equals the total amount of interest which would have accrued if there had been no Maximum Rate. If such maximum rate of interest changes after the date hereof, the Maximum Rate shall be automatically increased or decreased, as the case may be, without notice to Borrower from time to time as of the effective date of each change in such maximum rate.

"Notional Amount" means the nominal or face amount that is used to calculate payments made on an instrument.

"Permanent Lender" means Barings Affordable Housing Mortgage Fund III, LLC, a Delaware limited liability company.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, association, trust, unincorporated association, joint stock company, government, municipality, political subdivision or agency, or other entity.

"Prime Rate" means the per annum interest rate established by Initial Funding Lender as its prime rate for its borrowers, as such rate may vary from time to time, which rate is not necessarily the lowest rate on loans made by Initial Funding Lender (in its own right or acting as the loan servicer on behalf of Governmental Lender) at any such time.

"Prime Rate-based Advance" means when the Advance bears interest at the Prime Referenced Rate plus the Applicable Margin, subject to and when provided for under the terms of this Project Loan Note.

"Prime Referenced Rate" means, for any day, a per annum interest rate which is equal to the Prime Rate in effect on such day, but in no event and at no time shall the Prime Referenced Rate be less than two and one-half percent (2.50%) per annum.

"Project" means a multifamily rental housing development to be located in Dallas, Texas, to be known as Waters at Waterchase, as more fully described in the Disbursement Agreement.

"Project Loan" has the meaning given to such term in the preamble of this Project Loan Note.

"Project Loan Agreement" has the meaning given to such term in the preamble of this Project Loan Note.

"Project Loan Documents" has the meaning given to such term in the Disbursement Agreement.

"Rate Conforming Changes" means, with respect to the Term SOFR Rate, any technical, administrative or operational changes (including, without limitation and as applicable, changes to the definition of the "Construction Phase Interest Rate," the definition of "Business Day," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability and terms of breakage provisions and other technical, administrative or operational matters) that Initial Funding Lender decides may be appropriate to reflect the adoption and implementation of the Term SOFR Rate and to permit the administration thereof by Initial Funding Lender in a manner substantially consistent with market practice (or, if Initial Funding Lender decides that adoption of any portion of such market practice is not administratively feasible or if Initial Funding Lender determines that no market practice for the administration of the Term SOFR Rate exists, in such other manner of administration as Initial Funding Lender decides is reasonably necessary in connection with the administration of this Project Loan Note and the other Project Loan Documents).

"Rate Contracts" means interest rate swaps, caps, floors and collars, currency swaps, or other similar financial products designed to provide protection against fluctuations in interest, currency or exchange rates and other obligations, and that require the person or entity party to any such agreement to make payments under such agreement, whether periodically or upon the happening of a contingency.

"Rate Contract Differential" means the difference between the outstanding principal amount of the Rate Contract Loans and the Notional Amount of any applicable corresponding Rate Contract.

"Rate Contract Loans" means, collectively, (i) the maximum principal amount of Indebtedness that may be available or outstanding from time to time under this Project Loan Note in connection with a Rate Contract, and (ii) if applicable, any other Indebtedness available or outstanding from time to time under other promissory notes

executed by Borrower, payable to the order of Initial Funding Lender (or Governmental Lender, as the case may be) and subject to the same Rate Contracts.

"Requisition" has the meaning ascribed to that term in the Disbursement Agreement.

"Term SOFR Administrator" means the CME Group Benchmark Administration Limited (or a successor administrator of the term secured overnight financing rate).

"Term SOFR Administrator's Website" means the website of the Term SOFR Administrator, currently at https://www.cmegroup.com/market-data/cme-group-benchmark-administration/term-sofr.html, or any successor source for the secured overnight financing rate identified as such by the Term SOFR Administrator from time to time.

"Term SOFR Rate" means, for any Interest Period, the rate per annum equal to the Term SOFR Screen Rate at or about 8:00 a.m. (Detroit, Michigan time) (or as soon thereafter as practical) as determined for each Interest Period, two (2) Business Days prior to the beginning of such Interest Period with a term of one (1) month; provided that, except for a determination by Initial Funding Lender pursuant to Section 5.2 or Section 5.3 herein, if such rate is not published on such determination date then the Term SOFR Rate will be the Term SOFR Screen Rate on the first Business Day immediately prior thereto; provided, however, and notwithstanding anything to the contrary set forth in this Project Loan Note, if at any time the Term SOFR Rate would otherwise be less than one-half of one percent (.50%) per annum, then the Term SOFR Rate shall be deemed to be one-half of one percent (.50%) per annum for all purposes of this Project Loan Note.

"Term SOFR Rate-based Advance" means when the Advance which bears interest at the Term SOFR Rate plus the Applicable Margin, subject to and as provided under the terms of this Project Loan Note.

"Term SOFR Screen Rate" means the CME Term SOFR Reference Rates, as administered by the Term SOFR Administrator and published on the applicable screen page (or such other commercially available source providing such rate or quotations as may be designated by Initial Funding Lender from time to time) on the Term SOFR Administrator's Website.

Any capitalized term not otherwise defined in this Project Loan Note shall have the meaning ascribed to such term in the Disbursement Agreement.

[The remainder of this page was intentionally left blank.]

This Project Loan Note is dated and shall be effective as of the date set forth above.

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF – Waters at Waterchase, LLC, a Texas limited liability company, its General Partner

By: Atlantic Housing Foundation, Inc., a South Carolina non-profit corporation, its Sole Member

By: _____
Michael N. Nguyen
President and Chief Executive Officer

ALLONGE

This Allonge is attached hereto and made a part of that certain Promissory Note made by, Waters at Waterchase, LP, a Texas limited partnership, to Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, for purposes of annexing thereto the following endorsement:

Pay to the order of Zions Bancorporation, National Association, as fiscal agent under the terms of that certain Funding Loan Agreement as of _____ 1, 2026, without recourse.

TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS,
as Governmental Lender

By: _____
James B. “Beau” Eccles,
Secretary to the Board

For Initial Funding Lender Use Only				
LOAN OFFICER INITIALS	LOAN GROUP NAME Community Deployment Finance	OBLIGOR NAME Waters at Waterchase, LP		
LOAN OFFICER I.D. NO.	LOAN GROUP NO.	OBLIGOR NO.	NOTE NO.	AMOUNT $18,000,000

Dallas County, Texas

AMENDED AND RESTATED PROMISSORY NOTE

$[_____][1] [_____ __], [20__]

FOR VALUE RECEIVED, **WATERS AT WATERCHASE, LP**, a Texas limited partnership , with an address of 4770 Iberia Ave, Suite 100, Dallas, TX 75207("***Borrower***"), hereby promises to pay to the order of **ZIONS BANCORPORATION, N.A.**, a national banking association, in its capacity as fiscal agent (together with its successors and assigns, the "***Fiscal Agent***") with an address of _____ for the benefit of the holders of that certain $[_____] Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 (the "***Governmental Note***"), the principal sum of [_____ DOLLARS ($_____)], with interest on the unpaid principal balance from time to time outstanding at the Permanent Phase Interest Rate as set forth in the Project Loan Agreement (as defined below), and premium, if any, in lawful money of the United States of America and in immediately available funds, to the account [SPECIFY ACCOUNT INSTRUCTIONS] or such other account as may be specified in writing from time to time by the Holder hereof, on the dates and in the amounts sufficient to pay the interest on, and premium, if any, and the principal of the Governmental Note together with all other amounts due and owing under the Project Loan Agreement and the Continuing Covenant Agreement (as defined below).

Fifth Third Bank, N.A., a national banking association, in its capacity as lender ("***Initial Funding Lender***") made a loan (the "***Funding Loan***") to the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "***Governmental Lender***") pursuant to that certain Funding Loan Agreement dated as of _____ 1, 2026, by and among the Initial Funding Lender, the Governmental Lender and the Fiscal Agent (the "***Funding Loan Agreement***") and the Governmental Note was issued to the Initial Funding Lender to evidence and secure the Funding Loan. The proceeds of the Funding Loan and Governmental Note were used to make that certain loan (the "***Project Loan***") to the Borrower pursuant to that certain Project Loan Agreement dated as of _____ 1, 2026, by and among the Fiscal Agent, Borrower, and Governmental Lender (as amended, restated, supplemented or otherwise modified, the "***Project Loan Agreement***") and that certain [Construction Loan Agreement], dated as of _____ __, 2026, by and between the Initial Funding Lender and Borrower (the "***Construction Loan Agreement***"), and Borrower executed and delivered that certain Promissory Note dated as of _____ __, 2026, in the principal amount of $_____ (the "***Initial Project Note***") as maker to Governmental Lender as payee, which Initial Project Note was endorsed by the Governmental Lender to the Fiscal Agent as of _____ __, 2026. The Project Loan and all of Borrower's payment obligations under the Project Loan Agreement and the Construction Loan Agreement were evidenced and secured by the Initial Project Note.

The Initial Project Note is hereby being amended and restated, and replaced in its entirety, as of the date hereof, by this Amended and Restated Promissory Note by Borrower payable to the Fiscal Agent and any subsequent holder of this Note or non-holder with rights of a holder of this Note (any such payee, the

[1] Earnout Advance principal amount to be added to principal amount if Earnout Conditions are satisfied at Conversion.

"***Holder***"), in the principal amount of $[_____] (the "***Permanent Loan Note***" or the "***Note***"). This Note evidences a portion of the original indebtedness of the Initial Project Note, constitutes the Project Note for all purposes of the Project Loan Agreement and Funding Loan Agreement and does not, and shall not be deemed to, constitute a novation, extinguishment or refinancing of the indebtedness evidenced by the Initial Project Note, which such indebtedness is evidenced by this Note and is incorporated herein by this reference. The date of this Note is the Conversion Date, which is the date that **BARINGS AFFORDABLE HOUSING MORTGAGE FUND III LLC**, a Delaware limited liability company ("***Permanent Lender***") purchased the Funding Loan and the Governmental Note in the principal amount of [_____AND 00/100 DOLLARS ($_____)][2], which is the principal amount of the Funding Loan at Conversion.

As a condition to its purchase of the Funding Loan and the Governmental Note, Permanent Lender required the Borrower to enter into that certain Continuing Covenant Agreement executed as of [_____], [20__] (as modified and supplemented and in effect from time to time, the "***Continuing Covenant Agreement***"), between Borrower and Permanent Lender. This Note is secured by, and has the benefit of, that certain [Amended and Restated Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Financing Statement and Fixture Filing] dated as of [_____], [20__] ("***Permanent Loan Deed of Trust***") encumbering all of the Mortgaged Property, the Recourse Guaranty Agreement, the Environmental Indemnification Agreement, and certain other Financing Documents (such term as used herein to have the meaning given to it in the Funding Loan Agreement) and Permanent Loan Documents (as defined in the Continuing Covenant Agreement).

As and from the Conversion Date, Permanent Lender is the Funding Lender and holder of the Funding Loan and Governmental Note, the Project Loan to the Borrower is governed by the terms and provisions of the Project Loan Documents as amended, restated and supplemented by the Permanent Loan Documents and the obligation of Borrower to repay the Project Loan (and thereby the Governmental Note and the Funding Loan) on and from the Conversion Date is referred to herein as the "***Permanent Loan***" or the "***Loan***." Borrower hereby promises to pay, as and when due, all payments required to be made by the Borrower under the Project Loan Agreement and the Continuing Covenant Agreement and the other Permanent Loan Documents at the rates per annum and on the dates provided in the Project Loan Agreement and Continuing Covenant Agreement. Borrower shall make such payments under this Note commencing on the Conversion Date and continuing until the Loan shall be paid in full. The entire principal balance of this Note then unpaid, together with all accrued and unpaid interest and all other amounts payable hereunder, shall be due and payable in full on [DATE WHICH IS 17 YEARS FROM CONVERSION DATE], _____ (the "***Permanent Loan Maturity Date***").

This Note may not be prepaid in full or part except as provided in the Project Loan Agreement and as follows:

(a) Borrower shall have the right to pay the Permanent Loan in full (but not in part) on any Business Day on or after, but not prior to, the tenth (10th) anniversary of the Conversion Date (the "Closed Prepayment Date") provided that Borrower gives Permanent Lender at least thirty (30) days' prior written notice of its intention to make any such prepayment, the proposed prepayment date and the amount to be prepaid, and that Borrower also pays to Permanent Lender, as consideration for the privilege of making such prepayment, the Prepayment Fee, plus Permanent Lender's Permanent Loan servicing fee through and including the end of the then current calendar month in which the prepayment is made.

[2] Subject to confirmation or revision at Conversion, in accordance with the terms of the Forward Loan Purchase Agreement.

(b) The "Prepayment Fee" shall be equal to the greater of (x) or (y) where:

(x) is equal to the amount to be prepaid multiplied by one percent (1%); and

(y) is the present value of the series of Monthly Payment Differentials from the date of prepayment to the Permanent Loan Maturity Date, discounted at the Reinvestment Yield on a monthly basis.

The "Monthly Payment Differential" means the monthly interest (without amortization) that would be earned if the principal amount (as of the Conversion Date) of the Permanent Loan were invested at the Contract Rate less the monthly interest that would be earned by reinvesting the principal amount (as of the Conversion Date) of the Permanent Loan at the Reinvestment Yield.

If the Permanent Loan Maturity Date is accelerated by Permanent Lender because of the occurrence of an Event of Default or as otherwise provided in the Permanent Loan Documents (an "Acceleration Event"), the acceleration shall be deemed to be an election on the part of Borrower to prepay the Permanent Loan. Accordingly, there shall be added to the amount due after an Event of Default and resulting acceleration, the Prepayment Fee or Closed Period Prepayment Fee, as applicable, calculated as set forth below and using as the prepayment date the date on which any tender of payment is made, and Borrower agrees to pay same. Any tender of payment made (or judgment entered) after acceleration by or on behalf of Borrower (including payment by any guarantor or purchaser at a foreclosure sale), shall include the Prepayment Fee or Closed Period Prepayment Fee, as applicable, computed as provided below. If the Acceleration Event occurs prior to the Closed Prepayment Date, a prepayment fee (a "Closed Period Prepayment Fee") shall nevertheless be paid, which Closed Period Prepayment Fee shall be calculated as set forth in paragraph (b) above, except that with respect to clause (x), the Closed Period Prepayment Fee shall equal the amount to be prepaid multiplied by three percent (3%) (rather than one percent (1%)), and that with respect to clause (y), the Reinvestment Yield (calculated as provided for above) shall be reduced by two (2) percentage points.

There will be due with any principal prepayment, all accrued and unpaid interest and all other fees, charges and payments due under the Permanent Loan Documents.

No Prepayment Fee or Closed Period Prepayment Fee, as applicable, shall be required to be paid in connection with payment of fire, casualty, or condemnation proceeds to Permanent Lender which Permanent Lender requires to be applied to the Indebtedness in accordance with the provisions of this Note, except if such application to the Indebtedness is after an Event of Default.

No Prepayment Fee shall be required to be paid during the last ninety (90) days of the Permanent Loan Term.

This Note constitutes evidence of indebtedness independent of any other obligation and shall remain valid and outstanding for all purposes irrespective of any invalidity, deficiency or cancellation (other than by indefeasible payment in full) of the Governmental Note. Terms used but not defined in this Note have the respective meanings assigned to them in the Funding Loan Agreement, the Project Loan Agreement and the Continuing Covenant Agreement, as applicable. In the event of any conflict or inconsistency between the terms of this Note, any of the Permanent Loan Documents, the Project Loan Agreement or the Funding Loan Agreement, the terms and provisions of the Funding Loan Agreement shall govern.

The Borrower shall pay to the Fiscal Agent in accordance with the terms of the Funding Loan Agreement and the provisions of the Continuing Covenant Agreement, (i) no later than two (2) Business Days before each Interest Payment Date an amount equal to the interest next coming due on the Governmental Note and (ii) no later than two (2) Business Days before each date of any required principal payment or prepayment an amount equal to the principal due and payable on each date of any required principal payment or prepayment and (iii) all other amounts required to be paid by Borrower under the Project Loan Agreement or Continuing Covenant Agreement on or prior to the date such payments are due. Amounts so paid to the Fiscal Agent by the Borrower shall be in immediately available funds or shall be such that on the Interest Payment Date or date of any required principal payment or prepayment or other date upon which payment is due they are available funds.

The Project Loan Agreement and Continuing Covenant Agreement provide for the acceleration of the maturity of this Note upon the occurrence of an Event of Default and for prepayment of this Note, in whole or in part, upon the terms and conditions (including, without limitation, payment of the prepayment fees) specified therein. Upon the occurrence of any Event of Default under this Note or one or more of the Events of Default specified in the Project Loan Agreement or Continuing Covenant Agreement, the amounts then remaining unpaid on this Note, together with any interest accrued, may be declared to be (or, with respect to certain Events of Default, automatically shall become) immediately due and payable as provided therein. The provisions of Article 2 of the Continuing Covenant Agreement are incorporated by this reference herein and each term and condition therein stated shall be applicable to the payment obligations of Borrower under this Note.

Upon the occurrence of any Event of Default under this Note or one or more of the Events of Default specified in the Project Loan Agreement or Continuing Covenant Agreement, this Note shall bear interest at the Default Rate (as defined in the Continuing Covenant Agreement).

In the event of Borrower's default under this Note or one or more of the Events of Default specified in the Project Loan Agreement, Continuing Covenant Agreement, or other Financing Documents, the Holder may exercise all or any one or more of its rights and remedies available under this Note, the other Permanent Loan Documents and the Financing Documents and at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent the Holder from exercising any other right or remedy available to the Holder. The Holder may exercise any such remedies from time to time as often as may be deemed necessary by the Holder. Borrower agrees and shall be bound to pay interest at the Default Rate and to pay the Late Charge, in each case as provided in the Continuing Covenant Agreement. Any accrued interest remaining past due may, at Holder's discretion, be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference to "accrued interest" shall refer to accrued interest that has not become part of the unpaid principal balance.

In the event that any holder shall institute any action for the enforcement or the collection of this Note, there shall be immediately due and payable, in addition to the unpaid balance hereof, all out-of-pocket costs and expenses of such action, including reasonable attorneys' fees, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

The obligations of the Borrower to make all payments required under this Note and the Continuing Covenant Agreement and the Project Loan Agreement on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder and under the other Permanent Loan Documents shall be primary, absolute, unconditional and irrevocable, and shall be paid or performed

strictly in accordance with the terms of this Note, the Continuing Covenant Agreement and Project Loan Agreement under any and all circumstances, without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising. Provided further, the obligations of Borrower under this Note, the Continuing Covenant Agreement and the Project Loan Agreement shall not be affected by (a) any lack of validity or enforceability of any Financing Document; (b) any claim of lack of consideration, frustration of purpose or commercial impracticability; (c) any amendment of, or any waiver or consent with respect to, any of the Financing Documents; (d) the existence of any claim, set-off, defense or other rights which Borrower, Guarantor or any other Person may have at any time against Holder (other than the defense of payment in accordance with the terms of this Note, the Continuing Covenant Agreement and the Project Loan Agreement), whether in connection with this Note or any other Financing Document or any transaction contemplated thereby or any unrelated transaction; (e) any breach of contract or other dispute between Borrower and Holder; or (f) any exchange, release or impairment of any lien or security interest in any collateral pledged or otherwise provided to secure any of the obligations contemplated herein, in any other Financing Document.

Notwithstanding anything contained herein to the contrary, Borrower's liability hereunder is subject to the limitation on liability provisions of Article 11 of the Continuing Covenant Agreement, which Article 11 is incorporated herein by reference, mutatis mutandis, as if such Article 11 was set forth in full herein.

Borrower hereby waives presentment, protest, demand for payment, diligence, notice of dishonor and of nonpayment (except as expressly set forth in the Permanent Loan Documents), and any and all other notices or demands in connection with delivery, acceptance, performance, default or enforcement of this Note, and hereby waives and renounces all rights to the benefits of any statute of limitations and any moratorium, right of valuation or appraisement, exemption and homestead now provided or which may hereafter be provided by any federal or state statute, including, without limitation, exemptions provided or which may hereafter be provided by any federal or state bankruptcy or insolvency laws, both as to itself and as to all of its property, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals and modifications hereof and hereby consents to any extensions of time, renewals, releases of any party to this Note, waivers or modifications that may be granted or consented to by the holder of this Note.

Any forbearance by Holder in exercising any right or remedy under this Note or any other Permanent Loan Document or Financing Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Holder of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Holder's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment.

All agreements between Borrower and Holder, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the final maturity of this Note or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Holder exceed the Maximum Interest Rate (as defined in the Funding Loan Agreement). If, from any circumstance whatsoever, interest would otherwise be payable to Holder in excess of the maximum amount permissible under applicable law, the interest payable to Holder shall be reduced to the maximum amount permissible under applicable law; and if from any circumstance Holder shall ever receive anything of value deemed interest by applicable law in excess of the maximum amount permissible under applicable law, an amount equal to the excessive interest shall be applied to the outstanding principal balance hereof, or if such excessive amount of interest exceeds the unpaid balance of

principal hereof, such excess shall be refunded to Borrower. All interest paid or agreed to be paid to Holder shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period (including any renewal or extension) until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permissible under applicable law. Holder expressly disavows any intent to contract for, charge or receive interest in an amount which exceeds the maximum amount permissible under applicable law.

Borrower shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that Holder may reasonably request, in order to protect any right or interest granted by this Note or to enable Holder to exercise and enforce its rights and remedies under this Note. Notwithstanding the foregoing sentence, in no event shall Borrower be required to execute and deliver any document or perform any act otherwise required pursuant to the foregoing sentence to the extent such document or act imposes a material additional obligation or liability on Borrower.

Any provision of this Note that is prohibited, invalid, unenforceable or unauthorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, invalidity, unenforceability or lack of authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

This Note and all disputes and controversies arising out of or relating to this Note shall be governed by, and construed in accordance with, the laws of Texas (the "***State***") and shall be subject to the consent to jurisdiction and venue provisions in Section 12.18 of the Continuing Covenant Agreement, the terms of which are incorporated herein by this reference.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND HOLDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THAT EACH PARTY TO THIS NOTE MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE STATE OF TEXAS, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS NOTE, THE PERMANENT LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING. BORROWER UNDERSTANDS THAT THIS WAIVER IS A WAIVER OF A CONSTITUTIONAL SAFEGUARD, AND EACH PARTY INDIVIDUALLY BELIEVES THAT THERE ARE SUFFICIENT ALTERNATE PROCEDURAL AND SUBSTANTIVE SAFEGUARDS, INCLUDING, A TRIAL BY AN IMPARTIAL JUDGE, THAT ADEQUATELY OFFSET THE WAIVER CONTAINED HEREIN.

TIME IS OF THE ESSENCE HEREUNDER.

This Note may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an email message; and "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. The parties agree that the electronic signature of a party to this Note (or any amendment or supplement of this Note) shall be as valid as an

original signature of such party and shall be effective to bind such party to this Note. The parties agree that any electronically signed document (including this Note) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files.

THE TERMS OF THIS NOTE CAN ONLY BE MODIFIED BY ANOTHER WRITTEN AGREEMENT ACCEPTED AND AGREED TO BY THE HOLDER AND THE BORROWER.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Borrower has executed or caused this Note to be executed under seal as of the year and day first written above.

BORROWER:

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF-Waters at Waterchase, LLC,
a Texas limited liability company, its general partner

By: Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, its sole member

By: _____
Name: Michael N. Nguyen
Title: President & CEO

[Waters at Waterchase/TEL Loan]

NOTICE OF CONFIDENTIALITY RIGHTS: 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.

LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, AND ASSIGNMENT OF RENTS

THIS LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS is executed effective as of, although not necessarily on _____ 1, 2026, by WATERS AT WATERCHASE, LP, a Texas limited partnership, file number 805689437 ("**Borrower**") whose address for notice hereunder is 4770 Iberia Ave., Suite 100, Dallas, Texas 75207, to Corey R. Bailey of Dallas County, Texas, as Trustee, for the benefit of TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas ("**Governmental Lender**"). All capitalized terms not defined herein shall have the respective meaning set forth in the Construction Funding Agreement (defined below)

RECITALS:

A. Borrower hereby executes and delivers this Security Document to secure an acquisition and renovation loan, in the original principal sum of Eighteen Million and 00/100 Dollars ($18,000,000.00) (the "**Project Loan**"), being made by the Governmental Lender to Borrower pursuant to the terms of that certain Project Loan Agreement, dated _____ 1, 2026 (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "**Project Loan Agreement**"), among Borrower, Zions Bancorporation, National Association, a national banking association ("**Fiscal Agent**"), and Governmental Lender evidenced by a Promissory Note, dated _____ ___, 2026, made by Borrower in favor of Governmental Lender (such promissory note, together with all extensions, renewals, replacements, restatements or modifications thereof being hereinafter referred to collectively as the "**Project Loan Note**"). The proceeds of the Project Loan will be utilized to fund renovation and other costs relative to a multi-family housing project to be rehabilitated on the Land, as further described in the hereafter defined Construction Funding Agreement.

B. The Project Loan will be made with the proceeds of a loan (the "**Funding Loan**") evidenced by the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 (the "**Governmental Note**") dated _____ __, 2026, issued by the Governmental Lender to the order of Fifth Third Bank, N.A. (the "**Initial Funding Lender**") pursuant to

the Funding Loan Agreement ("**Funding Loan Agreement**") dated _____ 1, 2026, among Initial Funding Lender, Fiscal Agent, and Governmental Lender.

C. As provided for in the Funding Loan Agreement, Governmental Lender assigned the Project Loan to the Fiscal Agent, and the Initial Funding Lender was authorized to service and administer the Project Loan for and on behalf of the Governmental Lender and Fiscal Agent.

D. Initial Funding Lender will service and administer the Project Loan subject to and as provided for in the Construction Funding Agreement dated as of _____ 1, 2026, between Borrower and the Initial Funding Lender ("**Construction Funding Agreement**").

E. Borrower desires to secure (1) the payment of the Project Loan Note together with all interest, premiums and other amounts, if any, due from Borrower and any guarantor of the Project Loan (the "**Guarantor**") in accordance with the terms of the Construction Funding Agreement, the Project Loan Agreement, the Funding Loan Agreement, and the Project Loan Note, as well as the payment of any additional indebtedness accruing to Initial Funding Lender (in its own right or on behalf of the Fiscal Agent or the Governmental Lender) on account of any future payments, advances or expenditures made by Governmental Lender pursuant to the Funding Loan Agreement, Project Loan Note, the Project Loan Agreement, or this Security Document or any of the other loan documents evidencing or securing the Project Loan ("**Project Loan Documents**") or otherwise in connection with the Project Loan or under the Construction Funding Agreement,, including, but not limited to, protective advances by Initial Funding Lender (in its own right or on behalf of the Fiscal Agent or the Governmental Lender) (all payment obligations are hereinafter referred to, collectively, as the "**Indebtedness**"), (2) the performance of all obligations under the Project Loan Note, the Project Loan Agreement and the other Project Loan Documents by Borrower and any Guarantor, and under the Construction Funding Agreement, and (3) all amounts payable by Borrower under a Hedging Agreement.

F. Payment, fulfillment, and performance by Borrower of obligations thereunder and under the other Project Loan Documents and the Construction Funding Agreement is secured hereby.

A. DEFINITIONS

Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Construction Funding Agreement. The following terms shall have the defined meaning ascribed to such terms, as set forth below:

1. "**BORROWER**" shall initially have the meaning ascribed to that term in the introductory paragraph, together with each such person's heirs, personal representatives, successors and assigns.

2. "**CODE**" shall mean the Texas Business and Commerce Code, as now written or as hereafter amended, revised or replaced from time to time.

3. "**CONTRACTS**" shall mean any and all (a) contracts for the sale of all or any portion of the Property, whether such Contracts are now or at any time hereafter existing, and together with all payments, earnings, income, and profits arising from sale of all or any portion of the Property (defined below) or from the Contracts, and all other sums due or to become due under and pursuant thereto; (b) contracts, licenses, permits, and rights relating to utility services whether executed, granted, or issued by a private person or entity or a governmental or quasi-governmental agency, which are directly or indirectly related to, or connected with, the Property; (c) all other contracts, licenses, permits and rights which in any way relate to the use, enjoyment, occupancy, operation, maintenance, or ownership of the Property (including, if applicable, any and all leases, subleases or other agreements pursuant to which Borrower is granted a possessory interest in or the right to possess, use or enjoy any of the Property), including but not limited to restrictive covenants, easements, condominium documents, planned development documents, maintenance agreements, and service contracts; and (d) all renewals, extensions, amendments and other modifications with respect to any of the foregoing.

4. "**DEED OF TRUST**" shall mean this Leasehold Deed of Trust, Security Agreement and Assignment of Rents and all renewals, extensions, amendments and other modifications hereto.

5. "**EVENT OF DEFAULT**" shall mean any occurrence described in Section E hereof.

6. "**FEE ESTATE**" shall mean the fee estate of the Master Lessor under the Master Lease.

7. "**FIXTURES**" shall mean all materials, supplies, equipment, apparatus and other items now or hereafter attached to, installed in or used (temporarily or permanently) in connection with any of the Improvements (as defined below) or the Leasehold Estate (as defined below), and all renewals, replacements, and substitutions thereof and additions thereto, including but not limited to any and all: partitions; ducts; shafts; pipes; radiators; conduits; wiring; window screens and shades; drapes; rugs and other floor coverings; awnings; motors; engines; boilers; stokers; pumps; dynamos; transformers; generators; fans; blowers; vents; switchboards; elevators; mail conveyors; escalators; compressors; furnaces; cleaning systems; sprinkler systems; fire extinguishing apparatus; water tanks; swimming pools; heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems; water, gas and electric equipment; disposals; dishwashers; washers; dryers; refrigerators and ranges; cafeteria equipment; recreational equipment; and facilities of all kinds, all of which property and things are hereby declared to be permanent accessions to the Leasehold Estate.

8. "**GOVERNMENTAL AUTHORITY**" shall mean any and all governmental or quasi-governmental entities or instrumentalities of each and every nature whatsoever, whether federal, state, county, district, city or otherwise, and whether now or hereafter in existence.

9. "**GOVERNMENTAL REQUIREMENTS**" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of each Governmental Authority exercising jurisdiction over Borrower or the Property and including, without limitation, all laws, codes, ordinances, rules, regulations, orders, decrees and directives pertaining to Hazardous Materials or otherwise intended to regulate or improve health, safety or the environment.

10. "**GUARANTOR**" shall mean, as the context dictates, any person(s) (other than the Borrower) who or which shall, at any time, guaranty or otherwise be or become obligated for the repayment or performance of all or any part of the Indebtedness (as defined below) including, without limitation, Atlantic Housing Foundation, Inc.

11. "**HAZARDOUS MATERIALS**" shall mean (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("CERCLA"), as amended from time to time, and regulations promulgated thereunder; (c) asbestos; (d) polychlorinated biphenyls; (e) any substance the presence of which on the Property is prohibited by any Governmental Requirement; (f) any petroleum or petroleum-based products; (g) underground storage tanks; (h) flammable explosives; (I) radioactive materials; (j) toxic materials; and (k) any other substance which by any Governmental Requirement requires special handling or notification of any Governmental Authority in its use, collection, storage, treatment, or disposal or is otherwise deemed to be a hazardous, toxic or dangerous waste, substance or material under any Governmental Requirement. Hazardous Materials does not include any material or substance commonly used in residential apartment units, or in the construction, renovation, and/or maintenance of properties similar to the Property, but only to the extent used in accordance with all applicable Governmental Requirements.

13. "**HAZARDOUS MATERIALS CONTAMINATION**" shall mean the contamination (whether presently existing or hereafter occurring) of the Property or any facilities, soil, groundwater, air or other elements on or of the Property by Hazardous Materials in violation of any Governmental Requirement, or the contamination of any other property or the buildings, facilities, soil, groundwater, air or other elements on or of any other property as a result of Hazardous Materials at any time (whether before or after the date of this Deed of Trust) emanating from the Property in violation of any Governmental Requirement.

13. "**IMPOSITIONS**" shall mean all rates and charges (including deposits) for: insurance; taxes (both realty and personalty); water, gas, sewer, electricity,

telephone and other utilities; easements, licenses, agreements and other Contracts maintained for the benefit of the Property; and all other charges (and any interest, costs or penalties with respect thereto) of each and every nature whatsoever which may now or hereafter be assessed, levied or imposed upon the Property or the Rents (as defined below) or the ownership, use, occupancy or enjoyment thereof.

14. "**IMPROVEMENTS**" shall mean any and all buildings, parking areas and other improvements, and any and all additions, alterations, or appurtenances thereto, now or at any time hereafter placed or constructed upon the Land or any part thereof.

15. "**INDEBTEDNESS**" shall have the meaning in the above Recitals but in any event shall include all loans, advances, indebtedness, obligations and liabilities of Borrower or any other Loan Party to Governmental Lender (or the Initial Funding Lender, as the case may be) under this Deed of Trust, the Project Loan Note, the Construction Funding Agreement (as defined below), or any other Project Loan Document (as defined below), together with all other indebtedness, obligations and liabilities whatsoever of Borrower to Governmental Lender (or the Initial Funding Lender, as the case may be), whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, voluntary or involuntary, known or unknown, or originally payable to Governmental Lender (or the Initial Funding Lender, as the case may be) or to a third party and subsequently acquired by Governmental Lender (or the Initial Funding Lender, as the case may be) including, without limitation, any: late charges; loan fees or charges; overdraft indebtedness; costs incurred by Governmental Lender, Fiscal Agent and/or Initial Funding Lender in establishing, determining, continuing, or defending the validity or priority of any security interest, pledge or other Lien or in pursuing any of its right or remedies under any Project Loan Document or in connection with any proceeding involving the Governmental Lender, Fiscal Agent and/or Initial Funding Lender as a result of any financial accommodation to Borrower; debts, obligations and liabilities for which the Borrower would otherwise be liable to the Governmental Lender (or the Initial Funding Lender, as the case may be) were it not for the invalidity or unenforceability of them by reason of any bankruptcy, insolvency or other law or for any other reason; and reasonable costs and expenses of attorneys and paralegals, whether inside or outside counsel is used, and whether any suit or other action is instituted, and whether any such fees, costs or expenses are incurred at the trial court level or on appeal, in bankruptcy, in administrative proceedings, in probate proceedings or otherwise; provided, however, that the term Indebtedness shall not include any consumer loan to the extent treatment of such loan as part of the Indebtedness would violate any Legal Requirement.

16. "**LAND**" shall mean the real estate (or interest therein) as described in Exhibit "A" attached hereto and incorporated herein by this reference, all Improvements and Fixtures, and all rights, titles and interests appurtenant thereto.

17. "**LEASEHOLD ESTATE**" shall mean Borrower's leasehold interest in the Land, and any other real property leased by Borrower pursuant to the Master Lease, if applicable, including all of the following:

    (a) All rights of Borrower to renew or extend the term of the Master Lease.

    (b) All amounts deposited by Borrower with Master Lessor under the Master Lease.

    (c) Borrower's right or privilege to terminate, cancel, surrender, modify or amend the Master Lease.

    (d) All other options, privileges and rights granted and demised to Borrower under the Master Lease and all appurtenances with respect to the Master Lease.

18. "**LEASES**" shall mean all leases (including, oil, gas and other mineral leases), master leases, subleases, licenses, concessions, contracts or other agreements (written or oral, now or hereafter in effect) which grant a possessory interest in and to, or the right to use, any portion of the Property, together with all security and other deposits or payments made in connection therewith and any and all guaranties of leases related thereto. The defined term "Leases" as used herein does not include the Master Lease.

19. "**LEGAL REQUIREMENTS**" shall mean any and all of the following that may now or hereafter be applicable to Borrower or the Property: (a) judicial decisions, statutes, rulings, rules, regulations, permits, certificates or ordinances of any Governmental Authority; (b) as applicable, Borrower's bylaws and articles of incorporation or regulations and articles of organization, or certificate of limited partnership, agreement of limited partnership or partnership agreement, or joint venture agreement or trust agreement or declaration of trust, or other agreements pertaining to any other form of Borrower's business entity; (c) Leases; (d) restrictions of record; and (e) other written or oral agreements or promises of any nature.

20. "**LIEN**" shall mean any valid and enforceable interest in any property, whether real, personal or mixed, securing an indebtedness, obligation or liability owed to or claimed by any person other than the owner of such property, whether such indebtedness is based on the common law or any statute or contract and including, but not limited to, a security interest, pledge, mortgage, assignment, conditional sale, trust receipt, lease, consignment or bailment for security purposes.

21. "**LOAN PARTY**" shall mean the Borrower, each Guarantor, and each other person who or which shall be liable for the payment or performance of all or any portion of the Indebtedness or who or which shall own any property that is subject to (or

purported to be subject to) a Lien which secures all or any portion of the Indebtedness.

22. "**MASTER LEASE**" shall mean the Lease Agreement dated _____ ___, 2026, between Borrower, as tenant, and AHF-WATERCHASE, LLC, as landlord ("**Master Lessor**").

23. "**MINERALS**" shall mean any and all substances in, on, or under the Property which are now, or may become in the future, intrinsically valuable, that is, valuable in themselves, and which now or may be in the future enjoyed through extraction or removal from the Property, including without limitation, oil, gas, and all other hydrocarbons, coal, lignite, carbon dioxide and all other nonhydrocarbon gases, uranium and all other radioactive substances, and gold, silver, copper, iron and all other metallic substances or ores, upon extraction or removal from the Property. The term "Minerals" shall include "oil and gas production" and "as extracted collateral" as such terms are defined in the Code.

24. (Reserved)

25. "**PERMITTED EXCEPTIONS**" shall mean the items listed in Exhibit "B" attached hereto.

26. "**PERSONALTY**" shall mean all of the right, title, and interest of Borrower (if any) in and to (a) furniture, furnishings, equipment, machinery, goods (including, but not limited to, crops, farm products, timber and timber to be cut and extracted Minerals); (b) general intangibles, money, insurance proceeds, accounts chattel paper (including without limit electronic chattel paper and tangible chattel paper), rights to payment evidenced by chattel paper, documents or instruments, health care insurance receivables, commercial tort claims, letters of credit, letter of credit rights, supporting obligations, and rights to payment for money or funds advanced or sold, contract and subcontract rights, trademarks, trade names, inventory; (c) all refundable, returnable, or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Borrower (or otherwise existing for Borrower's benefit) with any governmental agencies, boards, corporations, providers of utility services (public or private) or other person(s) including specifically, but without limitation, all refundable, returnable, or reimbursable tap fees, utility deposits, commitment fees and development costs, any awards, remunerations, reimbursements, settlements, or compensation heretofore made or hereafter to be made by any Governmental Authority pertaining to the Land (or the Leasehold Estate, as the case may be), Fixtures, Contracts, or Personalty, including but not limited to those for any vacation of, or change of grade in, any streets affecting the Land and those for municipal utility district or other utility costs incurred or deposits made in connection with the Property; (d) all software (for purposes of this Deed of Trust, "software" consists of all (i) computer programs and supporting information provided in connection with a transaction relating to the program, and (ii) computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the

program whether or not the program is associated with the goods in such a manner that it customarily is considered part of the goods, and whether or not, by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods, and whether or not the program is embedded in goods that consist solely of the medium in which the program is embedded), (e) if and to the extent permitted and enforceable by applicable law, all right, title, and interest of Borrower in and to any Low-Income Housing Tax Credit (as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended) relating to the Property and the use thereof; (f) All right, title and interest in all development fees due on or with respect to the Property; (g) all other personal property of any kind or character as defined in and subject to the provisions of the Code (Article 9 Secured Transactions); any or all of which are now owned or hereafter acquired by Borrower, and which are now or hereafter situated in, on, or about the Property, or used in or necessary or desirable to the complete and proper planning, development, construction, renovation, financing, use, occupancy, or operation thereof, or acquired (whether delivered to the Land or stored elsewhere) for use in or on the Property, together with all accessions, replacements, and substitutions thereto or therefor and the proceeds thereof.

26. "**PROPERTY**" shall mean the Land, the Master Lease and the Leasehold Estate, Minerals, Improvements, Fixtures, Personalty, Contracts, Leases and Rents, together with all or any part of, and any interest in, the following: (a) rights, privileges, tenements, hereditaments, rights of way, easements, licenses, appendages, and appurtenances in any way pertaining thereto, and rights, titles, and interests of Borrower in and to any streets, ways, alleys, strips of land adjoining the Land or any part thereof; (b) additions, substitutions, replacements and revisions thereof and thereto and all reversions and remainders therein; and (c) other security and collateral of any nature whatsoever, now or hereafter given for the repayment or performance of the Indebtedness. In the definition of Property, a reference to a type of collateral shall not be limited by a separate reference to a more specific or narrower type of that collateral.

27. "**RENTS**" shall mean the rents, revenues, income, proceeds, profits, security and other types of deposits (after Borrower acquires title thereto), and other benefits paid or payable by parties to the Contracts and/or Leases (other than Borrower) for using, leasing, licensing, possessing, operating from, residing in, selling, or otherwise enjoying all or any portion of the Property.

28. "**TRUSTEE**" shall mean Corey R. Bailey, Trustee, and his or her substitutes, successors and assigns.

B. GRANT

To secure the full and timely payment and performance of the Indebtedness, and in consideration of the sum of Ten Dollars ($10.00) and other valuable consideration in hand paid to Borrower, the receipt and legal sufficiency of which is hereby acknowledged, subject to the Permitted Exceptions, Borrower has GRANTED, BARGAINED,

ASSIGNED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, ASSIGN, SELL and CONVEY, unto Trustee all of its right, title and interest in and to the Leasehold Estate and the other Property in trust hereunder, for the use and benefit of the Governmental Lender (and Fiscal Agent as its assignee), TO HAVE AND TO HOLD the Leasehold Estate and the other Property unto Trustee forever. It is specifically contemplated by Borrower and Initial Funding Lender (acting in its own right and on behalf of the Governmental Lender and the Fiscal Agent) and that the Indebtedness secured hereby may be increased and rearranged by subsequent amendments, restatements, supplements and other modifications and additions to the Project Loan Documents and that additional promissory notes and loan agreements may be issued and entered into in connection therewith. Borrower and each person who, at any time, may claim an interest in or Lien or encumbrance against all or any portion of the Property agree that all Indebtedness shall be secured by this Deed of Trust with the same priority as if all had been advanced, had arisen or had become owing or performable on the date of this Deed of Trust. This Deed of Trust shall remain in full force and effect as to all future Indebtedness and to all subsequent advances or subsequently arising portions of the Indebtedness without loss of priority until (a) the Indebtedness is fully and finally paid, performed and satisfied, and (b) all agreements and obligations, if any, of the Initial Funding Lender (acting in its own capacity and on behalf of Governmental Lender and Fiscal Agent) for further advances or for the extension of additional credit have been terminated (including, without limitation, any loans made by the Bank to the Borrower even if advances or loans thereunder shall be optional or non-obligatory), and (c) this Deed of Trust has been released of record by the Initial Funding Lender (acting in its own capacity and on behalf of Governmental Lender and Fiscal Agent). **WITHOUT LIMITING THE FOREGOING, BORROWER ACKNOWLEDGES AND AGREES THAT THE PROJECT LOAN AND ALL OTHER ADVANCES AND DISBURSEMENTS FROM TIME TO TIME MADE UNDER ANY OF THE PROJECT LOAN DOCUMENTS SHALL BE SECURED BY THIS DEED OF TRUST WITH THE SAME PRIORITY AS IF ALL OF THE SAME HAD BEEN DISBURSED AND ADVANCED, HAD ARISEN OR HAD BECOME OWING OR PERFORMABLE ON THE DATE OF THIS DEED OF TRUST, AND NO REDUCTION OF THE OUTSTANDING PRINCIPAL BALANCE UNDER THE PROJECT LOAN NOTE OR ANY OTHER PROJECT LOAN DOCUMENT SHALL EXTINGUISH, RELEASE OR SUBORDINATE ANY RIGHT, TITLE, INTEREST, LIEN, POWER OR PRIVILEGE CREATED OR ARISING HEREUNDER OR UNDER ANY OTHER PROJECT LOAN DOCUMENT.**

C. WARRANTIES, REPRESENTATIONS, COVENANTS AND OTHER AGREEMENTS

Borrower unconditionally warrants, represents, covenants and agrees that:

1. The Indebtedness is legal, valid and binding on Borrower and, to Borrower's knowledge and to the extent provided in the Project Loan Documents, on each other Loan Party, in accordance with its terms, and the execution and delivery of, and performance under, the Project Loan Documents to which Borrower is a party or by which Borrower or any of Borrower's property is (or is purported to be) bound: (a) are within Borrower's powers and have been duly authorized by all requisite

action (corporate, partnership, trust or otherwise); (b) have received all requisite approval by all Governmental Authorities; and (c) will not violate, conflict with, breach or constitute a default under, any Legal Requirement or result in the imposition of any Lien, charge or encumbrance of any nature upon any of Borrower's assets, except as contemplated in the Project Loan Documents.

2. Borrower has good and indefeasible title to the Leasehold Estate, Improvements, Fixtures and Personalty, free and clear of any Liens, encumbrances or adverse claims (except for the Permitted Exceptions). This Deed of Trust shall constitute a valid, subsisting, first Lien on the Leasehold Estate, Improvements and Fixtures and a valid, subsisting, exclusive, perfected and prior security interest in and to the Personalty and Leases, all in accordance with the terms hereof. Initial Funding Lender shall have the right at its option and at such time or times as it, in its sole discretion, deems necessary or desirable, to take whatever action it may deem necessary or desirable to defend or uphold the Liens of this Deed of Trust or otherwise enforce any of its rights under this Deed of Trust or any obligations secured by this Deed of Trust including, without limit, the right to institute appropriate legal proceedings for these purposes. With respect to the right, title, or Lien of any person which is superior to any Lien of this Deed of Trust, which Lien is not a Permitted Exception, Initial Funding Lender has the right, but not the obligation, to acquire and/or pay off the holder of such right, title or Lien and add the amount paid to the Indebtedness.

3. The Property forms no part of any property owned, used or claimed by Borrower as a residence or business homestead, is not exempt from forced sale under the laws of the State of Texas, and Borrower hereby disclaims and renounces all and every claim to the Property as a homestead.

4. Borrower and, to Borrower's knowledge, each Loan Party are now solvent, and no bankruptcy or insolvency proceedings are pending or contemplated by or against any of them, and all reports, statements, cost estimates and other data, furnished by or on behalf of any of them are true and correct.

5. Borrower will promptly and fully comply with all present and future Legal Requirements, and all Improvements included or to be included in the Property comply and will comply with all Legal Requirements upon Completion of the Improvements.

6. Borrower is validly and legally created and is authorized to do business in the State of Texas; Borrower's exact name is the name set forth in this Deed of Trust; and Borrower's principal place of business is, and at all times shall be, located in the following place: 4770 Iberia Avenue, Suite 100, Dallas, Texas 75207, unless Borrower notifies Bank in writing of a change to such principal place of business. Borrower's organization filing number is 805689437.

7. Borrower, as its interests appear and as stipulated in the Project Loan Documents, will duly and punctually pay and perform the Indebtedness, as and when called for

in the Project Loan Documents, and Borrower will duly and punctually cause each of the Impositions to be paid and discharged not later than the due dates thereof and shall immediately furnish Initial Funding Lender with evidence of such payments.

8. Borrower will cause the Property to be maintained and operated in first-class order and condition and will make all interior and exterior repairs, replacements, additions, improvements and alterations thereof and thereto, both structural and non-structural, which are appropriate to keep same in such first-class order and condition.

9. Borrower shall obtain and maintain at Borrower's sole expense all insurance as required by the Construction Funding Agreement.

10. At any time during the continuance of an Event of Default, upon request by Initial Funding Lender, Borrower will deposit with Initial Funding Lender each month in advance a monetary sum estimated by Initial Funding Lender to equal on a monthly basis all or such portion of the ad valorem taxes, other Impositions (during the continuance of an Event of Default) and insurance premiums for the Property. At least thirty (30) days prior to the date on which any tax, Imposition or insurance premium must be paid to prevent delinquency thereof, Borrower will, on request of Initial Funding Lender, deliver to Initial Funding Lender the statement or statements showing the amount of tax or premium required to be paid and the concern or authority to which same is payable and will, at the same time, deposit with Initial Funding Lender such amount as will, when added to the amount of such deposits previously made and then remaining available for the purpose, be sufficient to pay such insurance or tax obligations. Initial Funding Lender shall then make payment to the applicable taxing authority, insurance carrier or other person. After the occurrence of an Event of Default, Initial Funding Lender shall have the right (but not the obligation), at its sole discretion, to apply any or all of the foregoing deposits in payment of such insurance, taxes and other Impositions or toward payment of the Indebtedness in such manner and order of priority as Initial Funding Lender, in its sole discretion, may elect. Initial Funding Lender shall keep the foregoing deposits in a separate blocked deposit account.

11. Borrower will: (a) duly and punctually perform and comply with all representations, warranties, covenants and agreements binding upon it under the Leases and Contracts; (b) not voluntarily terminate or waive its rights under any of the Leases or Contracts; (c) use all reasonable efforts to maintain each of the Leases and Contracts in force and effect during the full term thereof; and (d) appear in and defend any action or proceeding in any manner connected with any of the Leases or Contracts.

12. Subject to and in accordance with the terms of the Construction Funding Agreement, Borrower will permit Trustee, Governmental Lender, Fiscal Agent, and Initial Funding Lender, and their agents, attorneys, representatives and employees, to enter upon and inspect the Property at all reasonable times and

intervals. If Initial Funding Lender reasonably determines that the Property requires inspection, testing, appraisal, repair, care, alteration or attention of any kind, and Borrower fails to perform such inspection, testing, appraisal, repair, care, alteration or attention in violation of the Project Loan Documents, Initial Funding Lender or its representatives may (but shall not be obligated to) enter upon the Property and inspect, test, appraise, repair, alter or maintain the Property as Initial Funding Lender may reasonably deem necessary or desirable, and Borrower shall reimburse Initial Funding Lender upon demand for all resulting costs and expenses incurred by Initial Funding Lender. Any inspection, audit, appraisal or examination by Initial Funding Lender or its representatives of the Property or of information or documents pertaining to the Property is for the sole purpose of protecting Initial Funding Lender's interests under this Deed of Trust and is not for the benefit or protection of Borrower or any third party. Initial Funding Lender has no obligation to provide Borrower or any third party with information concerning, or results of, any inspection, audit, appraisal or examination by Initial Funding Lender or its representatives. If Initial Funding Lender, in its sole discretion, discloses information to Borrower, this disclosure is for the sole protection of Initial Funding Lender, does not constitute an agreement to further disclosure and does not create a representation or warranty by Initial Funding Lender as to the accuracy, sufficiency or any other aspect of disclosure.

13. Borrower will defend and hold Initial Funding Lender, Governmental Lender, and the Fiscal Agent harmless from any action, proceeding or claim affecting the Property or the Project Loan Documents or the Liens created thereby, except to the extent arising solely and exclusively from the gross negligence or willful misconduct of Initial Funding Lender or Bank. Further, Borrower will notify Initial Funding Lender, in writing, promptly upon Borrower receiving notice, of the commencement of any legal proceedings affecting the Property, or any part thereof, and will take such action as necessary to preserve Initial Funding Lender's rights affected thereby, and Initial Funding Lender may, at its election, take such action on behalf of and in the name of Borrower and at Borrower's expense.

14. Borrower will promptly pay all debts and liabilities of each and every character (including, without limitation, all debts and liabilities for labor, material and equipment) incurred in the renovation, operation or development of the Property and will complete in a good and workmanlike manner any Improvements that may be renovated or repaired thereon.

15. Except as otherwise provided for in the Construction Funding Agreement, Borrower will keep separate and proper books of record and account pertaining to the Property in accordance with generally accepted accounting principles and practices and set aside from its earnings for each fiscal year, and cause to be reflected in its books, reserves for Impositions and other appropriate reserves required by Initial Funding Lender under the Project Loan Documents, during such fiscal year determined in accordance with generally accepted accounting principles and practices consistently applied. Initial Funding Lender shall have the right to examine the books of account of Borrower and to discuss the affairs,

finances and accounts of Borrower with, and to be informed as to the same by, its and their officers or any other party, all at such reasonable times and intervals as Initial Funding Lender may desire, subject to and in accordance with the Construction Funding Agreement. Borrower shall provide or cause to be provided to Initial Funding Lender such financial statements, income and expense statements, cash flow statements, copies of income tax returns, operating statements, rent rolls and other reports, statements and information relating to Borrower or the Property as Initial Funding Lender shall require, from time to time, and in the format and containing such detail as Initial Funding Lender may require, subject to and in accordance with the Construction Funding Agreement. All financial statements and information regarding Borrower or the Property delivered to Initial Funding Lender shall be true and correct in all material respects and fairly present the financial condition of Borrower and the Property as of the date thereof. No material adverse change shall have occurred in the financial condition of Borrower or the Property reflected therein since the date thereof, and no additional borrowings shall have been made or committed to by Borrower since the date thereof other than those disclosed in a supplemental writing accompanying such financial statement.

16. Upon request from time to time and at any time, Borrower will promptly correct any defect, error or omission, which may be discovered in the contents of this Deed of Trust or the Project Loan Documents and will execute and deliver any and all additional instruments as may be requested by Initial Funding Lender to correct such defect, error or omission or to identify any additional properties which are or become subject to this Deed of Trust.

17. Borrower will give written notice to Initial Funding Lender of any condemnation proceeding or casualty loss affecting the Property promptly upon Borrower receiving notice of same, and, in each such instance, afford Initial Funding Lender an opportunity to participate in any such proceeding or in the settlement of any awards thereunder.

18. Borrower will promptly pay and hold Initial Funding Lender, Governmental Lender, and Fiscal Agent harmless from all appraisal fees, recording fees, taxes, abstract fees, title policy fees, escrow fees, reasonable attorneys' fees, and all other costs of every character incurred by Borrower or Initial Funding Lender, Governmental Lender, and Fiscal Agent in connection with the closing of the loan evidenced by the Project Loan Note or the performance of the covenants of this Deed of Trust or any other Project Loan Document to which Borrower is a party or the Property is or is purported to be bound, or otherwise attributable or chargeable to Borrower as owner of the Property, subject to and in accordance with the Construction Funding Agreement.

19. Borrower will not use or occupy, or permit any use or occupancy of, the Property in any manner which: (a) violates any Legal Requirement or the requirements of the Construction Funding Agreement; (b) may be unreasonably dangerous; (c)

constitutes a public or private nuisance; or (d) makes void or voidable any of the Leases or any insurance on the Property.

20. Except in accordance with the terms and provisions of the Construction Funding Agreement and except for demolition and construction done in connection with the planned rehabilitation of the Improvements in accordance with the Construction Funding Agreement, Borrower will not permit: (a) any waste or deterioration of any part of the Property (including, without limitation, any failure to repair and maintain the Property, pay property taxes or other Impositions or comply with covenants respecting the physical care, maintenance, construction, renovation, demolition or insurance of the Property); or (b) any alterations or additions or improvements to the Property of a material nature regardless of whether the alterations, additions or improvements would increase the value of the Property, without Initial Funding Lender's prior written consent. This consent may be withheld by Initial Funding Lender in its sole discretion. If Initial Funding Lender consents to the making of any alterations, additions or improvements, and the same are not completed with due diligence in accordance with the plans and specifications approved in writing by Initial Funding Lender, or if renovation of the alterations, additions or improvements should cease before completion for a period of 30 days, then and in either event, it shall be an Event of Default under this Deed of Trust, and Initial Funding Lender (acting in its own right and/or on behalf of the Governmental Lender and the Fiscal Agent) shall have all the rights and remedies provided in this Deed of Trust, including without limitation, the right (but not the obligation) to enter or cause entry to be made upon the Property and complete the alterations, additions or improvements, and the costs shall be added to the Indebtedness, shall be payable on demand, and shall bear interest from the date paid by Initial Funding Lender (acting in its own right and/or on behalf of the Governmental Lender and the Fiscal Agent) until reimbursed at the highest interest rate per annum applicable to any of the Indebtedness, but not in excess of the highest rate permitted by applicable law. Further, if any action is threatened or commenced which affects Initial Funding Lender's, Governmental Lender's, and/or Fiscal Agent's interest in the Property including, without limit, building, environmental or zoning proceedings, Initial Funding Lender may take such action as it deems necessary or desirable to protect its interests, and its costs shall be added to the Indebtedness, shall be payable on demand and shall bear interest from the date paid by Initial Funding Lender (acting in its own right and/or on behalf of the Governmental Lender and the Fiscal Agent) until repaid at the highest per annum interest rate applicable to any of the Indebtedness, but not to exceed the highest rate permitted by applicable law. Except in connection with the rehabilitation, demolition and/or construction of Improvements permitted under the Construction Funding Agreement, Borrower further covenants and agrees that it will not permit any of the Fixtures or Personalty to be removed at any time from the Land or Improvements unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is replaced by an article of at least substantially equal suitability and value and owned by Borrower free and clear of any other Lien.

21. Except as expressly permitted by the Construction Funding Agreement, Borrower will not, without the prior written consent of Initial Funding Lender: (a) create, place or permit to be created or placed, or allow to remain, any mortgage, pledge, encumbrance or charge, conditional sale or other title retention agreement or other Lien, regardless of whether same are expressly subordinate to the Liens of the Project Loan Documents, with respect to the Property or the Leases; or (b) permit any person, other than Initial Funding Lender (acting in its own right and/or on behalf of the Governmental Lender and the Fiscal Agent) to have possession or control (as defined in the Code) of any Property of such nature that perfection of a security interest may be accomplished by control; or (c) sell, lease, exchange, assign, convey, transfer possession of or otherwise dispose of all or any portion of the Property, or any interest therein, but if ownership of the Property or any part thereof or interest therein becomes vested in any person or entity other than Borrower, Initial Funding Lender, Governmental Lender, Fiscal Agent, or any other holder of the Indebtedness may, without notice to Borrower, deal with such successor or successors in interest with reference to this Deed of Trust and the Indebtedness in the same manner as with Borrower without in any way discharging Borrower or any Loan Party from the Indebtedness. Without limiting the right of Initial Funding Lender to withhold its consent or to make other requirements prior to granting its consent, Initial Funding Lender: (i) may require evidence satisfactory to Initial Funding Lender that transferee is creditworthy and has such management ability as Initial Funding Lender shall deem in its sole discretion to be necessary; and (ii) may require transferee to execute such written modification and assumption agreements with regard to the Project Loan Documents as Initial Funding Lender shall deem necessary or desirable, including but not limited to provisions increasing the interest rate on the Project Loan Note. No transfer of the Property, no forbearance by Initial Funding Lender, no extension of the time for the payment or performance of the Indebtedness granted by Initial Funding Lender, no amendment or other modification of this Deed of Trust or other Project Loan Document, no release of any security for or guaranty of any Indebtedness, and no exercise of any right Initial Funding Lender (acting in its own right and/or on behalf of the Governmental Lender and the Fiscal Agent) may have hereunder or under any other Project Loan Document shall release, discharge or affect in any way Borrower's or any other Loan Party's liability hereunder or under any other Project Loan Document. In the event any Lien shall exist on all or any portion of the Property (no consent by Initial Funding Lender to the existence of any such Lien shall be implied hereby), it is expressly understood and agreed that no such lienholder may exercise any rights with respect to the Property, and all rents and other proceeds from the Property which may be received by such lienholder shall be held in trust by such lienholder for the benefit of Initial Funding Lender (acting in its own right and/or on behalf of the Governmental Lender and the Fiscal Agent) and shall be immediately paid over to Initial Funding Lender (on behalf of the Governmental Lender and the Fiscal Agent) until the release of this Deed of Trust.

22. Except as otherwise expressly provided for in the Phase I Environmental Site Assessment dated October 2, 2025, prepared by Partner Engineering and Science, Inc. (Partner Project No. 25-553899.1), the Construction Funding

Agreement and in the other Project Loan Documents, Borrower represents and covenants that (i) Borrower has not used Hazardous Materials on or affecting the Property in any manner which violates any Governmental Requirement and that there is no condition concerning the Property which could require remediation pursuant to any Governmental Requirement, and that neither Borrower nor, to Borrower's knowledge, any other person has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of on, under or at the Property or any part thereof in any manner that violates any Governmental Requirement; (ii) no part of the Property is being used or, to Borrower's knowledge, has ever been used for the disposal, storage, treatment, processing, manufacturing or other handling of Hazardous Materials, and no part of the Property is affected by any Hazardous Materials Contamination; (iii) to the best of Borrower's knowledge, no property adjoining the Property is or has ever been used for the disposal, storage, treatment, processing, manufacturing or other handling of Hazardous Materials, and no other property adjoining the Property is affected by Hazardous Materials Contamination; (iv) to the best of Borrower's knowledge, no investigation, administrative order, consent order and agreement, litigation or settlement with respect to Hazardous Materials or Hazardous Materials Contamination is proposed, threatened, anticipated or in existence with respect to the Property; and the Property is not currently on, and, to Borrower's knowledge, has never been on, any federal or state "Superfund" or "Superlien" list. Notwithstanding that one or more of the foregoing warranties and representations are "to Borrower's knowledge", the existence at or with respect to the Property of any Hazardous Materials which is in violation of any Governmental Requirement or Hazardous Materials Contamination at any time during the term of the Indebtedness shall constitute an Event of Default hereunder. Borrower covenants and agrees that neither it nor any occupant of all or any portion of the Property shall use, introduce or maintain Hazardous Materials on the Property unless done in strict compliance with all Governmental Requirements. Borrower shall conduct and complete all investigations, environmental audits, studies, sampling and testing, and all remedial removal and other actions necessary to clean up and remove all Hazardous Materials on or affecting the Property, whether caused by Borrower or a third party, in accordance with all Governmental Requirements to the satisfaction of Initial Funding Lender and in accordance with the orders and directives of all Governmental Authorities, and Borrower shall notify Initial Funding Lender in writing prior to taking, and continually after that of the status of, all such actions. Borrower shall, promptly upon Initial Funding Lender's request, provide Initial Funding Lender with copies of the results of all such actions and all related documents and information. Any remedial, removal or other action by Borrower shall not automatically be deemed a cure or waiver of any default under this Deed of Trust or Event of Default due to the presence or use of Hazardous Materials on or affecting the Property, and Initial Funding Lender shall determine whether or not the remedial, removal or other action by Borrower cures the default under this Deed of Trust or Event of Default. Borrower has never received any notice ("**Environmental Complaint**") of any potential violation of any Governmental Requirement with respect to Borrower or the Property (and within five days of receipt of any Environmental Complaint, Borrower shall give Initial Funding Lender

a copy of it), and to the best of Borrower's knowledge, there have been no actions commenced or threatened by any party with respect to Borrower or the Property for noncompliance with any Governmental Requirement. In the event this Deed of Trust is foreclosed or Borrower tenders a deed in lieu of foreclosure, Borrower shall deliver the Property to Initial Funding Lender, the purchaser or the grantee, as the case may be, free of Hazardous Materials so that the condition of the Property shall not be in violation of any Governmental Requirement.

23. Borrower will (a) give notice to Initial Funding Lender immediately upon Borrower's acquiring knowledge of the presence of any Hazardous Materials on or affecting the Property that violates any Governmental Requirement or of any Hazardous Materials Contamination with a full description thereof, and (b) promptly comply with all Governmental Requirements relating to the Property including, without limit, any Hazardous Materials or Hazardous Materials Contamination affecting the same, and (c) provide Initial Funding Lender with satisfactory evidence of such compliance.

D. (Reserved)

E. EVENTS OF DEFAULT

The term "**Event of Default**" as used in this Deed of Trust, shall mean the occurrence at any time, and from time to time, of any one or more of the following:

1. The occurrence of an Event of Default under and as defined in the Construction Funding Agreement;

2. Except as expressly permitted herein, in the Construction Funding Agreement, or in any of the other Project Loan Documents, any sale or other disposition by Borrower or any other Loan Party of any substantial portion of its assets or Property or voluntary suspension of the transaction of its business or the death, dissolution, termination of existence, merger, consolidation, insolvency, business failure, or assignment for the benefit of creditors of or by Borrower or any other Loan Party, or commencement of any proceedings under any state or federal bankruptcy or insolvency law or laws for the relief of debtors by or against Borrower or any other Loan Party or the appointment of a receiver, trustee, court appointee, sequestration or otherwise for all or any part of the property of Borrower or any other Loan Party;

3. Default under any deed of trust, mortgage or security agreement or other Lien instrument against all or any portion of the Property;

4. The Property is (a) abandoned or (b) substantially damaged so that in Initial Funding Lender's judgment it cannot be restored with available funds (including insurance proceeds, deferral of developer fee, and any additional funding sources

secured by Borrower) to achieve Completion by the Completion Date, or, if Completion had already been achieved by the Completion Date, then within ninety (90) days following the occurrence of the damage or destruction to its value immediately prior to such damage or destruction and to approximately the same condition and character that existed immediately preceding such damage or destruction;

5. The holder of any Lien on any part of the Property (notwithstanding that the creation of the same may constitute a separate default hereunder) institutes foreclosure or other proceedings for the enforcement of its remedies;

6. Any condemnation proceeding is instituted which would, in Initial Funding Lender's sole judgment, materially impair the use or enjoyment of the Property for its intended purposes and Borrower does not cause such proceeding to be dismissed within sixty (60) days of filing;

7. Except for: (i) Permitted Exceptions, (ii) as expressly permitted by the Construction Funding Agreement, (iii) the right of Investor Limited Partner to remove and replace the General partner pursuant to the terms and conditions in the Partnership Agreement, (iv) utility easements which serve the Project and neither unduly burden the Project nor allow the holder of such easement to cause damage to the Improvements and (v) residential leases for individual apartment units on the form of residential lease approved by Initial Funding Lender, and otherwise in compliance with the LURA (as defined in the Construction Funding Agreement), if Borrower shall cause or permit any sale, lease, conveyance, assignment, pledge, encumbrance, or transfer of all or any part of the Property or any interest therein, voluntary or involuntary, whether by operation of law or otherwise, except sales or other transfers of items of personal property which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes, owned by Borrower, having a value equal to or greater than the replaced items when new, or if Borrower shall cause or permit the sale, pledge, encumbrance, assignment or transfer, voluntarily or involuntarily, whether by operation of law or otherwise, of any interest in Borrower (or if Borrower is a partnership or limited partnership, any general partner of Borrower) without the prior written consent of the Bank;

   Notwithstanding anything to the contrary contained herein, Investor Limited Partner shall have the right, but not the obligation, to cure a default hereunder within the same applicable time period afforded to Borrower hereunder, and Initial Funding Lender agrees to accept or reject such cure on the same basis as if provided by Borrower itself.

F. DEFAULT AND FORECLOSURE

To the fullest extent permitted in equity or at law, by statute or otherwise:

1. If an Event of Default shall occur, subject to the terms and provisions of the Construction Funding Agreement, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may, at Initial Funding Lender's sole election and by or through Trustee or otherwise, exercise any or all of the following:

    a. Declare all unpaid amounts under the Project Loan Note and any other unpaid portion of the Indebtedness immediately due and payable without further notice, presentment, protest, demand, notice of demand or intent to demand, or notice of acceleration or intent to accelerate or action of any nature whatsoever (each of which is hereby expressly waived by Borrower), whereupon the same shall become immediately due and payable. Subject to Section N, Paragraph 8 of this Deed of Trust, acceleration of any Indebtedness shall trigger any applicable pre-payment premium or formula. Without limiting when a pre-payment premium may be due, it is agreed that, at any time after acceleration, a tender of payment of the amount necessary to satisfy the entire Indebtedness must include any applicable pre-payment premium or formula subject, however, to the terms and provisions of Section N, Paragraph 8 of this Deed of Trust.

    b. Enter upon the Property and take exclusive possession thereof and of all books, records and accounts relating thereto, and if necessary to obtain such possession, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may invoke any and all legal remedies to dispossess Borrower including, specifically, one or more actions for forcible entry and detainer, trespass to try title and writ of restitution.

    c. Hold, lease, manage, operate or otherwise use or permit the use of the Property, either itself or by other persons, in such manner, for such time and upon such other terms as Initial Funding Lender may deem necessary or desirable under the circumstances (making such repairs, alterations, additions and improvements thereto and taking such other action from time to time as Initial Funding Lender shall deem necessary or desirable) and apply all Rents collected in connection therewith in accordance with the provisions of Paragraph 7 of this Section F.

    d. Sell or offer for sale the Property in such portions, order and parcels as Initial Funding Lender may, in its sole discretion, determine, with or without having first taken possession of same, to the highest bidder for cash at public auction. Such sale or sales shall be made at the courthouse door of the county where the Land is situated (or if the Land is situated in more than one county, then such Property may be sold at the courthouse door of any of such counties as designated in the notices of sale provided for herein) on the first Tuesday of any month between 10:00 A.M. and 4:00 P.M. after giving adequate legal notice of the time, place and terms of sale, by posting or causing to be posted written or printed notices thereof at least twenty-one (21) days preceding the date of any such sale at the courthouse door of the foregoing county, and if the Land

is situated in more than one county, one notice shall be posted at the courthouse door of each county in which the Land is situated, and by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) serving written notice of such proposed sale on each debtor obligated to pay the Indebtedness at least twenty-one (21) days preceding the date of said sale by certified mail at the most recent address for such parties in the records of Initial Funding Lender, or by accomplishing all or any of the aforesaid in such manner as permitted or required by V.T.C.A. Property Code Section 51.002 (as now written or as hereafter amended or succeeded) relating to the sale of real estate and/or by Chapter 9 of the Code relating to the sale of collateral, or by any other present or subsequent laws. At any such sale: (i) Trustee shall not be required to have physically present, or to have constructive possession of, the Property to be sold (Borrower hereby covenanting and agreeing to deliver to Trustee any portion of the 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 shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale; (ii) each instrument of conveyance executed by Trustee shall contain a general warranty of title, binding upon Borrower; (iii) each and every recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein including, without limitation, nonpayment of the Indebtedness, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor Trustee hereunder; (iv) any and all prerequisites to the validity of such sale shall be conclusively presumed to have been performed; (v) the receipt of Trustee or of such other party making the sale shall be a sufficient discharge to the purchaser for the purchase money, and no such purchaser, or the Purchaser's assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof; (vi) Borrower shall be completely and irrevocably divested of all right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the Property sold, and such sale shall be a perpetual bar both at law and in equity against Borrower and against any and all other persons claiming or to claim the Property sold, or any part thereof; and (vii) Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may be a purchaser at any such sale.

e. Upon, or at any time after, commencement of foreclosure of any Lien provided for herein, or any legal proceedings hereunder, make application to a court of competent jurisdiction as a matter of strict right and without notice to Borrower or regard to the adequacy of the Property or any other security for the repayment of the Indebtedness, for appointment of a receiver of the Property, and Borrower does hereby irrevocably consent to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases.

f. Exercise any and all other rights, remedies and recourses granted under the Project Loan Documents or as may be now or hereafter existing in equity or at law, by virtue of statute or otherwise.

2. Should the Property be sold in one or more parcels, the right of sale arising out of any Event of Default shall not be exhausted by any one or more such sales, but other and successive sales may be made until all of the Property has been sold or until the Indebtedness has been fully satisfied.

3. All rights, remedies and recourses of Governmental Lender (as may have been assigned to Fiscal Agent and is now administered by the Initial Funding Lender) granted in the Project Loan Documents or otherwise available at law or equity: (a) shall be cumulative and concurrent; (b) may be pursued separately, successively or concurrently against Borrower or any Loan Party, or against the Property, or against any one or more of them, at the sole discretion of Initial Funding Lender; (c) may be exercised as often as occasion therefor shall arise, it being agreed by Borrower that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse; and (d) shall be non-exclusive.

4. Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may release, regardless of consideration, any part of the Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the Liens evidenced by the Project Loan Documents or affecting the obligations of Borrower or any other Loan Party to pay or perform the Indebtedness. For payment of the Indebtedness, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may resort to any of the security therefor in such order and manner as Initial Funding Lender may elect. No security heretofore, herewith or subsequently taken by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall in any manner impair or affect the security given by the Project Loan Documents, and all security shall be taken, considered and held as cumulative.

5. Borrower hereby irrevocably and unconditionally waives and releases: (a) all benefits that might accrue to Borrower by virtue of any present or future law exempting the Property from attachment, levy or sale on execution or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; (b) all notices of any default or Event of Default (except as may specifically be required by the Construction Funding Agreement or a Project Loan Document) or of Initial Funding Lender's or Trustee's exercise of any right, remedy or recourse provided for under Construction Funding Agreement or the Project Loan Documents or otherwise; and (c) any right to a marshaling of assets or a sale in inverse order of alienation.

6. In case Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall have proceeded to invoke any right,

remedy or recourse permitted under the Project Loan Documents or otherwise and shall thereafter elect to discontinue or abandon same for any reason, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall have the unqualified right so to do, and in such event, Borrower and Initial Funding Lender (in such capacity) shall be restored to their former positions with respect to the Indebtedness, the Project Loan Documents, the Property and otherwise, and the rights, remedies, recourses and powers of Initial Funding Lender (whether acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall continue as if same had never been invoked.

7. Any proceeds of any sale of, and any Rents, or other amounts generated by the holding, leasing, operation or other use of the Property shall be applied in the such order of priority as Initial Funding Lender, in its sole discretion, may elect including, without limitation, the following order of priority: (a) first, to the payment of all costs and expenses of taking possession of the Property and of holding, leasing, operating, using, repairing, improving and selling the same including, without limitation, fees of the Trustee and attorneys retained by Initial Funding Lender, Governmental Lender, Fiscal Agent, or Trustee (whether inside or outside counsel is used); fees of any receiver or accountants; recording and filing fees; court costs; costs of advertisement; and the payment of any and all Impositions, Liens or other rights, titles or interests equal or superior to the Liens of this Deed of Trust (without in any way implying Initial Funding Lender's consent to the creation thereof); (b) second, to the payment of all accrued and unpaid interest due on the Project Loan Note; (c) third, to the payment of the unpaid principal balance of the Project Loan Note; (d) fourth, to the payment of all amounts, other than unpaid principal and accrued interest on the Project Loan Note, which may be due to Initial Funding Lender under the Project Loan Documents, together with interest thereon as provided therein; (e) fifth, to the payment of any Indebtedness remaining unpaid; and (f) sixth, to Borrower or such other person who may be entitled thereto by law.

8. In addition to the remedies set forth in this Section F, upon the occurrence of an Event of Default the Initial Funding Lender and Trustee shall have available to them the remedies set forth in Sections G and H herein as well as all other remedies available to them at law or in equity.

9. The remedies in this Section F are in addition to other remedies available to the Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent), and the exercise of the remedies in this Section shall not be deemed to be an election of non-judicial or judicial remedies otherwise available to the Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent). The remedies in this Section F are available under and governed by the real property laws of Texas and, except as described in Section G hereof, are not governed by the personal property laws of Texas, including but not limited to, the power to dispose of personal property in a commercially reasonable manner under Section 9.504 of the Code until July 1, 2001 and Section 9.610 of the Code on and after July 1,

2001. No action by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) taken pursuant to this Section F shall be deemed to be an election to dispose of personal property under Section 9.505 of the Code until July 1, 2001 or Section 9.620 of the Code on and after July 1, 2001.

10. In the event an interest in any of the Property is foreclosed upon pursuant to a judicial or non-judicial foreclosure sale, Borrower and each other Loan Party hereby make the agreements as set forth in this paragraph. 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 and each other Loan Party agree that Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall be entitled to seek a deficiency judgment from such party, to the extent such party would otherwise be liable therefor, equal to the difference between the amount of the Indebtedness and the amount for which the Property was sold pursuant to judicial or non-judicial foreclosure sale. Borrower and each other Loan Party expressly recognize that this Paragraph constitutes a waiver of the above-cited provisions of the Texas Property Code which would otherwise permit Borrower and/or other persons against whom recovery of deficiencies is sought to present competent evidence of the fair market value of the Property that was sold 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 and each other Loan Party further recognize and agree that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Property that was sold for purposes of calculating deficiencies owed by Borrower and others against whom recovery of a deficiency is sought.

11. In the event the waiver provided for in the immediately preceding Paragraph is determined by a court of competent jurisdiction to be unenforceable and under every circumstance where any of the Property which is the subject matter of a disposition under this Deed of Trust gives rise to a calculation of any surplus or deficiency under Section 9.615 (f) of the Code (as in effect on or after July 1, 2001), the following shall be the basis for the finder of fact's (a) determination of the fair market value of the Property that was sold as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as amended from time to time) and (b) calculation of surplus or deficiency under Section 9.615 of the Code (as in effect on or after July 1, 2001): (i) the Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Property will be repaired or improved in any manner before a resale of the Property after foreclosure; (ii) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Property for cash promptly (but no later than 30 days in the case of Personalty and 12 months in the case of all other Property) following the foreclosure sale; (iii) all reasonable closing costs customarily borne by the seller in commercial real estate transactions should be

deducted from the gross fair market value of the Property including, without limitation, brokerage commissions, title insurance, a survey of the Property, tax prorations, attorneys' fees, whether inside or outside counsel is used, and marketing costs; (iv) the gross fair market value of the Property that was sold shall be further discounted to account for any estimated holding costs associated with maintaining such Property pending sale including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (iii) above), and other maintenance, operational and ownership expenses; and (v) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Property must be given by persons having at least 5 years experience in appraising property similar to the Property and who have conducted and prepared a complete written appraisal of the Property taking into consideration the factors set forth above. Furthermore, for purposes of determining the amount of proceeds which would have been realized in a disposition to a transferee other than a secured party, a person related to a secured party or a secondary obligor under Section 9-615(f) of the Code (as in effect on or after July 1, 2001), the value of Property that is the subject of the disposition shall be determined in accordance with this Paragraph.

12. If the Initial Funding Lender for and on behalf of Governmental Lender and Fiscal Agent takes possession and control of the Property, then the Initial Funding Lender may exclude Borrower and its representatives from the Property, subject to Master Lessor's right of entry under the Master Lease.

G. INSURANCE AND CONDEMNATION PROCEEDS AND OTHER AWARDS

All proceeds of insurance and all judgments, decrees or awards now or hereafter arising or resulting from or in connection with any injury, damage, taking or other loss to the Property, or awards, settlements or other compensation now or hereafter made by any Governmental Authority, including those for any variation of, or change of grade in, any streets affecting the Land or the Improvements, are hereby assigned in their entirety to Governmental Lender (or Fiscal Agent or Initial Funding Lender, as the case may be) and shall be paid directly to Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent). Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) is hereby authorized, in the name of Borrower, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree. Initial Funding Lender and each of Initial Funding Lender's employees is irrevocably appointed attorney-in-fact and is duly authorized and empowered to receive, receipt for, discharge and satisfy any judgment, decree or award, whether joint or several, on behalf of Borrower. None of the Governmental Lender, Fiscal Agent, nor Initial Funding Lender shall be liable for failure to collect any judgment, decree or award, regardless of the cost of such failure. Any proceeds received by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) from any insurance, judgment, decree or award or otherwise arising or resulting from any injury, damage, taking or other loss to the Property shall, after deduction therefrom of all reasonable expenses actually incurred by Initial Funding Lender, including reasonable attorneys' fees, whether inside or outside

counsel is used, at Initial Funding Lender's sole option (unless otherwise expressly provided herein), (a) be released to Borrower, or (b) applied (upon compliance with such terms and conditions as may be required by Initial Funding Lender) to repair or restoration, either partly or entirely, of the Property, or (c) applied to the payment of the Indebtedness in such order and manner as Initial Funding Lender, in its sole discretion, may elect, whether or not due. If Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) elects to apply insurance proceeds to the payment of the Indebtedness, Borrower shall not be obligated to restore or repair the Property. In any event, any unpaid portion of the Indebtedness shall remain in full force and effect, and the payment thereof shall not be excused or postponed. Borrower shall at all times comply with the requirements of the insurance policies required hereunder and of the issuers of such policies and of any board of fire underwriters or similar body as applicable to or affecting the Property. If any act or occurrence of any kind or nature (including any condemnation or any casualty for which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Property, Borrower shall give prompt notice thereof to Initial Funding Lender, and Borrower shall promptly, at Borrower's sole cost and expense and regardless of whether insurance, condemnation or other proceeds (if any) shall be available or sufficient for the purpose, commence and continue diligently to completion to restore, repair, replace and rebuild the Property to its value and, as nearly as possible, to its condition and character immediately prior to the damage, loss or destruction. Notwithstanding anything to the contrary contained in this Deed of Trust or any other Project Loan Document, (i) if the Property shall be damaged or destroyed or if a portion thereof shall be taken by condemnation or an agreement reached under threat of condemnation, and (ii) if the Initial Funding Lender in good faith determines that the insurance or condemnation proceeds together with such additional cash amounts that Borrower shall make available for the repair or restoration of the Property and shall pledge to Initial Funding Lender as additional security for the payment and performance of the Indebtedness are sufficient to restore, repair, replace and rebuild the Property to achieve Completion prior to the Completion Date or, if Completion had already been achieved by the Completion Date, then within ninety (90) days following the occurrence of the damage, destruction or taking to its value immediately prior to such damage, loss or destruction and to approximately the same condition and character that existed immediately preceding such damage, loss or destruction, and (iii) provided that no default or Event of Default shall then exist, then the insurance and condemnation proceeds together with such additional cash amounts provided by Borrower shall be placed in a special depository account (which may be a non-interest bearing account) with Initial Funding Lender (or, at Initial Funding Lender's option, a financial institution approved by Initial Funding Lender) and disbursed in scheduled payments approved by Initial Funding Lender to restore, repair, replace and rebuild the Property to a value at least equal to that which existed immediately prior to the damage, loss or destruction and to approximately the same condition and character which existed immediately prior to such damage, loss or destruction. Notwithstanding the foregoing, Initial Funding Lender shall have no obligation to disburse any such proceeds or other cash amounts if the total disbursements made prior to completion of the work would exceed 90% of the value of the work then completed, and each disbursement shall be conditioned upon receipt by Initial Funding Lender (in form and content satisfactory to Initial Funding Lender) of architect certificates, contractor and subcontractor sworn

statements and waivers and releases of Liens together with satisfactory evidence of the total cost to complete the work, evidence of costs paid by Borrower as the work progresses, evidence that the work is being completed Lien free and in a good and workmanlike manner, and evidence that the proceeds and other cash amounts then on deposit are sufficient for the completion of the work. The special depository account and all amounts deposited therein together with all interests and profits, if any, accruing with respect thereto and all rights, privileges and benefits existing with respect thereto shall be and are hereby pledged as additional security for the payment and performance of the Indebtedness. All work to be performed in connection with the repair, restoration, replacement or rebuilding of the Property shall be performed pursuant to a written contract, which contract shall be subject to the prior written approval of the Initial Funding Lender and which shall set forth the manner and schedule of payments to be made thereunder. If, at any time, the Initial Funding Lender determines that the insurance or condemnation proceeds together with other cash amounts made available by the Borrower are insufficient to repair, restore, replace and rebuild the Property to the value and condition required hereunder, Borrower shall deposit additional cash amounts to the special depository account established (or to be established) for such purpose.

H. SECURITY AGREEMENT

Borrower hereby grants to Governmental Lender a security interest in and to certain property as follows:

1. If this Deed of Trust secures future advances and disbursements to be used for renovation of improvements on the Land, this Deed of Trust constitutes a "construction mortgage" under the Code. This Deed of Trust shall also constitute and serve as a "security agreement" on personal property and a "fixture filing" within the meaning of, and shall constitute a first and prior security interest under, Chapter 9 of the Code with respect to the Personalty, Fixtures, Contracts and Leases. To this end, Borrower grants to Governmental Lender, as a secured party, a first and prior security interest in, to and under the Personalty, Fixtures, Contracts and Leases, to secure the full and timely payment and performance of the Indebtedness.

2. Borrower agrees to execute and deliver to Initial Funding Lender (on behalf of Governmental Lender), in form and substance satisfactory to Initial Funding Lender, such financing statements and such further assurances as Initial Funding Lender may, from time to time, request to create, perfect, and preserve the security interest herein granted, and Initial Funding Lender may cause any financing statements and assurances to be recorded and filed at such times and places as may be required or permitted by law to create, perfect and preserve such security interest. Without limiting the foregoing, Borrower shall, upon request of Initial Funding Lender take such actions as Initial Funding Lender shall request to establish exclusive control (as defined in the Code) by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) over any Property which is of such a

nature that perfection of a security interest may be accomplished by control. Furthermore, Borrower (a) irrevocably appoints Initial Funding Lender or any agent of Initial Funding Lender (which appointment is coupled with an interest) the true and lawful attorney of Borrower (with full power of substitution) to act in the name, place and stead of, and at the expense of, Borrower and (b) authorizes Initial Funding Lender or any agent of Initial Funding Lender, in its own name, at Borrower's expense, to do any of the following, as Initial Funding Lender, in its sole discretion, deems appropriate: (i) to demand, receive, sue for, and give receipts or acquittances for any moneys due or to become due on any Property (including, without limit, to draft against Property) and to endorse any item representing any payment on or proceeds of the Property; (ii) to execute and file in the name of and on behalf of Borrower all financing statements or other filings or collateral control agreements deemed necessary or desirable by Initial Funding Lender to evidence, perfect, or continue the security interests granted in this Deed of Trust; and (iii) to do and perform any act on behalf of Borrower permitted or required under this Deed of Trust.

3. Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent), as well as Trustee on Initial Funding Lender's behalf acting in any such capacity, shall have all the rights, remedies and recourses with respect to the Personalty, Fixtures, Contracts and Leases afforded a "secured party" by Chapter 9 of the Code in addition to, and not in limitation of, the other rights, remedies and recourses afforded Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) and/or Trustee by the Project Loan Documents.

4. The security interest herein granted shall not be deemed or construed to constitute Trustee Governmental Lender, Fiscal Agent, or Initial Funding Lender as a party in possession of any portion of the Property or to obligate Trustee or Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) to lease the Property or to take any other action or to incur any expenses or to perform any obligation whatsoever under any of the Contracts or Leases or otherwise.

5. Upon the occurrence of an Event of Default and at any time thereafter:

   a) Trustee and Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall have, with regard to the Personalty, Fixtures, Contracts and Leases the remedies provided in this Deed of Trust and in the Code (no such remedy granted by the Code being excepted, modified or waived herein). Trustee and Initial Funding Lender (in any such capacity, as applicable) may, respectively, use his or its discretion in exercising the rights and electing the remedies; provided, however, all acts shall be in compliance with the standards of the Code where applicable and required. For purposes of the notice requirements of the Code and this Section H, it is agreed that notice sent or given not less

than ten (10) calendar days prior to the taking of the action to which the notice relates is reasonable notice.

b) Trustee and Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall, respectively, be entitled, acting in his or its sole discretion, to apply the proceeds of any disposition of the Personalty, Fixtures, Contracts and Leases in the order set forth in Chapter 9 of the Code, or, if allowed by the Code, in the order set forth in Paragraph 7 of Section F hereof. Borrower agrees that Initial Funding Lender (in any such capacity, as applicable) shall be under no obligation to accept any noncash proceeds in connection with any sale or disposition of Property unless failure to do so would be commercially unreasonable. If Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) agrees in its sole discretion to accept noncash proceeds (unless the failure to do so would be commercially unreasonable), Initial Funding Lender (in any such capacity, as applicable) may ascribe any commercially reasonable value to such proceeds. Without limiting the foregoing, Initial Funding Lender may apply any discount factor in determining the present value of proceeds to be received in the future or may elect to apply proceeds to be received in the future only as and when such proceeds are actually received in cash by Initial Funding Lender.

c) Notwithstanding anything herein to the contrary, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent), or the Trustee acting on Initial Funding Lender's behalf in any such capacity, may at its or his option, dispose of the Fixtures, Personalty, Contracts and/or Leases and other items of personal property covered by this Deed of Trust in accordance with Initial Funding Lender's (in any such capacity) rights and remedies in respect of and together with the Leasehold Estate, collectively as the Property, pursuant to the provisions of Section F of this Deed of Trust in lieu of proceeding under the Code.

6. Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may require Borrower to assemble the Personalty, Fixtures, Contracts and Leases and make them available to Initial Funding Lender (in any such capacity, as applicable) or Trustee at a place to be designated by Initial Funding Lender that is reasonably convenient to both parties. All expenses of retaking, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Personalty, Fixtures, Contracts and Leases and the like which are incurred or paid by Initial Funding Lender as authorized or permitted hereunder, including also all reasonable attorneys' fees, whether inside or outside counsel is used, legal expenses and costs, shall be added to the Indebtedness, and Borrower shall be liable therefor. At any sale or other disposition of any Property, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) disclaims all warranties which would otherwise be

given under the Code, including without limit, a disclaimer of any warranty relating to title, possession, quiet enjoyment or the like, and Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may communicate these disclaimers to a purchaser at such disposition. This disclaimer of warranties will not render the sale commercially unreasonable.

7. As to the Personalty, Fixtures, Contracts and Leases, this Deed of Trust shall be effective as a financing statement when filed for record in the official real property records of any county in which any portion of the Land is located. The record owner of the Leasehold Estate is Borrower, whose mailing address for purposes of such financing statement is set forth in the opening recital herein above. Information concerning the security interest created by this Deed of Trust may be obtained from Initial Funding Lender at its address similarly set forth in such opening recital. Initial Funding Lender (acting on its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) or Trustee may file a carbon, photographic or other reproduction of this Deed of Trust as a financing statement.

8. Except as otherwise expressly provided in this Deed of Trust, all terms in this Deed of Trust which are defined in the Code shall have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the Code, as those meanings may be amended, revised or replaced from time to time. Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the Code have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the Code shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the Code in effect on the date of this Deed of Trust, then such term, as used herein, shall be given such broadened meaning. If the Code shall in the future be amended or held by a court to define any term used herein more narrowly, or less inclusively, than the Code in effect on the date of this Deed of Trust, such amendment or holding shall be disregarded in defining terms used in this Deed of Trust.

I. ASSIGNMENT OF RENTS

Borrower does hereby absolutely and unconditionally assign, transfer and convey to Governmental Lender, as well as to Trustee on Governmental Lender's behalf, all Rents under the following provisions:

1. Borrower reserves the right, unless and until an Event of Default occurs under this Deed of Trust, to collect such Rents as a trustee for the benefit of Governmental Lender, and to apply all Rents to pay the monthly debt service payments under the Project Loan Note and the other amounts then due and payable under the other Project Loan Documents, including Imposition reserve payments (if any), and to pay the current costs and expenses of managing, operating and maintaining the Property, including utilities and Impositions (to

the extent not included in Imposition reserves), tenant improvements and other capital expenditures. All rents collected by Borrower shall be deposited by Borrower in Borrower's operating accounts maintained with Initial Funding Lender. All security deposits collected by Borrower shall be maintained in an account with Initial Funding Lender for such purpose.

2. Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent), or Trustee on Initial Funding Lender's behalf in any such capacity, may at any time following an Event of Default, either in person, by agent, or by receiver to be appointed by a court, enter and take possession of the Property or any part thereof and, in its own name, sue for or otherwise collect such Rents. Borrower hereby agrees with Initial Funding Lender, the Governmental Lender and Fiscal Agent that the other parties under the Leases may, upon notice from Trustee or Initial Funding Lender of the occurrence of an Event of Default, thereafter pay direct to Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) the Rents due and to become due under the Leases and attorn to all other obligations thereunder direct to Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent), or Trustee on Initial Funding Lender's behalf in any such capacity, without any obligation on their part to determine whether an Event of Default does in fact exist or has in fact occurred. All Rents collected by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) , or Trustee acting on Initial Funding Lender's behalf in any such capacity, shall be applied as provided for in Paragraph 7 of Section F above; provided however, that if the costs, expenses and reasonable attorneys' fees, whether inside or outside counsel is used, shall exceed the amount of Rents collected, the excess shall be added to the Project Loan Note, shall bear interest as provided in Paragraph 5 of Section O below and shall be immediately due and payable. The entering upon and taking possession of the Property, the collection of Rents, or the application thereof as aforesaid shall not cure or waive any default or Event of Default, if any, hereunder or invalidate any act done pursuant to such notice. Failure or discontinuance of Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent), or Trustee on Initial Funding Lender's behalf in any such capacity, at any time or from time to time, to collect said Rents shall not in any manner impair the subsequent enforcement by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent), or Trustee on Initial Funding Lender's behalf in any such capacity, of the right, power and authority herein conferred upon it. Nothing contained herein, and no exercise of any right, power or authority herein granted to Governmental Lender, Fiscal Lender, Initial Funding Lender, or Trustee on Initial Funding Lender's behalf, shall be or be construed to be, an affirmation by it of any tenancy, lease, or option, or an assumption of liability under or the subordination of the Lien or charge of this Deed of Trust to any such tenancy, lease, or option.

3. Borrower will not (a) execute an assignment of any of its right, title or interest in the Rents, or (b) except where the lessee is in default thereunder, terminate or consent to the cancellation or surrender of any Lease, and except further, any Lease may be canceled if, promptly after the cancellation or surrender thereof a new Lease is entered into with a new lessee using the approved residential Lease form, or (c) modify any Lease affecting the Property or any part thereof so as to shorten the unexpired term thereof or so as to decrease the amount of the Rents, or (d) accept prepayments of any Rents in excess of one month (unless a longer period is consented to by Bank in its reasonable discretion), except prepayments in the nature of security for the performance of the lessee under any Lease, or (e) in any other manner impair the value of the Property or the security of this Deed of Trust in any material respect. Borrower will not execute any Lease of all or any substantial portion of the Property except for actual occupancy by the lessee thereunder and will at all times promptly and faithfully perform, or cause to be performed, each covenant, condition and agreement contained in each Lease now or hereafter existing on the part of lessor thereunder to be kept and performed. Borrower shall furnish to Initial Funding Lender, within ten (10) days after a request by Initial Funding Lender to do so, a written statement containing the names of all lessees of the Property, the terms of their respective Leases, the spaces occupied and the rentals payable thereunder.

4. No action taken by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) under this Deed of Trust shall make Initial Funding Lender a "Mortgagee in Possession."

5. Notwithstanding anything in the foregoing to the contrary or any other provision hereof or in any of the Project Loan Documents to the contrary, all provisions related to the assignment of rents are subject to the terms, provisions, and conditions of the Texas Assignment of Rents Act ("**TARA**"), as codified in Tex. Prop. Code, Chapter 64, as the same may be amended, modified or supplemented from time to time. To the extent that specific terms and requirements of this Deed of Trust or any other Project Loan Document, including the Construction Funding Agreement, conflict with the specific terms and requirements of TARA, (i) to the extent such terms and requirements of TARA may be superseded by an agreement between the parties, the specific terms and requirements of this Deed of Trust or the other Project Loan Documents hereby supersedes such specific terms and requirements of TARA; and (ii) to the extent that such terms and requirements of TARA cannot be superseded by an agreement between the parties, the specific terms and requirements of TARA shall control, and the parties further agree that all other terms and requirements of this Deed of Trust or the other Project Loan Documents shall not otherwise be impaired or superseded thereby and shall remain in full force and effect.

J. THE TRUSTEE

The following provisions shall govern with respect to the Trustee:

1. Trustee shall not be liable for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable to Borrower under any circumstances whatsoever. Furthermore, Trustee shall not be personally liable in case of entry by him, or anyone entering by virtue of the powers herein granted, upon the Property for debts contracted or liability or damages incurred in the management or operation of the Property. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder and believed by him in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by him in the performance of his duties hereunder and to reasonable compensation for such of his services hereunder as shall be rendered. Borrower will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save him harmless against, any and all liability and expenses which may be incurred by him in the performance of his duties **INCLUDING ANY CLAIMS, LOSSES, DAMAGES, SUITS, PENALTIES, COSTS, LIABILITIES, OBLIGATIONS AND EXPENSES, RESULTING FROM TRUSTEE'S OWN NEGLIGENCE**; provided, however, that the foregoing indemnification shall not be applicable, and Borrower shall not be liable for any such claims, losses, damages, suits, penalties, costs, liabilities, obligations or expenses, to the extent (but only to the extent) the same arise or result from any gross negligence or willful misconduct of Trustee.

2. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any money received by him hereunder.

3. Trustee may resign at any time with or without notice. If Trustee shall die, resign or become disqualified from acting in the execution of this trust or shall fail or refuse to execute the same when requested by Initial Funding Lender so to do, or if, for any reason, Initial Funding Lender shall prefer to appoint a substitute trustee to act instead of the afore named Trustee, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estates, rights, powers and duties of the afore named Trustee.

4. Any new Trustee or Trustees appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its, his or their predecessor in the rights hereunder with like effect as if originally named as Trustee herein, but nevertheless, upon the written request of Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) or of the

successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act and shall duly assign, transfer and deliver any of the property and money held by such Trustee to the successor Trustee so appointed in his place.

K. SITE ASSESSMENTS

Initial Funding Lender may enter and inspect the Property at any time for the purpose of evaluating Borrower's use or storage of Hazardous Materials and to confirm that Borrower is in compliance with Governmental Requirements. If notice is given by any person or entity to Borrower or Bank of any actual or potential violation of Governmental Requirements pertaining to the Property or if there is a release of Hazardous Materials on or near the Property, then at any time following ten (10) days' notice to Borrower (except in an emergency or where not practical under applicable law, in which case notice is waived), and without limitation of Initial Funding Lender's other rights under this Deed of Trust or elsewhere, Initial Funding Lender shall have the right, but not the obligation, either through its employees or its consultants, to enter on the Property and to take those actions as it deems appropriate to investigate or test for, remediate, remove, resolve, minimize the impact of or advise governmental agencies of the possible existence of any Hazardous Materials. Any such actions conducted by Initial Funding Lender shall be solely for the benefit of and to protect the interests of Governmental Lender, Fiscal Agent, Initial Funding Lender and shall not be relied upon by Borrower or any third party for any purpose. By conducting any such actions, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) does not assume control over the environmental affairs or operations of Borrower nor assume any liability of Borrower or any third party. Borrower's obligations under this Section K shall not be diminished or otherwise affected as a result of any notice or disclosure to, or any other knowledge of, any release or threatened release, nor shall Initial Funding Lender be deemed to have permitted or consented to any release or any breach of Borrower's other obligations under this Section K because any such party had notice or knowledge hereof.

L. INITIAL FUNDING LENDER'S RIGHT TO REMOVE HAZARDOUS MATERIALS

Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall have the right but not the obligation, without in any way limiting Initial Funding Lender's other rights and remedies under this Deed of Trust or any other Project Loan Document, to enter onto the Property or to take such other actions which are required by Legal Requirements or Governmental Requirements (and as Borrower deems necessary or advisable) to investigate or test for, clean up, remove, resolve or minimize the impact of, advise any Governmental Authority of the possible existence of, or otherwise deal with any Hazardous Materials or Hazardous Materials Contamination on or affecting the Property following receipt of any notice from any person

or entity asserting the existence of any Hazardous Materials or Hazardous Materials Contamination pertaining to the Property or any part thereof which, if true, could result in an order, notice, suit, imposition of a Lien on the Property or other action and/or which, in Initial Funding Lender's sole opinion, could adversely affect the security created by and described in and under this Deed of Trust. All costs and expenses paid or incurred by Initial Funding Lender in the exercise of any such rights shall be Indebtedness secured by this Deed of Trust, shall be payable by Borrower upon demand and shall bear interest from the date paid by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) until reimbursed at the highest per annum interest rate applicable to any of the Indebtedness but not to exceed the highest rate permitted by applicable law. Any such actions conducted by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall be solely for the benefit of and to protect the interests of Governmental Lender, Fiscal Agent and Initial Funding Lender and shall not be relied upon by Borrower, Borrower, any other Loan Party or any third party for any purpose. By conducting any such actions, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) does not assume control over the environmental affairs or operations of Borrower or assume any liability of Borrower, Borrower, any Loan Party or any third party. The provisions of this Section shall be in addition to all other obligations and liabilities Borrower may have to Governmental Lender, Fiscal Agent, and Initial Funding Lender at common law or pursuant to any other agreement and shall survive (a) the repayment and performance of the Indebtedness, (b) the satisfaction of all other obligations of Borrower under this Deed of Trust and under any other Project Loan Document, (c) the discharge of this Deed of Trust, and (d) the foreclosure of this Deed of Trust or acceptance of a deed in lieu of foreclosure.

M. ASSIGNMENT OF CONTRACTS AND SALES PROCEEDS

1. Without limiting any Project Loan Document with respect thereto, Borrower hereby collaterally sells, assigns, transfers and sets over unto Governmental Lender, its successors and assigns, all of Borrower's right, title and interest in, to and under any and all Contracts, including all of Borrower's rights to receive payments, receipts, revenues, interest and income of any kind under the Contracts (hereinafter collectively called the "**Proceeds**") including but not limited to (a) any and all rights of Borrower to receive the Proceeds, and (b) any and all rights and remedies which Borrower may have against any other party to any of the Contracts, whether related to the payment of any portion of the Proceeds or otherwise.

2. These presents are given to additionally secure payment and performance of the Indebtedness. Borrower shall not cancel or amend any of the Contracts or permit any of them to terminate if they are necessary or desirable for the operation of the Property without first obtaining the written approval of the Initial Funding Lender. This Section shall not be applicable to any Contract that terminates if it is assigned without the consent of another party (other than Borrower) unless this consent has been obtained. Furthermore, this Section shall not be construed as a present assignment of any Contract that Borrower is required by law to hold.

3. Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Borrower under any of the Contracts, and Borrower hereby agrees to indemnify Governmental Lender, Fiscal Agent, and Initial Funding Lender for, and to save Governmental Lender, Fiscal Agenet, and Initial Funding Lender harmless from, any and all liability arising from any of the Contracts or from this assignment **INCLUDING ANY CLAIMS, LOSSES, DAMAGES, SUITS, PENALTIES, COSTS, LIABILITIES, OBLIGATIONS OR EXPENSES, RESULTING FROM INITIAL FUNDING LENDER'S OWN NEGLIGENCE**; provided, however, that the foregoing indemnification shall not be applicable, and Borrower shall not be liable for any such claims, losses, damages, suits, penalties, costs, liabilities, obligations or expenses, to the extent (but only to the extent) the same arise or result from any gross negligence or willful misconduct of Initial Funding Lender. This assignment shall not place responsibility for the control, care, management or repair of the Property upon Governmental Lender, Fiscal Agent, and/or Initial Funding Lender or make Governmental Lender, Fiscal Agent, and/or Initial Funding Lender responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Property resulting in loss or damage or injury or death to any party.

4. The failure of Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) to enforce any of the terms, covenants or conditions hereof shall not be construed or deemed to be a waiver of any rights or remedies hereunder. Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall have the full right, power and authority to enforce this assignment, or any of the terms, covenants or conditions hereof, at any time or times that Initial Funding Lender shall deem fit.

N. MASTER LESSOR SUBORDINATION AND JOINDER

Exhibit "C" to this Deed of Trust, attached hereto and made a part hereof, contains a subordination and joinder of the Master Lessor.

O. MISCELLANEOUS

The following provisions shall also apply to and govern this Deed of Trust and the interpretation hereof:

1. Each and every portion of the Indebtedness shall survive the execution and delivery of the Project Loan Documents and the consummation of the loans called for therein and shall continue in full force and effect until the Indebtedness shall have been paid and performed in full except for the representations, covenants, warranties and indemnification contained in Section K which shall survive the payment and performance of the Indebtedness as specified therein.

2. Borrower, upon the request of Trustee or Initial Funding Lender, will execute, acknowledge, deliver and record and/or file such further instruments and do such further acts as may be necessary, desirable or proper, in Initial Funding Lender's judgment, to carry out more effectively the purposes of the Project Loan Documents and to subject to the Liens and security interests thereof any property intended by the terms thereof to be covered thereby, including specifically, but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Property. Borrower will pay all such recording, filing, re-recording and re-filing taxes, fees and other charges, including those for Lien searches.

3. All notices or other communications required or permitted to be given pursuant to this Deed of Trust (except for notices of a foreclosure sale which shall be given in the manner set forth in Paragraph 1(d) of Section F hereof) shall be in writing. A notice or communication shall be deemed to be given under this Deed of Trust when delivered to the applicable party or when placed in an envelope addressed to the party and deposited, with postage prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service or delivered to an overnight courier. The mailing shall be by overnight courier, certified or first class mail. In the event that applicable law shall obligate Initial Funding Lender to give prior notice to the Borrower or any other Loan Party of any action to be taken under this Deed of Trust or any other Project Loan Document, the Borrower and other Loan Parties agree that a written notice given to Borrower or such other Loan Party at least 10 days before the date of the act shall be reasonable notice of the act unless a shorter notice period is reasonable under the circumstances. For purposes of notice, the addresses of the parties shall be as set forth in the opening Paragraph herein above; provided, however, that either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of 10 days' notice to the other party in the manner set forth herein above.

4. Any failure by Trustee or Initial Funding Lender to insist, or any election by Trustee or Initial Funding Lender not to insist, upon strict performance by Borrower or any other Loan Party of any of the terms, provisions or conditions of the Project Loan Documents shall not be deemed to be a waiver of same or of any other term, provision or condition thereof, and Trustee or Initial Funding Lender shall have the right at any time or times thereafter to insist upon strict performance by Borrower or any other Loan Party of any and all of such terms, provisions and conditions.

5. If Borrower or any other Loan Party shall fail, refuse or neglect to make any payment or perform any act required by the Project Loan Documents, then at any time after the applicable notice and cure periods have passed, if any, and without waiving or releasing any other right, remedy or recourse Initial Funding Lender may have because of same, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Borrower and shall have the right to enter the Land and Improvements

for such purpose and to take all such action thereon and with respect to the Property as it may deem necessary or appropriate. Borrower shall indemnify Governmental Lender, Fiscal Agent, and Initial Funding Lender for all losses, expenses, damages, claims, and causes of action, including reasonable attorneys' fees, whether inside or outside counsel is used, incurred or accruing by reason of any acts performed by Governmental Lender, Fiscal Agent, and Initial Funding Lender pursuant to this Paragraph 5 of Section O or by reason of any other provision in the Project Loan Documents **INCLUDING ANY CLAIMS, LOSSES, COSTS, DAMAGES, LIABILITIES, OBLIGATIONS, AND EXPENSES RESULTING FROM INITIAL FUNDING LENDER'S OWN NEGLIGENCE**, except to the extent, but only to the extent, caused by Governmental Lender's, Fiscal Agent's, or Initial Funding Lender's gross negligence or willful misconduct. All sums paid by Initial Funding Lender pursuant to this Paragraph 5 of this Section O and all other sums expended by the Governmental Lender, Fiscal Agent, and/or Initial Funding Lender to which it shall be entitled to be indemnified, together with interest thereon at the highest per annum rate of interest applicable to any of the Indebtedness, but not in excess of the maximum rate permitted by applicable law, from the date of such payment or expenditure until repaid, shall constitute additions to the Indebtedness, shall be secured by the Project Loan Documents and shall be paid by Borrower to Initial Funding Lender upon demand. **TEXAS FINANCE CODE § 307.052 COLLATERAL PROTECTION INSURANCE NOTICE : (A) DEBTOR IS REQUIRED TO: (i) KEEP THE COLLATERAL INSURED AGAINST DAMAGE IN THE AMOUNT EQUAL TO THE DEBTOR'S INDEBTEDNESS TO BANK; (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 BANK AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF LOSS; (B) DEBTOR MUST, IF REQUIRED BY BANK, DELIVER TO BANK A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND (C) IF DEBTOR FAILS TO MEET ANY REQUIREMENT LISTED IN CLAUSE (A) OR (B) ABOVE, THE BANK MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF THE DEBTOR AT THE DEBTOR'S EXPENSE.**

6. All Obligations contained in the Project Loan Documents are intended by the parties to be, and shall be construed as, covenants running with the Property.

7. All of the terms of the Project Loan Documents shall apply to, be binding upon and inure to the benefit of the parties thereto, their respective successors, assigns, heirs and legal representatives, and all other persons claiming by, through or under them.

8. The Project Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable Legal Requirements. If any provision of any of the Project Loan Documents or the application thereof to any person or circumstance shall, for any reason or to any extent, be invalid or unenforceable, neither the remainder of the instrument in which such provision is contained nor the application of such provision to other persons or circumstances

nor the other instruments referred to herein above shall be affected thereby, but rather, the same shall be enforced to the greatest extent permitted by law. It is hereby expressly stipulated and agreed to be the intent of Borrower and Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) at all times to comply with the usury, and all other laws relating to the Indebtedness or Project Loan Documents. If, at any time, the applicable Legal Requirements render usurious any amount called for the Construction Funding Agreement or in any Project Loan Document, then it is Borrower's, Trustee's. Governmental Lender's, Fiscal Agent's, and Initial Funding Lender's express intent that such document be immediately deemed reformed, and the amounts collectible be reduced or spread, without the necessity of the execution of any new documents, so as to comply with the then applicable law but so as to permit the recovery of the fullest amount otherwise called for in such Project Loan Documents.

9. In the event of the passage after the date of this Deed of Trust of any applicable law changing in any way the laws for the taxation of deeds of trust or mortgages and/or the debts secured thereby so as to affect this Deed of Trust, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) shall have the right, at Initial Funding Lender's option, without limiting any other right or remedy (including, without limitation, the right to demand payment of any Indebtedness that is payable on a demand basis) to declare the Indebtedness immediately due and payable after providing Borrower with notice of such tax, and if such law permits Borrower to pay such tax, the failure of Borrower to pay such tax within ten (10) days of such notice; provided further, in the event payment of such tax by Borrower is prohibited under such law, then Borrower shall not have the option to pay such tax, and the Indebtedness shall be due and payable after the passage of ten (10) days of notice of such tax assessment from Initial Funding Lender to Borrower.

10. The Project Loan Documents contain the entire agreements between the parties relating to the subject matter hereof and thereof, and all prior agreements relative thereto which are not contained herein or therein are terminated. The Project Loan Documents may be amended, revised, waived, discharged, released or terminated only by a written instrument or instruments, executed by the party against which enforcement of the amendment, revision, waiver, discharge, release or termination is asserted. Any alleged amendment, revision, waiver, discharge, release or termination which is not so documented shall not be effective as to any party.

11. This Deed of Trust may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

12. If any or all of the proceeds of the Project Loan Note have been used to extinguish, extend or renew any indebtedness heretofore existing, then, to the extent of such funds so used, the Initial Funding Lender, the Indebtedness and this Deed of Trust shall be subrogated to all the rights, claims, Liens, titles and interests heretofore existing to secure the indebtedness so extinguished, extended or renewed, and

the former rights, claims, Liens, titles and interests, if any, are not waived but rather are continued in full force and effect in favor of Initial Funding Lender and are merged with the Liens created herein as cumulative security for the repayment and performance of the Indebtedness.

13. **THIS DEED OF TRUST AND THE OTHER PROJECT LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.**

14. The section and paragraph entitlements hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such sections or paragraphs. Whenever the context hereof requires, references herein to the singular number shall include the plural, and likewise, the plural shall include the singular. Words denoting gender shall be construed to include the masculine, feminine and neuter, where appropriate, and specific enumeration shall not exclude the general but shall be considered as cumulative.

15. If there is more than one Borrower or other Loan Party, the obligations of all such Loan Parties shall be joint and several.

16. Upon payment and performance in full of all Indebtedness and termination of any and all commitments by Governmental Lender and Initial Funding Lender to extend credit to Borrower and/or Borrower and termination of all loans made by Governmental Lender and Initial Funding Lender to Borrower and/or Borrower (whether advances are optional or obligatory), the Liens created by this Deed of Trust shall be released by Initial Funding Lender.

17. Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) may sell, assign or grant participations in any of the Indebtedness and any of the Project Loan Documents including, without limit, this Deed of Trust. Initial Funding Lender may provide information relating to this Deed of Trust, the Property, Borrower, or any other Loan Party to Initial Funding Lender's parent, affiliates, subsidiaries, service providers, assignees, participants and prospective assignees and participants.

18. 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 the Initial Funding Lender (in its own right or for and on behalf of Governmental Lender and/or Fiscal Agent, as applicable), having an interest in the Master Lease consent in writing to the merger.

(b) Simultaneously with Borrower's acquisition of the Fee Estate, the Lien of this Deed of Trust 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 Deed of Trust. Promptly after Borrower's acquisition of the Fee Estate, Borrower, at its sole cost and expense, including payment of Initial Funding Lender's, Governmental Lender's, and Fiscal Agent'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 Deed of Trust, and must provide to Funding 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 Initial Funding Lender (in its own right or for and on behalf of Governmental Lender and/or Fiscal Agent, as applicable) acquires the Fee Estate and the Leasehold Estate (whether pursuant to the provisions of the Master Lease, by foreclosure of this Deed of Trust 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 Initial Funding Lender elects to merge the Fee Estate and the Leasehold Estate.

19. Notwithstanding any prior revocation, termination or discharge of this Deed of Trust (except as to the rights of subsequent intervening bona fide purchasers or lienholders), the effectiveness of this Deed of Trust shall automatically continue or be reinstated in the event that (a) any payment received or credit given by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) in respect of the Indebtedness is returned, disgorged or rescinded as a preference, in impermissible set-off, fraudulent conveyance, diversion of trust funds, or otherwise under any applicable law, in which case this Deed of Trust shall be enforceable as if the returned, disgorged or rescinded payment or credit had not been received or given, whether or not Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) relied upon this payment or credit or changed its position as a consequence of it, or (b) any liability is sought to be imposed against Initial Funding Lender, Governmental Lender, or Fiscal Agent relating in any manner as to which Borrower agreed to indemnify Initial Funding Lender, Governmental Lender, and Fiscal Agent under this Deed of Trust including, without limit, as to the presence of Hazardous Materials or Hazardous Materials Contamination on, in, about or affecting the Property, whether this matter is known or unknown, now or later exists (excluding only matters which arise after any acquisition by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) of the Property by foreclosure, deed in lieu of foreclosure or otherwise, to the extent due to the wrongful act or omission of Initial Funding Lender), in which case this Deed of Trust shall be enforceable to the extent of all liability, costs and expenses (including, without limit, reasonable attorneys' fees, whether inside or outside counsel is used, incurred by Initial Funding Lender as the direct or indirect result thereof. In the event of continuation or reinstatement of this Deed of Trust, Borrower agrees, upon demand by Initial Funding Lender, to execute and deliver to Governmental Lender and Initial Funding Lender those documents which Initial Funding Lender determines are appropriate to further evidence (in the public

records or otherwise) this continuation or reinstatement, although the failure of Borrower to do so shall not affect in any way the reinstatement or continuation. If Borrower does not execute and deliver to Initial Funding Lender upon demand such documents, Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) and each employee of Initial Funding Lender is irrevocably appointed (which appointment is coupled with an interest) the true and lawful attorney of Borrower (with full power of substitution) to execute and deliver such documents in the name and on behalf of Borrower.

P. INDEMNITY

Borrower shall, without limiting the other indemnities provided to Initial Funding Lender in the Construction Funding Agreement and in the other Project Loan Documents, indemnify, defend, and hold harmless Initial Funding Lender, Governmental Lender, and Fiscal Agent from and against any and all liability, damage, loss, cost, or expense (including, without limitation, reasonable attorneys' fees and expenses, whether inside or outside counsel is used), action, proceeding, claim or dispute incurred or suffered by Initial Funding Lender, Governmental Lender, and Fiscal Agent, whether voluntarily or involuntarily incurred or suffered, in respect of the following: (a) any litigation concerning this Deed of Trust, the other Project Loan Documents or the Property, or any interest of Borrower or Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) therein, or the right of occupancy thereof by Borrower or Initial Funding Lender, whether or not any such litigation is prosecuted to a final, non-appealable judgment; (b) any dispute, including disputes as to the disbursement of proceeds of the Project Loan Note not yet disbursed, among or between any of the constituent parties or other partners or venturers of Borrower (if Borrower is a general or limited partnership) or among or between any employees, officers, directors, or shareholders of Borrower (if Borrower is a corporation), or among or between any members, trustees or other responsible parties (if Borrower is an association, trust or other entity); (c) any action taken or not taken by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) or Trustee which is allowed or permitted under this Deed of Trust or any of the other Project Loan Documents relating to Borrower, the Property, any other Loan Party, any constituent parties or otherwise in connection with the Project Loan Documents including, without limitation, the protection or enforcement of any Lien, security interest or other right, remedy or recourse created or afforded by this Deed of Trust or any other Project Loan Document; and (d) any action brought by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) or Trustee against Borrower under this Deed of Trust or any other Project Loan Document, whether or not such action is prosecuted to a final, non-appealable judgment **INCLUDING ANY CLAIMS, LOSSES, COSTS, DAMAGES, LIABILITIES, OBLIGATIONS AND EXPENSES RESULTING FROM INITIAL FUNDING LENDER'S OWN NEGLIGENCE**, except and to the extent, but only to the extent, caused by Initial Funding Lender's gross negligence or willful misconduct. Initial Funding Lender, Governmental Lender, Fiscal Agent, and/or Trustee may employ an attorney or attorneys to protect or enforce any rights, remedies or recourses under this Deed of Trust or any other Project Loan Document and to advise and defend Initial Funding Lender, Governmental Lender, Fiscal

Agent, and/or Trustee with respect to any such actions and other matters. Borrower shall reimburse Initial Funding Lender, Governmental Lender, Fiscal Agent, and/or Trustee for their respective reasonable attorneys' fees, whether inside or outside counsel is used, and expenses (including expenses and costs for experts) immediately upon receipt of a written demand therefor, whether on a monthly or other time interval, and whether or not an action is actually commenced or concluded. Unless otherwise specified herein, all reimbursement and indemnity obligations hereunder shall become due and payable upon demand and shall bear interest from the date paid by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent), Governmental Lender, or Fiscal Agent until reimbursed at the highest per annum rate of interest applicable to any of the Indebtedness, but not in excess of the maximum rate permitted by law. The provisions of this Paragraph shall survive repayment and performance of the Indebtedness, the release of the Liens of this Deed of Trust, any foreclosure (or action in lieu of foreclosure) and the exercise by Initial Funding Lender (acting in its own behalf and/or on behalf of the Governmental Lender and Fiscal Agent) of any and all remedies set forth herein or in the Project Loan Documents.

Q. NOTICE OF FINAL AGREEMENT

THIS AGREEMENT AND THE OTHER "LOAN AGREEMENTS" (AS SUCH TERM IS DEFINED IN SECTION 26.02(a)(2) OF THE TEXAS BUSINESS AND COMMERCE CODE, AS AMENDED) REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

R. WAIVER OF RIGHT TO TRIAL BY JURY

BORROWER AND INITIAL FUNDING LENDER ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, KNOWINGLY AND VOLUNTARILY AND FOR THE MUTUAL BENEFIT OF ALL PARTIES WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS DEED OF TRUST, ANY OTHER PROJECT LOAN DOCUMENT OR THE INDEBTEDNESS.

EXECUTED as of, although not necessarily on, the day and year first above written.

WATERS AT WATERCHASE, LP, a Texas limited partnership

By: AHF – Waters at Waterchase, LLC, a Texas limited liability company, its General Partner

By: Atlantic Housing Foundation, Inc., a South Carolina non-profit corporation, its Sole Member

By: _____
Michael N. Nguyen
President and Chief Executive Officer

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2026, by Michael N. Nguyen, President and Chief Executive Officer of Atlantic Housing Foundation, Inc., a South Carolina non-profit corporation, on behalf of said corporation, in its capacity as Sole Member of AHF – Waters at Waterchase, LLC, a Texas limited liability company, the General Partner of WATERS AT WATERCHASE, LP, a Texas limited partnership.

_____
Notary Public, State of Texas

AFTER RECORDING, RETURN TO:

Fifth Third Bank, N.A./Lending & Trade Services
PO Box 75000
Detroit, MI 48275
Attention: National Documentation Services, Mail Code: 7578

EXHIBIT “A”

LEGAL DESCRIPTION

EXHIBIT "B"

PERMITTED EXCEPTIONS

This conveyance is made and accepted subject to the following Permitted Exceptions:

1. The following restrictive covenants of record itemized below:

2. Shortages in area.

3. Standby fees, taxes and assessments by any taxing authority for the year 2026, and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code.

4. The following matters and all terms of the documents creating or offering evidence of the matters:

EXHIBIT "C"

MASTER LESSOR SUBORDINATION AND JOINDER
Leasehold Deed of Trust, Security Agreement and Assignment of Rents

(Fee Conveyance)

THIS MASTER LESSOR SUBORDINATION AND JOINDER (this "Subordination"), dated as of _____ 1, 2026, is made by AHF-WATERCHASE, LLC, a Delaware limited liability company ("Master Lessor"), and WATERS AT WATERCHASE, LP, a Texas limited partnership ("Borrower"), for the benefit of TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas, as beneficiary, and its successors and assigns ("Governmental Lender").

RECITALS

A. Master Lessor is leasing certain real property located in Dallas, Dallas County, Texas, as more particularly described on Exhibit A attached to the Deed of Trust (the "Leased Premises") to Borrower, pursuant to that certain Lease Agreement dated as of _____ ___, 2026, with respect to which a Memorandum of Lease shall be or has been recorded with the Dallas County Recorder's Office concurrently herewith (as the same has been amended, assigned, modified, substituted, or extended, hereinafter the "Master Lease").

B. Governmental Lender has made a loan to the Borrower in the original principal amount of $18,000,000.00 (the "Project Loan") to provide for the financing of a multifamily rental housing development project on the Leased Premises. The Project Loan will be made pursuant to that certain Project Loan Agreement ("Project Loan Agreement") dated _____ 1, 2026, among Borrower, Governmental Lender, and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), and will be disbursed to Borrower as provided for in the Construction Funding Agreement (as amended from time to time, the "Construction Funding Agreement") dated as of _____ 1, 2026, by and between Borrower and Fifth Third Bank, N.A. (the "Initial Funding Lender"). The Project Loan is evidenced by the Project Loan Note dated _____ ___, 2026, in the face amount of $18,000,000.00, made by Borrower to the order of Governmental Lender (the "Project Loan Note", and is secured by, among other things, that certain Leasehold Deed of Trust, Security Agreement and Assignment of Rents dated as of the date hereof (the "Project Loan Deed of Trust") encumbering the Borrower's right, title and interest in the Leased Premises.

C. Governmental Lender, in order to obtain the funds necessary to enable it to make the Project Loan to the Borrower, has made that certain Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026, in the aggregate principal amount of $18,000,000.00 (the "Governmental Note") pursuant to that certain Funding Loan Agreement (the "Funding Loan Agreement") dated as of _____ 1, 2026 by and among Governmental Lender, Zions

Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), and Initial Funding Lender.

D. Pursuant to the terms and conditions of the Funding Loan Agreement, Governmental Lender has assigned to Fiscal Agent, all of Governmental Lender's rights, title and interest in, to and under the Project Loan, the Project Loan Agreement, the Project Loan Note the Project Deed of Trust, and all of the other Project Loan Documents (as defined in the Construction Funding Agreement). To evidence such assignment, Governmental Lender, substantially concurrently herewith, has duly endorsed the Project Loan Note to the order of Fiscal Agent, and executed and delivered to the benefit of the Fiscal Agent, that certain Assignment of Deed of Trust and Loan Documents (the "Assignment") dated as of even date herewith, assigning to Fiscal Agent, among other items, all of Governmental Lender's right, title and interest under the Project Loan Deed of Trust, to be recorded in the Official Records of Dallas County, Texas substantially concurrently with the recordation of the Project Loan Deed of Trust and this Subordination. Pursuant to the Funding Loan Agreement, Governmental Lender and/or the Fiscal Agent have designated and authorized the Initial Funding Lender to service and administer the Project Loan on behalf of the Fiscal Agent and Governmental Lender.

E. The Master Lessor and the Borrower are affiliates, and as a condition to the making of the Project Loan, the Borrower is required to obtain this Subordination from Master Lessor, for Governmental Lender's benefit.

NOW, THEREFORE, in consideration of Ten and No/100 Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Master Lessor and Borrower hereby certify to and agree with Governmental Lender as follows:

1. Capitalized terms not defined herein shall have the meanings ascribed thereto in the Deed of Trust.

2. Master Lessor hereby grants, conveys, mortgages and assigns to Corey R. Bailey of Dallas County, Texas, as Trustee, for the benefit of Governmental Lender, in trust, with power of sale, Master Lessor's fee estate in the real property constituting the Leased Premises ("Fee Estate") as security for the payment and performance of the Project Loan and the other Indebtedness.

3. Master Lessor hereby joins in the Project Loan Deed of Trust by executing this Subordination, with the same intent and consequence as if Master Lessor were originally a party thereto, solely for the purpose of imposing the lien of the Project Loan Deed of Trust on the Fee Estate; provided, however, that there shall be no personal liability on the part of Master Lessor under the Project Loan Deed of Trust, and Governmental Lender shall look solely to Borrower and the collateral (including the Fee Estate in the Leased Premises encumbered hereby) and guaranties provided among the Project Loan Documents.

4. All of the leasehold mortgagee protection provisions contained in the Master Lease, and all other provisions inuring to the benefit of leasehold mortgagees or their successors and assigns contained in the Master Lease, are hereby incorporated into this Subordination by reference and restated and confirmed by Master Lessor for the benefit of Governmental Lender, its successors and assigns.

5. Master Lessor hereby represents and warrants that Master Lessor is the owner of the Fee Estate in the Leased Premises and is the landlord under the Master Lease. Master Lessor further represents and warrants that it has not assigned, conveyed, transferred, sold, encumbered or mortgaged its interest in the Master Lease or the Leased Premises other than as permitted by the Construction Funding Agreement, and there are currently no encumbrances, easements, conditions, mandatory homeowners assessments and/or restrictions of record encumbering Master Lessor's Fee Estate in the Leased Premises, except for the Project Loan Deed of Trust encumbered hereby and Permitted Exceptions and as otherwise permitted under the Construction Funding Agreement, and no third party has an option or preferential right to purchase all or any part of the Leased Premises. Master Lessor covenants and agrees that it shall not assign, convey, transfer, sell, encumber or mortgage its interest in the Master Lease or the Leased Premises without the prior written consent of Initial Funding Lender.

6. This Subordination and the representations and agreements made herein are given with the understanding that it constitutes a condition to the making of the Project Loan and the Funding Loan, and that the Governmental Lender, Fiscal Agent, and Initial Funding Lender will rely hereon. This Subordination and the representations and agreements made herein shall inure to the benefit of Initial Funding Lender, Fiscal Agent, Governmental Lender and their respective successors and assigns, and shall be binding on Master Lessor and Borrower and their respective successors and assigns.

7. This Subordination may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page.

8. Borrower acknowledges that the lien of the Project Loan Deed of Trust to the extent it encumbers the Fee Estate, shall be prior and superior to the Master Lease, to the leasehold estate created thereby and to all rights and privileges of Borrower thereunder, and the Master Lease, the leasehold estate created thereby and all rights and privileges of Borrower thereunder, are hereby subjected and made subordinate to the lien of the Project Loan Deed of Trust to the extent it encumbers the Fee Estate.

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IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Master Lessor Subordination and Joinder or caused this Master Lessor Subordination and Joinder to be duly executed and delivered by its authorized representative as of the date first set forth above. The undersigned intends that this instrument shall be deemed to be signed and delivered as a sealed instrument.

MASTER LESSOR:

AHF-WATERCHASE, LLC, a Delaware limited liability company

By: Atlantic Housing Foundation, Inc., a South Carolina non-profit corporation, its sole member

By: _____
Name: Michael N. Nguyen,
Title: President & CEO

THE STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2026, by Michael N. Nguyen, President & CEO of Atlantic Housing Foundation, Inc., a South Carolina non-profit corporation, on behalf of said corporation, sole member of AHF-WATERCHASE, LLC, a Delaware limited liability company.

_____
Notary Public, State of Texas

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Master Lessor Subordination and Joinder or caused this Master Lessor Subordination and Joinder to be duly executed and delivered by its authorized representative as of the date first set forth above. The undersigned intends that this instrument shall be deemed to be signed and delivered as a sealed instrument.

BORROWER:

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF – Waters at Waterchase, LLC, a Texas limited liability company, its General Partner

By: Atlantic Housing Foundation, Inc., a South Carolina non-profit corporation, its Sole Member

By: _____
Michael N. Nguyen,
President and Chief Executive Officer

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2026, by Michael N. Nguyen, President and Chief Executive Officer of Atlantic Housing Foundation, Inc., a South Carolina non-profit corporation, on behalf of said corporation, in its capacity as Sole Member of AHF – Waters at Waterchase, LLC, a Texas limited liability company, general partner of WATERS AT WATERCHASE, LP, a Texas limited partnership.

_____
Notary Public, State of Texas

Recording requested by and
when recorded return to:

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: Brian C. Eades, Esq.

ATTENTION: COUNTY CLERK – THIS DEED OF TRUST ALSO CONSTITUTES AND IS FILED AS A FIXTURE FILING UNDER THE TEXAS UNIFORM COMMERCIAL CODE. AS SUCH, THIS DEED OF TRUST SHOULD BE APPROPRIATELY INDEXED, NOT ONLY AS A DEED OF TRUST, BUT ALSO AS A FINANCING STATEMENT COVERING GOODS THAT ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN. THE MAILING ADDRESSES OF BORROWER (DEBTOR) AND BENEFICIARY (SECURED PARTY) ARE SET FORTH IN THIS DEED OF TRUST.

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS DEED OF TRUST BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

AMENDED AND RESTATED LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING

This AMENDED AND RESTATED LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING (hereinafter referred to as this "Deed of Trust") is made and entered into as of the __ day of _____, 20__, by **WATERS AT WATERCHASE, LP**, a Texas limited partnership, (hereinafter referred to as "Borrower"), whose address is 4770 Iberia Ave, Suite 100, Dallas, TX 75207, to _____, as trustee (together with any successor deed of trust trustee hereunder, the "Trustee"), whose address is _____, for the benefit of **ZIONS BANCORPORATION, N.A.,** a national banking association, in its capacity as fiscal agent (the "Fiscal Agent" and, together with its successors and assigns, hereinafter referred to as "Beneficiary"), whose address is 15950 North Dallas Parkway, Suite 200, Dallas, Texas 75248, Attention: Corporate Trust Services.

This Deed of Trust amends and restates in its entirety that certain [Leasehold Deed Of Trust, Assignment of Leases and Rents, Security Agreement, Financing Statement and Fixture Filing] dated as of _____, 2026, executed by Borrower, to _____, as trustee, for the benefit of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Governmental Lender"), and recorded as Instrument No. _____ of Dallas County, Texas and assigned to the Fiscal Agent pursuant to that certain [Assignment of Leasehold Deed Of Trust, Assignment of Leases and Rents, Security Agreement, Financing Statement and Fixture Filing] dated as of [_____], executed by the Governmental Lender, to the Mortgagee, recorded as Instrument No. _____ of Dallas County, Texas.

RECITALS

A. AHF-Waterchase, LLC, a Delaware limited liability company (the "Fee Owner"), is the owner of a fee interest in certain real property described on Exhibit A hereto (the "Premises") upon which has been constructed a multifamily residential development known as "Waters at Waterchase" and comprised of 130 rental units and including related personal property and equipment and other Improvements (as hereinafter defined), located in Dallas, Texas (collectively, the "Project"), which has been rehabilitated and leased with the proceeds of that certain Project Loan (as defined below).

B. Pursuant to that certain Funding Loan Agreement dated as of _____ _1, 2026 (the "Funding Loan Agreement"), by and among by and among Fifth Third Bank, a national banking association, in its capacity as Initial Funding Lender (the "Initial Funding Lender"), the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Governmental Lender") and Zions Bancorporation, N.A., a national banking association, in its capacity as fiscal agent (together with its successors and assigns, the "Fiscal Agent"), the Initial Funding Lender made a loan to the Governmental Lender in the maximum aggregate principal amount of $[FUNDING LOAN AMOUNT] (the "Initial Funding Loan"). The obligation of the Governmental Lender to repay the Initial Funding Loan was evidenced by that certain Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026, dated as of _____ _1, 2026 (together with all riders and addenda thereto, the "Governmental Note"), executed and delivered by Governmental Lender and payable to the Initial Funding Lender, in the original principal amount of $[FUNDING LOAN AMOUNT].

C. Pursuant to the Project Loan Agreement dated as of _____ _1, 2026 (the "Project Loan Agreement") by and among the Governmental Lender, the Fiscal Agent and the Borrower, the Governmental Lender made a mortgage loan to the Borrower in the maximum aggregate principal amount of $[PROJECT LOAN AMOUNT] (the "***Project Loan***") to provide a portion of the financing of the Project located on the Premises. The Borrower covenanted to use the proceeds of the Project Loan to pay a portion of the costs of the acquisition, rehabilitation, equipping and improvement of the Improvements and the Project and to pay certain costs of issuance and closing costs with respect to the Initial Funding Loan and Project Loan.

D. The Initial Funding Lender, pursuant to the terms and subject to the conditions of the Funding Loan Agreement and that certain [Construction Loan Agreement] dated as of _____ __, 2026 (the "Construction Loan Agreement") by and between the Initial Funding Lender and the Borrower, and the other Construction Loan Documents (as hereinafter defined), originated and funded the Initial Funding Loan to the Governmental Lender and the proceeds of the Initial Funding Loan were used by the Governmental Lender to fund the Project Loan to the Borrower pursuant to the Project Loan Agreement.

E. The Borrower's repayment obligations under and pursuant to the Project Loan Agreement and the Construction Loan Agreement are evidenced and secured by that certain Promissory Note dated _____ __, 2026, in the principal amount of $[PROJECT LOAN AMOUNT] (the "Initial Project

Note") executed and delivered by the Borrower to the Governmental Lender, which Initial Project Note was assigned and endorsed by the Governmental Lender to the Fiscal Agent as security for the Initial Funding Loan and the Governmental Note. To secure the Borrower's obligations under the Initial Project Note, the Borrower executed and delivered to a deed of trust trustee for the benefit of the Governmental Lender the Construction Phase Deed of Trust with respect to the Project, which Construction Phase Deed of Trust was assigned by the Governmental Lender to the Fiscal Agent as security for the Initial Funding Loan and Project Loan.

F. The Borrower is the owner of the Improvements and the holder of a leasehold estate in the Premises, created by virtue of that certain Ground Lease, dated as of _____ __, 2026, by and between the Fee Owner, as lessor, and the Borrower, as lessee (as the same may be amended, modified or supplemented from time to time, the "Ground Lease"), and all rights and privileges created thereunder.

G. Barings Affordable Housing Mortgage Fund III LLC, a Delaware limited liability company ("Permanent Lender"), Borrower, and Initial Funding Lender entered into that certain Forward Loan Purchase Agreement, dated as of _____ __, 2026 (the "Forward Loan Purchase Agreement"), whereby following completion of the Improvements and satisfaction of the other Conversion Conditions (as defined in the Forward Loan Purchase Agreement), Permanent Lender agreed to purchase the Initial Funding Loan and the Governmental Note in an aggregate amount equal to the Permanent Lender Purchase Price (as provided in the Forward Loan Purchase Agreement) at Conversion and make the permanent loan (the "Permanent Loan" and, together with the Initial Funding Loan, the "Funding Loan" or "Loan") governed by that certain Continuing Covenant Agreement dated as of _____ __, 2026 by and between Borrower and Permanent Lender ("Loan Agreement").

H. Upon satisfaction of the Conversion Conditions, on the Conversion Date, the Project Loan shall convert from the Construction Phase to the Permanent Phase (as each of those terms are defined in the Funding Loan Agreement), and the Funding Loan, as evidenced by the Governmental Note, will convert to bear interest at the Permanent Phase Interest Rate (as defined in the Funding Loan Agreement). In addition, effective as of the Conversion Date, the Construction Phase Deed of Trust is to be amended and restated in the form of this Deed of Trust executed, attested and delivered by the Borrower effective as of the Conversion Date, in favor of Beneficiary and to secure the Governmental Note and the Permanent Loan.

I. As of the Effective Date, the Conversion Conditions have been satisfied and the Governmental Note and Initial Funding Loan are being purchased by Permanent Lender and simultaneously therewith the Initial Project Note is amended and restated in an original principal amount equal to the Permanent Lender Purchase Price pursuant to that certain Amended and Restated Promissory Note executed and delivered by the Borrower effective as of the Effective Date and this Deed of Trust is hereby executed, acknowledged and delivered to amend and restate the Construction Phase Deed of Trust.

AGREEMENT

Section 1.01 Grant of Rights and Interests. THAT FOR AND IN CONSIDERATION of the sum of Ten and No/100 Dollars ($10.00) and other valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, and in order to secure the indebtedness and other obligations of Borrower hereinafter set forth, Borrower does hereby irrevocably and unconditionally grant, bargain, sell, convey, assign, transfer, pledge and set over unto Trustee, its substitutes or successors, in trust, WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, for the benefit of Beneficiary, its successors and assigns, all of the following described land and interests in land, estates, easements, rights, Improvements (as hereinafter defined), Personal Property (as hereinafter defined), fixtures, equipment,

furniture, furnishings, appliances and appurtenances and other property interests and rights described in this Section 1.01 (hereinafter referred to collectively as the "Premises"):

(a) All leasehold interest in the land more particularly described in Exhibit A attached hereto and by this reference made a part hereof (hereinafter collectively referred to as the "Land");

(b) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, minerals, flowers, shrubs, crops, trees, timber and other emblements now or hereafter located on the Land or under or above the same or any part or parcel thereof, including all minerals, oil, gas, other hydrocarbons and associated substances, sulfur, nitrogen, carbon dioxide, helium and other commercially valuable substances which may be in, under or produced from any part of the Land, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances, reversion and reversions, remainder and remainders, whatsoever, in any way belonging, relating or appertaining to the Premises or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Borrower;

(c) All buildings, structures, surface parking and other improvements of every kind and description now or hereafter erected or placed on the Land, all additions, alterations and replacements thereto or thereof, and all materials now owned or hereafter acquired by the Borrower and intended for the operation, construction, reconstruction, alteration and repair thereof, all of which materials shall be deemed to be included within the Premises (hereinafter defined) immediately upon the delivery thereof to the Land (all of which are hereinafter called collectively the "Improvements");

(d) All machinery, equipment, fixtures (including to all heating, air conditioning, plumbing, lighting, communications and elevator fixtures), engines, boilers, water heaters, appliances, furnishings, furniture, carpeting and floor coverings, materials and supplies, books and records, chattels, inventory, accounts, farm products, consumer goods, general intangibles and other property of every kind and nature, whether tangible or intangible, including all property subject to the Uniform Commercial Code as enacted in the State of Texas (the "Uniform Commercial Code"), owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Premises, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Premises, including the proceeds of any sale or transfer of the foregoing, and, without limiting the generality of the foregoing, if any of the foregoing is subject to any prior security interest or prior security agreement, as such terms are defined in the Uniform Commercial Code, then the Premises shall include all of the right, title and interest of Borrower in and to any same, together with all deposits and payments now or hereafter made by Borrower with respect to same;

(e) All tradenames, trademarks, servicemarks, logos and goodwill related to the Premises which in any way now or hereafter belong, relate or appertain to the Premises or any part thereof or are now or hereafter acquired by Borrower;

(f) To the extent assignable, all right, title and interest of the Borrower in and to, and remedies under (a) any and all leases, subleases, license agreements, concessions, tenancies and other use or occupancy agreements (whether oral or written), or any part thereof, now or hereafter existing, covering or affecting any or all of the Premises (as hereinafter defined), all extensions and renewals thereof, and all modifications, amendments and guaranties thereof (each of which is hereinafter called a "Lease"), and (b) any and all rents, income, receipts, revenues, royalties, issues, profits, contract rights, accounts receivable, or general intangibles growing out of or in connection with the Leases (whether from residential or non-residential space) and other payments, payable to the Borrower pursuant to any Lease, including, without limitation, cash or securities deposited under any Lease to secure performance by the tenants of their obligations under the Leases, whether such cash or securities are to be held until the expiration of the term

of such Leases or are to be applied to one or more of the installments of rent coming due prior to the expiration of such terms and further including subsidy payments received from any source including all "Rents" and "Proceeds" (each as defined in Chapter 64 – Assignments of Rents to Lienholder – Texas Property Code (the "Texas Assignment of Rents Act")) now or hereafter derived from the leases or the Premises (collectively, the "Rents"), subject, however, to the provisions hereof;

(g) All proceeds of, and any unearned premiums on, any insurance policies covering the Premises, including the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Premises;

(h) The right, in the name and on behalf of Borrower, to appear in and defend any action or proceeding brought with respect to the Premises and to commence any action or proceeding to protect the interest of Beneficiary in the Premises;

(i) Any and all judgments, awards of damages (including but not limited to severance and consequential damages), payments, proceeds, settlements or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, in connection with, or in lieu of (a) any condemnation, either temporarily or permanently, (b) any change or alteration of the grade or widening of any street or road, and (c) any other damage, destruction, or injury to, or decrease in value of, the Land or the Improvements or any part thereof, to the extent of all Secured Obligations at the date of receipt by the Beneficiary of any such judgment, award of damages, payment, proceeds, settlement or other compensation, including interest thereon, and of the reasonable counsel fees, costs and disbursements, if any, incurred by the Beneficiary in connection with the collection of such judgment, award of damages, payment, proceeds, settlement or other compensation, including interest thereon;

(j) All other property or collateral of any nature whatsoever, now or hereafter given as additional security for the payment of the Secured Obligations (as hereinafter defined), including, to the extent assignable, property management agreements now or hereafter entered into with any person or entity providing management services to the Premises, service contracts, common area agreements, licenses, permits, construction warranties and other contracts, agreements and instruments relating to the Premises (including agreements pursuant to which Borrower acquired any of the Premises, and including any security or indemnities given in connection therewith), security deposits, royalties, refunds, expense reimbursements, reserve or escrow deposits or accounts related to the Premises or any lease and all documents relating to each of the foregoing;

(k) To the extent assignable, all contract rights (including any contract deposits), but not any contract obligations or liabilities, relating to or arising out of any agreement to sell, transfer, assign, convey or encumber the Land, the Improvements, any portion thereof, any interest therein;

(l) To the extent assignable, all Borrower's rights and interests in all agreements now or hereafter in existence providing for or relating to the rehabilitation, construction, alteration, maintenance, repair, operation or management of the Premises or any part thereof, as well as the plans and specifications therefor, and all copies thereof (together with the right to amend or terminate the same or waive the provisions of the foregoing) and any amendments, renewals and replacements thereof; to the extent permitted by the relevant authorities, all licenses, permits and approvals for the ownership, rehabilitation, construction, maintenance, operation, use and occupancy of the Premises or any part thereof and any amendments, renewals and replacements thereof; all Borrower's rights and interests in all warranties and guaranties from contractors, subcontractors, suppliers and manufacturers to the maximum extent permissible relating to the Premises or any part thereof;

(m) All plans and specifications, surveys, reports, diagrams, drawings, service contracts, accounting records, invoices, change orders, licenses, authorizations, certificates, variances, approvals and other permits necessary or appropriate to permit the rehabilitation, construction, reconstruction, repair or alteration, addition, improvement, use, operation and management of the Land and the Improvements; and

(n) All of the Borrower's cash, bank accounts, notes and other instruments, documents, accounts receivable, contract rights, permits, receipts, sales and promotional literature and forms, advertising materials and the like, trademarks, names, logos, copyrights and other items of intangible personal property now or hereafter owned by the Borrower relating to the ownership, operation, development, leasing or management of the Land or the Improvements.

TO HAVE AND TO HOLD the Premises and all parts, rights, members and appurtenances thereof, unto the Trustee and its substitutes or successors, for the benefit of Beneficiary and the successors, successors-in-title and assigns of Beneficiary, and Borrower covenants that Borrower is lawfully seized and possessed of the Premises as aforesaid, and has good right to convey the same, that there are no easements, restrictions, or prior liens or encumbrances except for those matters (hereinafter referred to as the "Permitted Encumbrances") expressly set forth in Exhibit B attached hereto and by this reference made a part hereof, and that Borrower does warrant and will forever defend the title thereto against the claims of all persons whomsoever, except as to the Permitted Encumbrances.

This Deed of Trust is given to secure the payment of the following described indebtedness (hereinafter referred to collectively as the "Secured Obligations"):

(a) The debt evidenced by that certain Promissory Note of even date herewith made by Borrower to the order of Beneficiary, in the original principal face amount of _____ Dollars ($_____), together with any and all renewals, amendments, modifications, extensions, restatements and consolidations of the Promissory Note (as so renewed, amended, modified, extended, restated and consolidated, the "Permanent Note" and, together with the Governmental Note, the "Note"). The maturity date of the Permanent Note is _____ __, 20__ (the "Maturity Date").

(b) Any and all advances and disbursements now or hereafter made pursuant to the Project Loan Agreement or by Permanent Lender to Borrower under the terms of that certain Continuing Covenant Agreement dated as of _____ __, 2026 by and between Permanent Lender and Borrower (as amended, restated and/or supplemented from time to time, the "Continuing Covenant Agreement" and, together with the Project Loan Agreement, the "Loan Agreement"), and/or under the terms of any of the other Financing Documents (such term as used herein to have the meaning assigned to it in the Funding Loan Agreement) or Permanent Loan Documents (as defined in the Continuing Covenant Agreement), regardless of the total amount of such advances and disbursements and regardless of whether such total amount of advances and disbursements should exceed the aggregate face amount of the Note;

(c) Any and all additional advances made by Beneficiary or Permanent Lender to protect or preserve the Premises or the security title, lien and security interest created hereby on the Premises, or for taxes, assessments or insurance premiums as hereinafter provided, or for performance of any of Borrower's obligations hereunder, under the Financing Documents or for any other purpose provided herein (whether or not the original Borrower remains the lessee of the Premises at the time of such advances); and

(d) Any and all other indebtedness now owing or which may hereafter be owing by Borrower to Beneficiary under this Deed of Trust, the Loan Agreement, the other Permanent Loan Documents and/or the other Financing Documents, whether now existing or hereafter coming into existence, however and whenever incurred or evidenced, whether express or implied, direct or indirect, absolute or contingent, due

or to become due, and all renewals, modifications, consolidations and extensions of or to any of the foregoing.

Should the Secured Obligations be paid according to the tenor and effect thereof when the same shall become due and payable, and should Borrower perform all covenants herein contained in a timely manner, then this Deed of Trust shall be canceled and surrendered, and Beneficiary shall execute and deliver a release of this Deed of Trust for recording in the appropriate public records.

IMPORTANT NOTICE TO LIEN CLAIMANTS:

Any lien attaching to the Premises after the date hereof (each, a "Junior Lien") shall be subject and subordinate to all of the Secured Obligations (as defined below), including any modification to this Deed of Trust, any other Loan Document, or the Secured Obligations after the date of recording of this Deed of Trust, including, without limitation, increases in the amount of the Secured Obligations, increases in interest rates with respect to any Secured Obligation, and changes to the maturity date of any secured modification, notwithstanding that such modification may occur after the date such Junior Lien attaches or may adversely affect or prejudice the rights of any Junior Lien claimant. Nothing herein shall be deemed an approval or consent by Beneficiary to, or waiver of Beneficiary's right to object to, any such Junior Lien. This clause shall serve as notice to all persons who may seek or obtain a Junior Lien on the Premises subsequent to the date of recording of this Deed of Trust, that until this Deed of Trust is released, any debt owed to the Beneficiary, including advances and re-advances made under this Deed of Trust or any other Permanent Loan Document subsequent to the recording of this Deed of Trust, shall be secured with the priority afforded this Deed of Trust as recorded.

Borrower hereby further covenants and agrees with Beneficiary as follows:

ARTICLE II

COVENANTS, AGREEMENTS AND REPRESENTATIONS AND WARRANTIES

Section 2.01. **Payment of Indebtedness**. Borrower shall pay and perform when due all of the Secured Obligations, including all of the Borrower's obligations under the Note, the Loan Agreement and all of the other Permanent Loan Documents and Financing Documents, in accordance with the terms thereof. Borrower shall pay the Note according to the tenor thereof and the remainder of the Secured Obligations promptly as the same shall become due. All sums payable by the Borrower under this Deed of Trust shall be paid without notice, demand, counterclaim, set-off, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of the Borrower hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein or in any of the Permanent Loan Documents) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Premises or any part thereof; (ii) any restriction or prevention of or interference by any third party with any use of the Premises or any part thereof; (iii) any title defect or encumbrance or any eviction from the Premises or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Beneficiary, or any action taken with respect to this Deed of Trust by a trustee or receiver of the Beneficiary, or by any court, in any such proceeding; (v) any claim which the Borrower has or might have against the Beneficiary; or (vi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not the Borrower has notice or knowledge of any of the foregoing.

Section 2.02. **Taxes, Liens and Other Charges**.

(a) Borrower shall pay, on or before the due date thereof, all taxes, assessments, levies, license fees, permit fees and all other charges (in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen) of every character whatsoever (including all penalties and interest thereon) now or hereafter levied, assessed, confirmed or imposed on, or in respect of, or which may be a lien upon, the Premises, or any part thereof, or any estate, right or interest therein, or upon the rents, issues, income or profits thereof, and shall submit to Beneficiary such evidence of the due and punctual payment of all such taxes, assessments and other fees and charges as Beneficiary may require. The payment of real property taxes with respect to the Premises are subject to the additional requirements of Section 2.03.

(b) Excluding state and federal income taxes and ad valorem taxes imposed on Beneficiary, Borrower shall pay, on or before the due date thereof, all taxes, assessments, charges, expenses, costs and fees which may now or hereafter be levied upon, or assessed or charged against, or incurred in connection with, the Note, the other Secured Obligations, this Deed of Trust or any other Permanent Loan Document or any other instrument now or hereafter evidencing, securing or otherwise relating to the Secured Obligations, and shall submit to Beneficiary such evidence of the due and punctual payment of all such taxes, assessments, charges, expenses, costs and fees as Beneficiary may require.

(c) Borrower shall pay, on or before the due date thereof, (i) all premiums on policies of insurance covering, affecting or relating to the Premises, as required pursuant to Section 2.04, and (ii) all ground rentals, other lease rentals and other sums, if any, owing by Borrower and becoming due under any lease or rental contract affecting the Premises. Borrower shall submit to Beneficiary such evidence of the due and punctual payment of all such premiums, rentals and other sums as Beneficiary may require.

(d) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of mortgages, deeds of trust, or security agreements or debts secured thereby or the manner of collecting such taxes so as to adversely affect Beneficiary with respect to this Deed of Trust, excluding state and federal income taxes and ad valorem taxes imposed on Beneficiary, Borrower will pay any such tax on or before the due date thereof or upon demand by Beneficiary. If Borrower fails to make such prompt payment or if, in the reasonable opinion of Beneficiary, any such state, federal, municipal, or other governmental law, order, rule or regulation prohibits Borrower from making such payment or would penalize Beneficiary if Borrower makes such payment or if, in the reasonable opinion of Beneficiary, the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law, then the entire balance of the Secured Obligations and all interest accrued thereon shall, at the option of Beneficiary, become immediately due and payable.

(e) Except for Permitted Encumbrances, the Borrower shall not create, incur, or permit to exist any lien, encumbrance or charge upon the Premises, or any portion thereof or interest therein (individually, a "Lien" or "Encumbrance" and collectively, "Liens or Encumbrances"). If the Borrower fails to remove and discharge any Lien or Encumbrance or contest the same in good faith after the same shall have been bonded over to the satisfaction of the Beneficiary, then, in addition to any other right or remedy of the Beneficiary, (i) the Beneficiary may, but shall not be obligated to, take such action at the direction of the Beneficiary as the Beneficiary deems warranted to discharge any Lien or Encumbrance either by paying the amount claimed to be due, or by procuring the discharge of such Lien or Encumbrance by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or by procuring such discharge in such manner as is or may be prescribed by law and (ii) the Beneficiary shall have the absolute right, at the Beneficiary's direction, without prior demand or notice, to declare all of the Secured Obligations for which the Borrower is then liable to be immediately due and payable. The Borrower shall, immediately upon demand therefor by the Beneficiary, pay to the Beneficiary an amount equal to all reasonable costs and expenses incurred by the Beneficiary in connection with the exercise by the

Beneficiary of the foregoing right to discharge any such Lien or Encumbrance, together with interest thereon from the date of such expenditure to the date of payment at the Default Rate.

Section 2.03. Proof of Payment of Real Property Taxes; Monthly Deposits. Borrower shall provide Beneficiary with proof of Borrower's payment of all real property taxes levied upon the Premises within fifteen (15) days following the due date for each installment of such taxes.

Section 2.04. Insurance.

(a) The Borrower shall at all times provide, maintain and keep in force, or cause to be provided, maintained and kept in force, at no expense to the Beneficiary, policies of insurance in form and amounts, issued by such insurance companies, associations or organizations, and covering such casualties, risks, perils, liabilities and other hazards as are required under the Loan Agreement.

(b) Beneficiary is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies maintained pursuant to this Section 2.04, and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Beneficiary, instead of to Borrower and Beneficiary jointly. In the event any insurance company fails to disburse directly and solely to Beneficiary but disburses instead either solely to Borrower or to Borrower and Beneficiary jointly, Borrower agrees immediately to endorse and transfer such proceeds to Beneficiary. Upon the failure of Borrower to endorse and transfer such proceeds as aforesaid, Beneficiary may execute such endorsements or transfers for and in the name of Borrower and Borrower hereby irrevocably appoints Beneficiary as Borrower's agent and attorney-in-fact so to do.

(c) Article 3 of the Continuing Covenant Agreement shall govern the collection, holding and disbursement of proceeds of casualty insurance and the restoration of the Premises following a casualty.

(d) In the event of the foreclosure of this Deed of Trust or any other transfer of title to the Premises in extinguishment or partial extinguishment of the Secured Obligations, all right, title and interest of Borrower in and to all insurance policies then in force with respect to any property encumbered by this Deed of Trust shall pass to the purchaser or to Beneficiary, as the case may be, including any right to unearned premiums, and Beneficiary is hereby irrevocably appointed by Borrower as attorney-in-fact for Borrower to assign any such policy to said purchaser or to Beneficiary, as the case may be, without accounting to Borrower for any unearned premiums thereon.

(e) TEXAS FINANCE CODE §307.052 COLLATERAL PROTECTION INSURANCE NOTICE:

(i) BORROWER IS REQUIRED TO: (A) KEEP THE PREMISES INSURED AGAINST DAMAGE IN THE AMOUNT BENEFICIARY SPECIFIES, (B) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (C) NAME BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS;

(ii) BORROWER MUST, IF REQUIRED BY BENEFICIARY, DELIVER TO BENEFICIARY A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND

(iii) IF BORROWER FAILS TO MEET ANY REQUIREMENT LISTED IN PARAGRAPH (i) OR (ii), BENEFICIARY MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE AS AND TO THE EXTENT EXPLICITLY PERMITTED IN THE PERMANENT LOAN DOCUMENTS.

Section 2.05. Condemnation. If all or any portion of the Premises shall be damaged or taken through condemnation (which term when used in this Deed of Trust shall include any damage or taking by any governmental or quasi-governmental authority and any transfer by private sale in lieu thereof), or if any portion of the Premises shall be damaged or taken through condemnation so that the value or operation of the remaining portion of the Premises shall, in the reasonable judgment of Beneficiary, be materially diminished or impeded, then the terms of Section 3.3 of the Continuing Covenant Agreement shall apply.

Section 2.06. Care of Premises.

(a) Borrower will keep the buildings, parking areas, roads and walkways, recreational facilities, landscaping and all other improvements of any kind, if any, now or hereafter erected on the Land or any part thereof in good condition and repair, normal wear and tear excepted, will not commit or suffer any waste and will not do or suffer to be done anything which would or could increase the risk of fire or other hazard to the Premises or any other part thereof or which would or could result in the cancellation of any insurance policy carried with respect to the Premises. Borrower will manage the Premises or cause the Premises to be managed in a professional manner.

(b) Except as otherwise expressly permitted in the Loan Agreement, no part of the Premises, including, but not limited to, any building, structure, parking lot, driveway, landscape scheme, timber or other ground improvement, equipment or other property, now or hereafter subjected to the security title, lien of or security interest under this Deed of Trust, shall be removed, demolished, or materially altered without the prior written consent of Beneficiary, which shall not be unreasonably withheld, delayed or conditioned, except for the replacement of obsolete or worn out assets in the normal course of Borrower's business with items of equal value to the original.

(c) If the Premises or any part thereof is damaged by fire or other cause, Borrower will give immediate written notice thereof to Beneficiary.

(d) The Borrower shall pay or cause to be paid prior to delinquency all utility charges incurred by the Borrower for the benefit of the Premises or which may become a charge or lien against the Premises for gas, electricity, water or sewer services furnished to the Premises and all other assessments or charges of a similar nature, whether public or private, affecting or related to the Premises or any portion thereof, whether or not such taxes, assessments or charges are or may become liens thereon. The Borrower may contest any such change in good faith and by appropriate proceedings promptly initiated and diligently conducted if (i) such proceedings do not in the reasonable opinion of the Beneficiary involve the risk of the sale, forfeiture or loss of the Premises subject to such lien or interfere with the operation of the Premises, (ii) the Borrower shall have established a reserve or made other appropriate provision as requested by and satisfactory to the Beneficiary, and (iii) any foreclosure, distraint, sale or other similar proceedings shall have been effectively stayed.

(e) Beneficiary or its representative is hereby authorized to enter upon and inspect the Premises at any time during normal business hours, upon reasonable written notice to Borrower and without unreasonable disruption to Borrower or its tenants. If an Event of Default occurs and is continuing (provided that the Beneficiary shall have no obligation to accept a cure of any Event of Default) (or prior to an Event of Default if the Beneficiary determines in its sole judgment that the same is necessary to preserve the Premises or the lien of this Deed of Trust or on any other collateral securing the Secured Obligations, the

Beneficiary in its reasonable discretion, without obligation to do so and without releasing the Borrower from any obligation, and, except as provided in the next succeeding sentences, may make any such payment, or perform any other act or take any appropriate action, including, without limitation, entry on the Premises and performance of work thereon, or direct the Beneficiary to do the same in such manner and to such extent as it may deem necessary to protect the security hereof. The Beneficiary shall use reasonable efforts to notify the Borrower prior to making any such payment or doing any such act; provided, however, that the failure to provide such notice shall not in any way affect the Borrower's obligation to reimburse the Beneficiary or the Beneficiary in accordance with this Section nor shall the Beneficiary incur any liability to the Borrower as a result of such failure. In connection therewith (without limiting its general powers, whether conferred herein, or by law), the Beneficiary shall have and is hereby given the right, but not the obligation, at any time after the occurrence and during the continuance of an Event of Default (provided that the Beneficiary shall have no obligation to accept a cure of any Event of Default) (i) to make additions, alterations, repairs and improvements to the Premises which it may consider necessary or proper to keep the Premises in good condition and repair; (ii) to appear and participate in any action or proceeding affecting or which may affect the security of this Deed of Trust or the rights or powers of the Beneficiary; (iii) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in its judgment may affect the security of this Deed of Trust or be prior or superior hereto; and (iv) in exercising such powers, to pay necessary expenses, including reasonable attorneys' fees and costs or other necessary or desirable consultants. The Borrower shall, promptly upon demand therefor by the Beneficiary, pay to the Beneficiary an amount equal to all reasonable costs and expenses incurred in connection with the exercise by the Beneficiary of the foregoing rights, including reasonable costs of evidence of title, court costs, appraisals, surveys and receiver's, trustee's, and attorneys' fees, together with interest thereon from the date of such expenditures to the date of payment at the Default Rate.

(f) Borrower will promptly comply in all material respects with and will furnish Beneficiary evidence of such compliance in form reasonably satisfactory to Beneficiary, all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Premises or any part thereof.

(g) Except as may be set forth in the Loan Agreement, if all or any part of the improvements on the Premises shall be damaged by fire or other casualty, Borrower will promptly restore such improvements to the equivalent of its original condition or to such other condition contemplated by the Loan Agreement; and if a part of the improvements shall be damaged through condemnation, Borrower will promptly restore, repair or alter the remaining portions of the Premises in a manner necessary to allow for the continued operation thereof.

(h) Except for the Tax Credit Regulatory Agreement (as defined in the Continuing Covenant Agreement) and the Regulatory Agreement (as defined in the Funding Loan Agreement), Borrower shall not initiate, join in, or consent to the granting or filing of, or to any modifications to, any private restrictive covenant, zoning ordinance, or other public or private restrictions limiting or defining the uses which may be made of the Premises or any part thereof, without the express prior written consent of Beneficiary.

Section 2.07. Leases, Contracts, Etc.

(a) As part of the consideration for the Secured Obligations, and not as additional security therefor, the Borrower hereby irrevocably, absolutely, presently, and unconditionally assigns to the Beneficiary all of the Rents and hereby gives to and confers upon the Beneficiary the right, power and authority to collect such Rents, such assignment effective only upon an Event of Default that continues beyond the expiration of all applicable notice, grace and cure periods. The Borrower irrevocably appoints the Beneficiary its true and lawful attorney-in-fact, acting at the written direction of the Beneficiary, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue in its name or in the name of the Borrower, for all such Rents, and apply the same

to the payment of the Secured Obligations; provided, however, that the Borrower shall have and is hereby granted the right, in the form of a revocable license, to enforce payment, give satisfactions, sue for and collect such Rents (but not more than one month in advance unless the written approval of the Beneficiary has first been obtained), and to retain and enjoy the same, so long as an Event of Default shall not have occurred hereunder and be continuing (provided that the Beneficiary shall have no obligation to accept a cure of any Event of Default). The assignment of the Rents in this Article 2 is intended to be an absolute assignment from the Borrower to the Beneficiary and not merely the passing of a security interest. The Borrower and the Beneficiary further agree that, solely for the purposes of any bankruptcy of the Borrower or its general partners, during the term of this Deed of Trust, the Rents shall not constitute property of the Borrower (or of any estate of the Borrower) within the meaning of 11 U.S.C. §541, as amended from time to time. Upon the occurrence and during the continuation of an Event of Default hereunder (provided that the Beneficiary shall have no obligation to accept a cure of any Event of Default), the license granted to the Borrower in Section 2.01 shall be automatically revoked without notice. Except as provided by applicable law, the Beneficiary may, at any time without notice, upon the written direction of the Beneficiary, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Secured Obligations, enter upon and take possession of the Premises, or any part thereof, and, with or without taking possession of the Premises or any part hereof, in its own name sue for or otherwise collect such Rents (including those past due and unpaid, and all prepaid rents and all other monies which may have been or may hereafter be deposited with the Borrower by any lessee or tenant of the Borrower to secure the payment of any rent or for any services thereafter to be rendered by the Borrower for any other obligation of any tenant to the Borrower arising under any Lease). The Borrower agrees that, upon the occurrence of any Event of Default hereunder, the Borrower shall promptly deliver all such Rents and monies to the Beneficiary. The Beneficiary shall apply such Rents and monies (other than security deposits), less costs and expenses of operation and collection (including reasonable attorneys' fees whether or not suit is brought or prosecuted to judgment), at the written direction of the Beneficiary, to the payment of any Secured Obligations, in such order as the Beneficiary may determine, notwithstanding that said indebtedness or the performance of said obligation may not then be due. The collection of such Rents, or the entering upon and taking possession of the Premises, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default or be deemed or construed to make the Beneficiary a mortgagee-in-possession of the Premises or any portion thereof. Upon written demand of the Beneficiary, the Borrower shall, from time to time hereafter, execute and deliver to the Beneficiary recordable assignments of any and all Leases or other agreements relating to, or affecting the use, occupancy, management or maintenance of, or services provided to, the Premises or now or hereafter affecting the Premises or any portion thereof.

(b) Rents collected subsequent to any Event of Default shall be applied to the costs, if any, of taking possession and control of and managing the Premises and collecting such amounts, including to pay reasonable attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Premises, premiums on insurance policies, taxes, assessments and other charges on the Premises, and the costs of discharging any obligation or liability of Borrower with respect to the Leases and to the sums secured by this Deed of Trust, all in such order as Beneficiary may, in its sole discretion, determine, except as otherwise required by the Texas Assignment of Rents Act. Texas Property Code Sections 64.001, 64.002, and 64.051-64.062 shall apply to the assignment of rents and leases provided in the Deed of Trust. The assignment of the Rents in this Section is intended to be an absolute assignment from the Borrower to the Beneficiary and not merely the passing of a security interest. The Borrower and the Beneficiary further agree that, solely for the purposes of any bankruptcy of the Borrower or its general partners, during the term of this Deed of Trust, the Rents shall not constitute property of the Borrower (or of any estate of the Borrower) within the meaning of 11 U.S.C. §541, as amended from time to time. To the extent that specific terms and requirements of this Deed of Trust or any other Permanent Loan Document, conflict with the specific terms and requirements of the Texas Assignment of Rents Act, as codified in Tex. Prop. Code, Chapter 64, as the same may be amended, modified or supplemented from time to time ("TARA"), (a) to the extent such terms

and requirements of TARA may be superseded by an agreement between the parties, the specific terms and requirements of this Deed of Trust or the other Permanent Loan Documents hereby supersedes such specific terms and requirements of TARA; and (b) to the extent that such terms and requirements of TARA cannot be superseded by an agreement between the parties, the specific terms and requirements of TARA shall control, and the parties further agree that all other terms and requirements of this Deed of Trust or the other Permanent Loan Documents shall not otherwise be impaired or superseded thereby and shall remain in full force and effect.

(c) As additional collateral and further security for the Secured Obligations, to the extent assignable, Borrower does hereby assign to Beneficiary Borrower's interest in any and all franchise agreements, management contracts, construction contracts, contracts of sale, and other contracts, licenses and permits now or hereafter affecting the Premises or any part thereof, and Borrower agrees to execute and deliver to Beneficiary such additional instruments, in form and substance reasonably satisfactory to Beneficiary, as may hereafter be reasonably requested by Beneficiary further to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by Beneficiary to any franchise agreement, management contract, construction contract, contract of sale, or other contract, license or permit, or to impose upon Beneficiary any obligation with respect thereto unless and until Beneficiary shall take possession of the Premises or a receiver is appointed therefor.

(d) Except as allowed pursuant to the terms of the other Permanent Loan Documents, without first obtaining on each occasion the written approval of Beneficiary, Borrower shall not cancel or permit the cancellation of any such lease, franchise agreement, management contract, construction contract, contract of sale, or other contract, license or permit, or modify any of said instruments, or accept or permit to be made, any prepayment of any charges or fees thereunder. Borrower shall faithfully keep and perform, or cause to be kept and performed, all of the covenants, conditions and agreements contained in each of said instruments, now or hereafter existing, on the part of Borrower to be kept and performed, and shall at all times do all things necessary to compel performance by each other party to said instruments of all obligations, covenants and agreements by such other party to be performed thereunder.

(e) Except as expressly permitted in accordance with the Loan Agreement, Borrower shall not execute an assignment of the income, rents, issues or profits, or any part thereof, from the Premises, to any party other than Beneficiary, unless Beneficiary shall first consent to such assignment and unless such assignment shall expressly provide that it is subordinate to the assignment contained in this Deed of Trust and any assignment executed pursuant hereto or concerning the Secured Obligations.

(f) Borrower shall furnish to Beneficiary, within fifteen (15) days after a written request by Beneficiary to do so, a sworn statement setting forth the names of any lessees and tenants of the Premises, the terms of their respective leases, tenant contracts or rental agreements, the space occupied, and the rentals payable thereunder, and stating whether any defaults, off-sets or defenses exist under or in connection with any of said leases, tenant contracts or rental agreements.

Section 2.08. Security Agreement and Financing Statement.

(a) The Borrower hereby grants to the Beneficiary, as security for the Secured Obligations, a "security interest" (as such term is defined in the Uniform Commercial Code in the State of Texas) in all of the Borrower's right, title and interest in, to and under the following property, whether now owned or hereafter acquired or arising: (i) that portion of the Premises that constitutes personal property under the Uniform Commercial Code, (ii) any accounts, chattel paper, inventory, equipment, instruments, investment property, documents, deposit accounts, commercial tort claims, letter-of-credit rights, goods, general intangibles, money, oil, gas and other minerals before extraction, and supporting obligations (each term in this clause (ii) having the meaning given to it under the Uniform Commercial Code), (iii) all renewals,

replacements of any of the aforementioned items, or articles in substitution therefor or in addition thereto and (iv) all proceeds and products of the foregoing (said property described in clauses (i) through (iv) is hereinafter referred to collectively as the "Personal Property"). The foregoing sentence is intended to grant in favor of the Beneficiary a continuing lien and security interest in all of the Borrower's assets. The Borrower authorizes the Beneficiary and its counsel to file UCC financing statements in form and substance satisfactory to the Beneficiary, describing the collateral as "all assets of the debtor, whether now owned or existing or hereafter acquired or arising, and all proceeds and products thereof, including, without limitation, all fixtures on the Premises" or words to that effect, and any limitations on such collateral description, notwithstanding that such collateral description may be broader in scope than the Personal Property. By executing and delivering this Deed of Trust, the Borrower has granted, in the same manner and with the same effect described in the Granting Clause hereof, to the Beneficiary, as additional security, a security interest in the Personal Property which are subject to the Uniform Commercial Code. If any Event of Default shall occur, the Beneficiary shall have, in addition to any and all other rights and remedies set forth in this Deed of Trust, and may exercise without demand, any and all rights and remedies granted to a secured party under the Uniform Commercial Code, including, but not limited to, the right to take possession of the Personal Property, or any part thereof, and the right to advertise and sell the Personal Property, or any part thereof, pursuant to and in accordance with the provisions of Section 3.06 hereof. The Borrower agrees that any notice of sale or other action intended by the Beneficiary with respect to the Personal Property, or any part thereof, shall constitute reasonable notice if it is sent to the Borrower not less than ten (10) days prior to any such sale or intended action.

(b) Borrower and Beneficiary agree that with respect to all portions of the Premises which are or will become fixtures on the Land or the improvements thereon, this Deed of Trust, upon recording in the real estate records of the county in which the Premises are located, shall constitute a "financing statement" within the meaning of the Uniform Commercial Code. The following information is provided in order that this Deed of Trust shall comply with the requirements of the Uniform Commercial Code for deeds of trust or mortgages to be effective as financing statements filed as a fixture filing: The name of the "Debtor" is the Borrower named herein and the address of the Debtor is the address of Borrower set forth in the first paragraph hereof. The name of the "Secured Party" is the Beneficiary named herein and the address of the Secured Party is the address of Beneficiary set forth in the first paragraph hereof. The collateral covered hereby is that portion of the Premises that now or hereafter constitutes fixtures. Such fixtures are related to the real property described on Exhibit A attached to this Deed of Trust and the Debtor is the record owner of the leasehold interest in such real property. The fixture filing covers all goods that are or are to become affixed to the Land or the improvements thereon. The goods are described by item or type in the granting clauses of this Deed of Trust.

(c) Borrower agrees to furnish Beneficiary with notice of any change in the name, identity, organizational structure, residence, state of incorporation, state of organization or state of formation or principal place of business or mailing address of Borrower at least thirty (30) days prior to the effective date of any such change.

(d) Unless the portions of the Premises that consist of property subject to the Uniform Commercial Code or threatens to decline in value or a type customarily sold on a recognized market, Beneficiary shall give Borrower at least three (3) days prior written notice of the time and place of any public or private sale of said collateral or other intended disposition thereof to be made, subject to the other terms of this Deed of Trust, such notice shall be mailed to Borrower at the address set forth above.

Section 2.09. Further Assurances; After-Acquired Property. At any time, and from time to time, upon reasonable request by Beneficiary, Borrower will make, execute and deliver, or cause to be made, executed and delivered, to Beneficiary and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or filed at such time and in such offices and places as

shall reasonably be required by Beneficiary, any and all such other and further deeds of trust, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may in, the reasonable opinion of Beneficiary, be necessary in order to effectuate, complete or perfect, or to continue and preserve (a) the obligations of Borrower under the Note, this Deed of Trust and the other Permanent Loan Documents and (b) the security title, lien and security interest created by this Deed of Trust as a first and prior lien and security interest (subject only to the Permitted Encumbrances) upon and security title in and to all of the Premises, whether now owned or hereafter acquired by Borrower. Upon any failure by Borrower so to do, Beneficiary may make, execute, record, file, re-record and/or refile any and all such deeds of trust, security agreements, financing statements, continuation statements, instruments, certificates and documents for and in the name of Borrower, and Borrower hereby irrevocably appoints Beneficiary the agent and attorney-in-fact of Borrower so to do. The lien of this Deed of Trust and the security title and security interest created hereby will automatically attach, without further act, to all after-acquired property attached to and/or used in the operation of the Premises or any part thereof.

Section 2.10. Expenses. Borrower will pay or reimburse Beneficiary or Trustee, as the case may be, upon demand therefor, for all reasonable attorneys' fees, costs of documentary evidence, abstracts and title reports, and other costs and expenses incurred by Beneficiary or Trustee in any suit, action, legal proceeding or dispute of any kind in which Beneficiary or Trustee is made a party or appears as party plaintiff or defendant, affecting the Secured Obligations, this Deed of Trust or the interest created herein, or the Premises, including, but not limited to, the exercise of the power of sale contained in this Deed of Trust, any condemnation action involving the Premises or any action to protect the security hereof, and any such amounts paid by Beneficiary or Trustee shall be added to the Secured Obligations and shall be secured by this Deed of Trust.

Section 2.11. Estoppel Affidavits. Borrower, upon ten (10) days prior written notice, shall furnish Beneficiary a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the Secured Obligations, stating whether or not, to Borrower's knowledge, any offsets or defenses exist against the Secured Obligations, or any portion thereof, and, if, to Borrower's knowledge, such offsets or defenses exist, stating in detail the specific facts relating to each such offset or defense.

Section 2.12. Subrogation. To the full extent of the Secured Obligations, Beneficiary is hereby subrogated to the liens, claims and demands, and to the rights of the owners and holders of each and every lien, claim, demand and other encumbrance on the Premises which is paid or satisfied, in whole or in part, out of the proceeds of the Secured Obligations, and the respective liens, claims, demands and other encumbrances shall be, and each of them is hereby, preserved and shall pass to and be held by Beneficiary as additional collateral and further security for the Secured Obligations, to the same extent they would have been preserved and would have been passed to and held by Beneficiary had they been duly and legally assigned, transferred, set over and delivered unto Beneficiary by assignment, notwithstanding the fact that any instrument providing public notice of the same may be satisfied and canceled of record.

Section 2.13. No Default Affidavits. If at any time during the term of the Loan, an Event of Default occurs in any one (1) instance, and even if such Event of Default is subsequently cured, at any time thereafter, at Beneficiary's request, all payments made under the Note or hereunder shall be accompanied by the affidavit of Borrower or a principal financial or accounting officer of Borrower, dated within five (5) days of the delivery of such payment to Beneficiary, swearing that s/he knows of no Event of Default, nor of any circumstances which after notice or lapse of time or both would constitute an Event of Default, which has occurred and is continuing, specifying the nature and period of existence thereof and the action Borrower has taken or proposes to take with respect thereto and, except as otherwise specified, stating that, to the knowledge of the affiant, Borrower has fulfilled all of Borrower's obligations under this Deed of Trust which are required to be fulfilled on or prior to the date of such affidavits.

Section 2.14. Due on Sale; Encumbrances; Transfers.

(a) ***Generally***. Borrower hereby acknowledges to Beneficiary that the identity and expertise of Borrower were and continue to be material circumstances upon which Beneficiary has relied in connection with, and which constitute valuable consideration to Beneficiary for, the extending to Borrower of the Loan, and any change in such identity or expertise could materially impair or jeopardize the security for the repayment of the Loan granted to Beneficiary by this Deed of Trust. Borrower therefore covenants and agrees with Beneficiary, as part of the consideration for Beneficiary making the Loan to Borrower, that, unless the prior written consent and approval of Beneficiary shall have been obtained (in Beneficiary's sole and absolute discretion), and except as otherwise expressly permitted by the Financing Documents, including, without limitation, as set forth in Section 8.1 of the Continuing Covenant Agreement, (i) Borrower shall not (A) further encumber, pledge or grant a security interest in the Premises or any portion thereof or interest therein, or (B grant, convey, sell, transfer or assign the Premises or any portion thereof or interest therein, to secure an indebtedness or otherwise, or (C) with the exception of residential lease agreements, enter into any lease, license or other agreement allowing any party to occupy all or any portion of the Premises, or grant, enter into, acquiesce in, consent to, or allow the recording of, any easement, restrictive covenant, regulatory agreement, declaration, subdivision plat or other similar instrument burdening or benefitting the Premises; and (ii) if Borrower or any entity owning a direct or indirect ownership interest in Borrower is a corporation, partnership, limited partnership, limited liability company or other entity, there shall be no encumbrance, pledge, sale, conveyance, transfer or assignment of any legal or beneficial interest whatsoever in Borrower or any such entity owning a direct or indirect ownership interest in Borrower; and (iii) without limiting the generality of the foregoing, there shall be no transfer of the interest of any general partner of Borrower (if Borrower is a limited or general partnership) or of the interest of any manager or General Partner of Borrower (if Borrower is a limited liability company) or change in the identity of any general partner or manager, as applicable, of Borrower, except as set forth in Section 2.14(b) below. The consent or approval of Beneficiary to any transaction or event described in this Section may be given or withheld by Beneficiary at its sole discretion. In the event any one or more of the covenants set forth in clauses (i), (ii) or (iii) above are violated, THEN Beneficiary, in its sole discretion, may at any time thereafter declare all of the Secured Obligations immediately due and payable.

Section 2.15. Acquisition of Collateral. Borrower shall not acquire any portion of the personal property covered by this Deed of Trust subject to any security interest, conditional sales contract, title retention arrangement or other charge or lien taking precedence over the security title, lien and security interest of this Deed of Trust.

Section 2.16. Hazardous Materials.

(a) Borrower represents, warrants and agrees that (i) neither Borrower nor, to the best knowledge of Borrower, any other person, has used or installed any Hazardous Material (as hereinafter defined) on, from or affecting the Premises (except for the storage and use of cleaning and other products used in connection with the routine maintenance or repair of the Premises in full compliance with Environmental Laws, and consumer products used by tenants of the Premises in full compliance with Environmental Laws) or received any notice from any governmental agency, entity or other person with regard to Hazardous Materials on, from or affecting the Premises; (ii) neither Borrower nor, to the best knowledge of Borrower, any other person has violated any applicable Environmental Laws (as hereinafter defined) relating to or affecting the Premises; (iii) the Premises are presently in compliance with all Environmental Laws, and there are no facts or circumstances presently existing upon or under the Premises, or relating to the Premises, which may violate any applicable Environmental Laws, and there is not now pending or, to the best knowledge of Borrower, threatened, any action, suit, investigation or proceeding against Borrower or the Premises (or against any other party relating to the Premises) seeking to enforce any right or remedy under any of the Environmental Laws; (iv) the Premises shall be kept free of Hazardous

Materials which violate applicable Environmental Laws, and shall not be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce, or process Hazardous Materials (except for the storage and use of cleaning and other products used in connection with the routine maintenance or repair of the Premises in full compliance with Environmental Laws, and consumer products used by tenants of the Premises in full compliance with Environmental Laws); (v) Borrower shall not knowingly cause or permit the installation of Hazardous Materials in, on, over or under the Premises or a Release (as hereinafter defined) of Hazardous Materials onto or from the Premises or suffer the presence of Hazardous Materials in, on, over or under the Premises except in accordance with applicable Environmental Laws; (vi) Borrower shall comply with, and ensure compliance by all other parties with, all applicable Environmental Laws relating to or affecting the Premises, and Borrower shall keep the Premises free and clear of any liens imposed pursuant to any applicable Environmental Laws, all at Borrower's sole cost and expenses; (vii) Borrower has obtained and will at all times continue to obtain and/or maintain all licenses, permits and/or other governmental or regulatory actions (collectively, the "Permits") necessary to comply with Environmental Laws and Borrower is and will continue to be and at all times remain in full compliance with the terms and provisions of the Permits; (viii) to the best knowledge of Borrower, there has been no Release of any Hazardous Materials on or from the Premises, whether or not such Release emanated from the Premises or any contiguous real estate; and (ix) Borrower shall immediately give Beneficiary oral and written notice in the event that Borrower receives any notice from any governmental agency, entity, or any other party with regard to Hazardous Materials on, from or affecting the Premises and Borrower shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials on, from or affecting the Premises in accordance with all applicable Environmental Laws.

(b) In the event Beneficiary has reasonable grounds to believe Borrower has violated any of the covenants, warranties, or representations contained in this Section, or that the Premises are not in compliance with the Environmental Laws, Borrower shall take such steps as Beneficiary requires by written notice to Borrower in order to confirm or deny such occurrences, including, without limitation, the preparation of environmental studies, surveys or reports. In the event that Borrower fails to take such action, Beneficiary may take such action as Beneficiary deems necessary, and the cost and expense of all such actions taken by Beneficiary, including, without limitation, Beneficiary's reasonable attorneys' fees, shall be added to the Secured Obligations.

(c) For purposes of this Deed of Trust: (i) "Hazardous Material" or "Hazardous Materials" means and includes petroleum products, flammable explosives, radioactive materials, asbestos or any material containing asbestos, polychlorinated biphenyls, and/or any hazardous, toxic or dangerous waste, substance or material defined as such or defined as a Hazardous Substance or any similar term, by, in or for the purposes of the Environmental Laws, including, without limitation Section 101(14) of CERCLA (as hereinafter defined); (ii) "Release" shall have the meaning given such term, or any similar term, in the Environmental Laws, including, without limitation, Section 101(22) of CERCLA; and (iii) "Environmental Law" or "Environmental Laws" shall mean any Super Funds or Super Lien law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Materials as may now or at any time hereafter be in effect, including, without limitation, the following, as same may be amended or replaced from time to time, and all regulations promulgated thereunder or in connection therewith: the Super Fund Amendments and Reauthorization Act of 1986 (SARA); The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA); The Clean Air Act (CAA); the Clean Water Act (CWA); The Toxic Substances Control Act (TSCA); the Solid Waste Disposal Act (SWDA), as amended by the Resource Conservation and Recovery Act (RCRA); and the Occupational Safety and Health Act of 1970 (OSHA). The obligations and liabilities of Borrower under this Section shall survive the foreclosure, including through exercise of the power of sale, under this Deed of Trust, the delivery of a deed in lieu of such foreclosure, the cancellation or release of record of this Deed of Trust, and/or the repayment and

cancellation of the Note. Notwithstanding anything herein to the contrary, (i) the obligations of Borrower under this Section are not secured by this Deed of Trust, and (ii) Borrower's liability under this Section shall not extend to cover the presence or release of any Hazardous Materials that occurs (a) solely and exclusively as a result or Beneficiary or Beneficiary's parties or (b) following foreclosure of this Deed of Trust or acquisition of the Premises by a Deed in Lieu of Foreclosure.

(d) In the event any inspection of the Premises or report based thereon shall reveal any Release or the presence of any Hazardous Material on the Premises, Beneficiary shall have the option, but not the obligation, to disclose the report of such Release and/or Hazardous Material to the proper governmental authority.

Section 2.17. Business Purpose. Borrower hereby represents, warrants and covenants that the Secured Obligations will be used to further the business purposes and business objectives of Borrower in connection with a parcel of real estate leased and operated by it in the State of Texas.

ARTICLE III

EVENTS OF DEFAULT; REMEDIES; WAIVERS

Section 3.01. Events of Default. The terms "Event of Default" or "Events of Default", wherever used in this Deed of Trust, shall mean any one or more of the following events:

(a) Failure by Borrower to pay when due any sums payable under this Deed of Trust, or Borrower's failure to pay any sums payable to any third party as required under this Deed of Trust, which failure continues for five (5) days following written notice from Beneficiary; or

(b) Failure by Borrower duly to observe or perform any term, covenant, condition or agreement of this Deed of Trust. If any such failure is not curable, such failure shall constitute an immediate Event of Default. If such failure is curable, such failure shall not constitute an Event of Default unless such failure continues for thirty (30) days after written notice from Beneficiary (or, if such failure is of a nature that it cannot reasonably be cured within such thirty (30) day period, then such cure period shall be extended by Beneficiary for such additional time as is reasonably necessary to effectuate cure provided Borrower diligently and continuously pursues such cure, which additional time shall not extend beyond sixty (60) additional days, for a total cure period of ninety (90) days); or

(c) Borrower violates Section 2.14 (Due on Sale; Encumbrances; Transfers) or Section 2.16 (Hazardous Materials), and such violation continues beyond the expiration of any notice and cure period set forth therein; or

(d) The occurrence of an Event of Default under and as defined in the Note, the Continuing Covenant Agreement, or any other Financing Document or Permanent Loan Document, beyond any applicable grace or cure period (or if "Event of Default" is not defined therein, a breach or default beyond any applicable grace or cure period); or

(e) Any warranty of Borrower contained in this Deed of Trust proves to be untrue or misleading in any material respect when made; or

(f) Should the Premises be subject to actual waste, or any part thereof be removed, demolished, or materially adversely altered so that the value of the Premises is materially diminished, except as permitted under Section 2.06; or

(g) Should any Lien (including, without limitation, any federal tax lien or claim of lien for labor or material) or Encumbrance be filed of record against Borrower or against the Premises and not be released or removed by payment or bond within thirty (30) days from date of recording; or

(h) Should a third party successfully assert the priority of a lien, security interest, mortgage or deed of trust over that of this Deed of Trust; or

(i) Should any third party accelerate any debt owed by Borrower to such third party, the acceleration of which would materially adversely affect Borrower's ability to pay when due any amounts owed to Beneficiary.

If an Event of Default occurs pursuant to this Deed of Trust for which Beneficiary is required to give notice, Beneficiary shall give Governmental Lender, Borrower, the Equity Investor, and the General Partner simultaneous written notice of the Event of Default. Beneficiary further agrees that any cure of any default made or tendered by the Equity Investor or the General Partner within the time for cure required herein shall be deemed to be a cure tendered by Borrower and shall be accepted or rejected by Beneficiary on the same basis as if made or tendered by Borrower on its own behalf.

Section 3.02. Acceleration of Maturity. If an Event of Default shall occur, then the entire Secured Obligations shall, except as expressly provided in the Permanent Loan Documents, at the option of Beneficiary, immediately become due and payable without notice or demand, time being of the essence of this provision; and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 3.03. Right to Enter and Take Possession.

(a) If an Event of Default shall have occurred, Borrower, upon demand of Beneficiary, shall forthwith surrender to Beneficiary the actual possession of the Premises and if, and to the extent, permitted by law, Beneficiary itself, or by such officers or agents as it may appoint, may enter and take possession of all of the Premises without the appointment of a receiver, or an application therefor, and may exclude Borrower and its agents and employees wholly therefrom, and may have joint access with Borrower to the books, papers and accounts of Borrower. For purposes of clarification, Beneficiary and Borrower hereby agree that, if the rights granted under this Section 3.03(a) are not permitted by applicable law, Beneficiary shall not enter and take possession of the Premises pursuant to this Section 3.03(a) without a court order, appointment of a receiver or other lawful process.

(b) If Borrower shall for any reason fail to surrender or deliver the Premises or any part thereof after such demand by Beneficiary, Beneficiary may obtain a judgment or decree conferring upon Beneficiary the right to immediate possession or requiring Borrower to deliver immediate possession of the Premises to Beneficiary. Borrower will pay to Beneficiary, upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to Beneficiary, its attorneys and agents, and all such expenses and compensation shall, until paid, become part of the Secured Obligations and shall be secured by this Deed of Trust.

(c) Upon every such entering upon or taking of possession, Beneficiary may hold, store, use, operate, manage and control the Premises and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and complete any incomplete construction and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Premises insured; (iii) manage and operate the Premises and exercise all the rights and powers of Borrower to the same extent as Borrower could in its own name or otherwise act with respect to the same; and (iv) enter into any and all

agreements with respect to the exercise by others of any of the powers herein granted to Beneficiary, all as Beneficiary from time to time may determine to be in its best interest. Beneficiary may collect and receive all the income, rents, issues, profits and revenues from the Premises, including those past due as well as those accruing thereafter, and Beneficiary may apply any moneys and proceeds received by Beneficiary, in whatever order or priority Beneficiary in its sole discretion may determine, to the payment of (A) all expenses of taking, holding, managing and operating the Premises (including compensation for the services of all persons employed for such purposes); (B) the cost of such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions; (C) the cost of such insurance; (D) such taxes, assessments and other similar charges as Beneficiary may at its option pay; (E) other proper charges upon the Premises or any part thereof; (F) the reasonable compensation, expenses and disbursements of the attorneys and agents of Beneficiary; (G) accrued interest; (H) deposits required to be paid under this Deed of Trust; or (I) overdue installments of principal. Anything in this Section 3.03 to the contrary notwithstanding, Beneficiary shall not be obligated to discharge or perform the duties of a landlord to any tenant or incur any liability as the result of any exercise by Beneficiary of its rights under this Deed of Trust, and Beneficiary shall be liable to account only for the rents, incomes, issues, profits and revenues actually received by Beneficiary.

(d) In the event that all such interest, deposits and principal installments and other sums due under any of the terms, covenants, conditions and agreements of this Deed of Trust shall be paid and all Events of Default shall be cured, and as a result thereof Beneficiary surrenders possession of the Premises to Borrower, the same right of taking possession shall continue to exist if any subsequent Event of Default shall occur.

Section 3.04. Performance by Beneficiary. If Borrower shall fail to pay, perform or observe any term, covenant or condition of this Deed of Trust which constitutes an Event of Default after applicable notice and cure periods have expired, Beneficiary may, at its option, pay, perform or observe the same, and all payments made or reasonable costs or expenses incurred by Beneficiary in connection therewith shall be secured hereby and shall be, without demand, immediately repaid by Borrower to Beneficiary with interest thereon at the Default Rate provided in the Note. Beneficiary shall be the sole judge of the necessity for any such actions and of the amounts to be paid. If an Event of Default occurs, Beneficiary is hereby empowered to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Borrower or any person in possession holding under Borrower.

Section 3.05. Receiver. If an Event of Default shall have occurred, Beneficiary, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right, without notice and without regard to the adequacy or value of any security for the Secured Obligations or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Premises and to collect and apply the incomes, rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers permitted under the laws of the State of Texas. Borrower will pay to Beneficiary upon demand all expenses actually incurred, including receiver's fees, reasonable attorneys' fees, costs and agent's compensation, incurred pursuant to the provisions of this Section 3.05, and any such amounts paid by Beneficiary shall be added to the Secured Obligations and shall be secured by this Deed of Trust.

Section 3.06. Enforcement.

(a) If an Event of Default shall have occurred, Beneficiary may require the Trustee to sell all or part of the Premises at public auction to the highest bidder for cash at the county courthouse of the county in Texas in which the Premises or any part thereof is situated, or, if the Premises is located in more than one county, such sale may be made at the courthouse in any county in which the Premises is situated. After notice of the time, place and terms of sale (including the earliest time at which such sale shall occur) and

of the property to be sold shall have been given in the manner hereinafter described, the sale may take place between the hours of 10:00 o'clock a.m. and 4:00 o'clock p.m. on the first Tuesday of the month designated in such notice at the area of the courthouse properly designated for such sales by the commissioners court of the specified county (or, if no area is so designated, at such other area in the courthouse as may be provided in the notice of sale hereinafter described). If required by applicable law, the sale shall begin within three (3) hours after the time designated in the notice of sale as the earliest time at which the sale shall occur. Notice of a sale of all or part of the Premises by the Trustee shall be given by posting written notice thereof at the courthouse door (or other area in the courthouse as may be designated for such public notices) of the county in which the sale is to be made, and by filing a copy of the notice in the office of the county clerk of the county in which the sale is to be made, at least twenty one (21) days preceding the date of the sale, and if the property to be sold is in more than one county a notice shall be posted at the courthouse door (or other area in the courthouse as may be designated for such public notices) and filed with the county clerk of each county in which the property to be sold is situated. In addition, Beneficiary shall, at least twenty-one (21) days preceding the date of sale, serve written notice of the proposed sale by certified mail on Borrower and each debtor obligated to pay the debt secured hereby according to the records of Beneficiary. Service of such notice shall be completed upon deposit of the notice, with the proper postage paid, properly addressed to such debtor at the most recent address as shown by the records of Beneficiary, 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 shall be prima facie evidence of the fact of service. Any notice that is required or permitted to be given to Borrower may be addressed to Borrower at Borrower's address as stated herein. Any notice that is to be given by certified mail to any other debtor may, if no address for such other debtor is shown by the records of Beneficiary, be addressed to such other debtor at the address of Borrower as is shown by the records of Beneficiary. Trustee may sell all or any portion of the Premises, together or in lots or parcels, and may execute and deliver to the purchaser or purchasers of such property good and sufficient deeds of conveyance of fee simple title with covenants of general warranty made on behalf of Borrower. In no event shall Trustee be required to exhibit, present or display at any such sale any of the personalty described herein to be sold at such sale. Payment of the purchase price to Trustee shall satisfy the obligation of the purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof. The sale or sales by Trustee of less than the whole of the Premises shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Premises shall be sold; and if the proceeds of such sale or sales of less than the whole of the Premises shall be less than the aggregate of the Secured Obligations and the expenses thereof, this Deed of Trust and the lien, security interest and assignment hereof shall remain in full force and effect as to the unsold portion of the Premises just as though no sale or sales had been made; provided, however, that Borrower shall never have any right to require the sale or sales of less than the whole of the Premises, but Beneficiary shall have the right, at its sole election, to request Trustee to sell less than the whole of the Premises. Notwithstanding the foregoing provisions of this paragraph, any sale and notice of any sale that complies with the requirements of the applicable laws of the State of Texas in effect at the time of such sale shall satisfy the requirements of this Deed of Trust. If Beneficiary so elects, Beneficiary may sell the Personal Property covered by this Deed of Trust at one or more separate sales in any manner permitted by the Texas Uniform Commercial Code, and one or more exercises of the powers herein granted shall not extinguish nor exhaust such powers, until the entire Premises are sold or the Secured Obligations is paid in full. With respect to any notices required or permitted under the Uniform Commercial Code, Borrower agrees that five (5) days' prior written notice shall be deemed commercially reasonable. If the Secured Obligations is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of leases or other Deed of Trusts, Beneficiary may at its option exhaust the remedies granted under any of said Deed of Trusts either concurrently or independently, and in such order as Beneficiary may determine.

Any such sale (including notice thereof) shall comply with the applicable requirements, at the time of sale, of Section 51.002 of the Texas Property Code, or, if and to the extent such statute is not then in

force, with the applicable requirements, at the time of the sale, of the successor statute or statutes, if any, governing sales of Texas real property under powers of sale conferred by deeds of trust. Notwithstanding anything herein to the contrary, service of such notice of sale pursuant to Section 51.002(b)(3) of the Texas Property Code shall be completed upon deposit of a copy of the notice, enclosed in a postpaid certified mail wrapper, properly addressed to Borrower and each other debtor entitled to notice of such sale pursuant to Section 51.002 of the Texas Property Code, at such debtor's last known address as determined pursuant to Sections 51.0001(2) and 51.0021 of the Texas Property Code, 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 of notice of sale to each debtor was completed shall be prima facie evidence of the fact of service. In this respect and to the full extent it may legally do so, Borrower also expressly covenants, stipulates, and agrees that: (i) the address of Borrower set out in the first paragraph of this Deed of Trust shall be deemed and considered conclusively to be and remain at all times the most recent address of all debtors obligated to pay the Secured Obligations as shown by the records of Beneficiary**,** provided such address may be changed to some other address within the United States of America from time to time only by express written notice of change thereof signed by all debtors then obligated to pay such indebtedness and actually delivered to and received by Beneficiary at its address for notices then applicable under this Deed of Trust, (ii) the records of Beneficiary (and its mortgage servicer for the Secured Obligations) shall not be deemed to reflect any change in the name or identity of the debtors obligated to pay the Secured Obligations (to whom notice of a proposed sale shall be required to be mailed as provided for above) unless and until express written notice of such change signed by all debtors obligated to pay such indebtedness shall have been actually delivered to and received by Beneficiary at its address for notices then applicable under this Deed of Trust, and it is Borrower's obligation to confirm that Beneficiary has received any change of notice sent by it pursuant to Section 51.0021 of the Texas Property Code, and (iii) no notice of such sale or sales other than the notices hereinabove provided shall be required to be given to Borrower or any other persons, and any other notice requirement is expressly waived, other than the posting and filing of a duplicate copy of such notice of sale pursuant to Sections 51.002(b)(1) and (2) of the Texas Property Code.

In the event an interest in any of the Premises 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 shall be entitled to seek a deficiency judgment from Borrower and any other party owing on the Secured Obligations equal to the difference between the amount owing on the Secured Obligations and the amount for which the Premises 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 recovery of deficiencies is sought to present competent evidence of fair market value of the Premises 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 Premises for purposes of calculating deficiencies owed by Borrower 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, the following shall be the basis for the finder of fact's determination of the fair market value of the Premises sold as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 or 51.005 of the Texas Property Code: (a) the Premises shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Premises will be repaired or improved in any manner before a resale of the Premises after foreclosure; (b) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Premises for cash promptly (but not later than twelve (12) months) following the foreclosure sale; (c) all reasonable closing costs customarily borne by the seller in commercial real estate transactions should be deducted from the gross fair market value of the Premises, including,

without limitation, brokerage commissions, title insurance, a survey of the Premises, tax prorations, attorneys' fees, and marketing costs; (d) the gross fair market value of the Premises shall be further discounted to account for any estimated holding costs associated with maintaining the Premises pending sale, including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (c) above), and other maintenance, operational and ownership expenses; and (e) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Premises must be given by persons having at least five years' experience in appraising property similar to the Premises and who have conducted and prepared a complete written appraisal of the Premises taking into consideration the factors set forth above.

(b) If an Event of Default shall have occurred, Beneficiary, may in addition to and not in abrogation of the rights covered under Section 3.06(a), either with or without entry or taking possession as herein provided or otherwise, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (i) to enforce payment of the Note and/or the other Permanent Loan Documents or the performance of any term, covenant, conditions or agreement of this Deed of Trust or the other Permanent Loan Documents or any other right, (ii) to foreclose this Deed of Trust in the manner provided by law for the foreclosure of mortgages on real property, and (iii) to pursue any other remedy available to it, all as Beneficiary at its sole discretion shall elect.

(c) Beneficiary and Trustee shall have all powers, rights and remedies under applicable law whether or not specifically or generally granted or described in this Deed of Trust. Nothing contained herein shall be construed to impair or to restrict such powers, rights and remedies or to preclude any procedures or process otherwise available to holders of mortgages or beneficiaries under deeds of trust in the state in which the Land is located. Beneficiary and Trustee shall be entitled to enforce the payment and performance of the Secured Obligations and to exercise all rights and powers under this Deed of Trust or under the other Permanent Loan Documents or any other agreement or any laws now or hereafter in force, notwithstanding the fact that some or all of the Secured Obligations may now or hereafter be otherwise secured, whether by deed of trust, mortgage, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or other powers contained herein, shall prejudice or in any manner affect Beneficiary's or Trustee's right to realize upon or enforce any other rights or security now or hereafter held by Beneficiary. Beneficiary shall be entitled to enforce this Deed of Trust and any other rights or security now or hereafter held by Beneficiary in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to Beneficiary is intended to be exclusive of any other remedy contained herein or by law provided or permitted, but each shall to the extent permitted by law be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. Every power or remedy given by any of the foregoing to Beneficiary, or to which Beneficiary may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Beneficiary, and it may pursue inconsistent remedies.

Section 3.07. Purchase by Beneficiary. Upon any foreclosure sale or sales of all or any portion of the Premises under the power herein granted, Beneficiary may bid for and purchase the Premises and shall be entitled to apply all or any part of the Secured Obligations as a credit to the purchase price.

Section 3.08. Application of Proceeds of Sale. In the event of a foreclosure or a sale of all or any portion of the Premises under the power herein granted, the proceeds of said sale shall be applied, first to pay the reasonable expenses of Trustee and a reasonable Trustee's fee or commission (not to exceed 5% of the proceeds of said sale or sums so received), and thereafter, in whatever order Beneficiary in its sole discretion may decide, to the expenses of such sale and of all proceedings in connection therewith, including reasonable attorneys' fees, to insurance premiums, liens, assessments, taxes and charges including utility charges advanced by Beneficiary, to payment of the outstanding principal balance of the Secured

Obligations, or to the accrued interest on all of the foregoing; and the remainder, if any, shall be paid to Borrower, or to the person or entity lawfully entitled thereto.

Section 3.09. Borrower as Tenant Holding Over. In the event of any such foreclosure sale or sales under power herein, Borrower shall be deemed a tenant at sufferance and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants at sufferance.

Section 3.10. Waiver of Appraisement, Valuation, etc. Borrower agrees, to the full extent permitted by law, that in case of an Event of Default hereunder, neither Borrower nor anyone claiming through or under Borrower will set up, claim or seek to take advantage of any moratorium, reinstatement, forbearance, appraisement, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, or the absolute sale of the Premises, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and Borrower, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets subject to the lien, security title and security interest of this Deed of Trust marshaled upon any foreclosure or sale under the power herein granted. Borrower expressly waives and relinquishes any right or remedy which it may have or be able to assert by reason of the provisions of Chapter 43 and Section 17.001 of the Texas Civil Practice and Remedies Code and Texas Rule of Civil Procedure 31, including without limitation, notice, discharge, levy and subrogation, and Chapter 34 of the Business and Commerce Code of the State of Texas, pertaining to the rights and remedies of sureties. Borrower further waives, to the extent permitted by law, the benefit of all laws now existing or that hereafter may be enacted providing for (a) any appraisement before sale of any portion of the Premises, commonly known as Appraisement Laws, and (b) the benefit of all laws that may be hereafter enacted in any way extending the time for the enforcement of the collection of the debt secured hereby or creating or extending a period of redemption from any sale made in collection of said debt, commonly known as Stay Laws and Redemption Laws.

Section 3.11. Leases. Beneficiary, at its option, is authorized to direct Trustee to foreclose this Deed of Trust subject to the right of any tenants of the Premises, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Borrower, a defense to any proceedings instituted by Beneficiary or Trustee to collect the Secured Obligations.

Section 3.12. Discontinuance of Proceedings. In case Beneficiary or Trustee shall have proceeded to enforce any right, power or remedy under this Deed of Trust by foreclosure, entry or otherwise, and such proceeding shall have been withdrawn, discontinued or abandoned for any reason, or shall have been determined adversely to Beneficiary or Trustee, then in every such case, (a) all rights, powers and remedies of Beneficiary and Trustee shall continue as if no such proceeding had been taken, (b) each and every Event of Default declared or occurring prior to or subsequent to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing Event of Default, and (c) neither this Deed of Trust, nor the other Permanent Loan Documents, nor the Secured Obligations, nor any other instrument concerned therewith, shall be or shall be deemed to have been reinstated or otherwise affected by such proceeding or the withdrawal, discontinuance or abandonment thereof; and Borrower hereby expressly waives the benefit of any statute or rule of law now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the above.

Section 3.13. Remedies Cumulative. No right, power or remedy conferred upon or reserved to Beneficiary or Trustee by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition

to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.

Section 3.14. Waiver.

(a) No delay or omission by Beneficiary, Trustee or by any holder of the Note to exercise any right, power or remedy accruing upon any breach or Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such breach or Event of Default, or acquiescence therein, and every right, power and remedy given by this Deed of Trust to Beneficiary and Trustee may be exercised from time to time and as often as may be deemed expedient by Beneficiary. No consent or waiver, expressed or implied, by Beneficiary to or of any breach or Event of Default by Borrower in the performance of the obligations of Borrower hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or Event of Default in the performance of the same or any other obligations of Borrower hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Beneficiary of its rights hereunder or impair any rights, powers or remedies of Beneficiary or Trustee hereunder.

(b) No act or omission by Beneficiary or Trustee shall release, discharge, modify, change or otherwise affect the original liability under the Note, this Deed of Trust, any other Permanent Loan Document or any other obligation of Borrower or any subsequent purchaser of the Premises or any part thereof, or any maker, co-signer, endorser, surety or guarantor, or preclude Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in the event of any Event of Default then made or of any subsequent Event of Default, or alter the lien, security title and security interest of this Deed of Trust except as expressly provided in an instrument or instruments executed by Beneficiary. Without limiting the generality of the foregoing, Beneficiary may (i) grant forbearance or an extension of time for the payment of all or any portion of the Secured Obligations; (ii) take other or additional security for the payment of the Secured Obligations; (iii) waive or fail to exercise any right granted hereunder or in the Note; (iv) release any part of the Premises from the security interest, security title or lien of this Deed of Trust or otherwise change any of the terms, covenants, conditions or agreements of the Note or this Deed of Trust; (v) consent to the filing of any map, plat or replat affecting the Premises; (vi) consent to the granting of any easement or other right affecting the Premises; (vii) make or consent to any agreement subordinating the security interest, security title or lien hereof; or (viii) take or omit to take any action whatsoever with respect to the Note, this Deed of Trust, the other Permanent Loan Documents, the Premises or any document or instrument evidencing, securing or in any way related to the Secured Obligations; all without releasing, discharging, modifying, changing or affecting any such liability, or precluding Beneficiary or Trustee from exercising any such right, power or privilege or affecting the security interest, security title or lien of this Deed of Trust. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Premises, Beneficiary and Trustee, without notice, are hereby authorized and empowered to deal with any such vendee or transferee with reference to the Premises or the Secured Obligations, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing and/or discharging any liabilities, obligations or undertakings; provided that the foregoing provisions of this sentence are not intended to constitute Beneficiary's consent to or approval of any such sale or transfer of all or any part of the Premises.

Section 3.15. Suits to Protect the Premises. Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Premises by any acts which may be unlawful or constitute an Event of Default under this Deed of Trust, (b) to preserve or protect its interest in the Premises and in the incomes, rents, issues, profits and revenues arising therefrom, and/or (c) to restrain the enforcement of or compliance with any legislation or other

governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of Beneficiary.

Section 3.16. Proof of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Borrower, its creditors or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claim of Beneficiary allowed in such proceedings for the entire amount of the Secured Obligations at the date of the institution of such proceedings and for any additional amount of the Secured Obligations after such date.

Section 3.17. Representations and Warranties of Borrower. The Borrower represents and warrants to the Beneficiary as follows:

(a) Borrower is the holder of a leasehold interest in the Land and the owner of the Improvements thereon, and the holder of a leasehold interest of the remainder of the Premises free and clear of any lien, security interest, charge or encumbrance, except for the lien and charge of this Deed of Trust and the Permitted Encumbrances and will warrant and defend title to the Premises against all claims and demands (subject to the Permitted Encumbrances).

(b) The Borrower has good, right and lawful authority to encumber the Premises with and grant the lien and charge created by this Deed of Trust, and the execution, delivery and performance by the Borrower of this Deed of Trust have been duly authorized by all necessary parties and do not and will not (i) violate the partnership agreement, articles of incorporation, charter or by-laws of the Borrower or any direct or indirect constituent partner of the Borrower or any provision of any law, rule or regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Borrower, or (ii) result in a breach of or constitute a default under any material indenture or loan or credit agreement or any other material agreement, lease or instrument to which the Borrower is a party or by which the Borrower or its properties may be bound or affected. The Borrower will warrant and defend its title to the Premises against claims of all persons and entities whomsoever (other than Permitted Encumbrances), and the Borrower will maintain and preserve the lien and charge of this Deed of Trust so long as any of the Secured Obligations are outstanding.

(c) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body, other than the recordation of this Deed of Trust in the official records of the city, town or county in which the Premises is located, is required (i) for the grant by the Borrower of the lien created hereby or for the execution, delivery and performance by the Borrower of this Deed of Trust, or (ii) for the perfection of the security interests granted hereunder or the exercise by the Beneficiary of the rights and remedies conferred hereunder (except as may be required by the express terms of this Deed of Trust).

Section 3.18.WAIVER OF BORROWER'S RIGHTS. BY EXECUTION OF THIS DEED OF TRUST, BORROWER EXPRESSLY (A) ACKNOWLEDGES THE RIGHT OF BENEFICIARY TO ACCELERATE THE INDEBTEDNESS EVIDENCED BY THE NOTE AND ANY OTHER SECURED OBLIGATIONS AND THE POWER OF SALE GRANTED HEREIN ALLOWING TRUSTEE TO SELL THE PREMISES BY NON-JUDICIAL FORECLOSURE UPON AN EVENT OF DEFAULT WITHOUT ANY JUDICIAL HEARING AND WITHOUT ANY NOTICE OTHER THAN SUCH NOTICE (IF ANY) AS IS SPECIFICALLY REQUIRED TO BE GIVEN UNDER THE PROVISIONS OF THIS DEED OF TRUST OR APPLICABLE LAW; (B) WAIVES ANY AND ALL RIGHTS WHICH BORROWER MAY HAVE UNDER THE CONSTITUTION OF THE UNITED STATES OF AMERICA (INCLUDING, WITHOUT LIMITATION, THE FIFTH AND FOURTEENTH AMENDMENTS THEREOF), THE

VARIOUS PROVISIONS OF THE CONSTITUTIONS FOR THE SEVERAL STATES, OR BY REASON OF ANY OTHER APPLICABLE LAW, (1) TO NOTICE AND TO JUDICIAL HEARING PRIOR TO THE EXERCISE BY BENEFICIARY OR TRUSTEE OF ANY RIGHT OR REMEDY HEREIN PROVIDED TO BENEFICIARY OR TRUSTEE, EXCEPT SUCH NOTICE (IF ANY) AS IS SPECIALLY REQUIRED TO BE GIVEN UNDER THE PROVISIONS OF THIS DEED OF TRUST AND APPLICABLE LAW, AND (2) CONCERNING THE APPLICATION, RIGHTS OR BENEFITS OF ANY STATUTE OF LIMITATION OR ANY MORATORIUM, REINSTATEMENT, MARSHALING, FORBEARANCE, APPRAISEMENT, VALUATION, STAY, EXTENSION, HOMESTEAD, EXEMPTION OR REDEMPTION LAWS; (C) ACKNOWLEDGES THAT BORROWER HAS READ THIS DEED OF TRUST AND ANY AND ALL QUESTIONS OF BORROWER REGARDING THE LEGAL EFFECT OF THIS DEED OF TRUST AND ITS PROVISIONS HAVE BEEN EXPLAINED FULLY TO BORROWER, AND BORROWER HAS CONSULTED WITH COUNSEL OF BORROWER'S CHOICE PRIOR TO EXECUTING THIS DEED OF TRUST; AND (D) ACKNOWLEDGES THAT ALL WAIVERS OF THE AFORESAID RIGHTS OF BORROWER HAVE BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY BORROWER AS PART OF A BARGAINED-FOR LOAN TRANSACTION AND THAT THIS DEED OF TRUST IS VALID AND ENFORCEABLE BY BENEFICIARY AGAINST BORROWER IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS HEREOF. TO THE EXTENT NOW OR HEREAFTER APPLICABLE, BORROWER HEREBY WAIVES BORROWER'S RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES - CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ., TEXAS BUSINESS & COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF BORROWER'S OWN SELECTION, BORROWER VOLUNTARILY CONSENTS TO THIS WAIVER. IN FURTHERANCE OF THE FOREGOING, BORROWER REPRESENTS THAT IT HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT ENABLE IT TO EVALUATE THE MERITS AND RISKS OF THE TRANSACTION THAT IS THE SUBJECT OF THIS DEED OF TRUST. BORROWER REPRESENTS THAT IT IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION IN RELATION TO BENEFICIARY. THE FOREGOING WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY BORROWER, AND BORROWER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL LICENSED IN TEXAS AND SELECTED OF ITS OWN FREE WILL IN CONNECTION WITH THE NEGOTIATIONS AND EXECUTION OF THIS DEED OF TRUST AND THIS WAIVER AND HAS HAD THE OPPORTUNITY TO DISCUSS THE FOREGOING WAIVER AND ITS MEANING WITH SUCH COUNSEL. BORROWER UNDERSTANDS THE LEGAL CONSEQUENCES OF SIGNING THIS WAIVER. THE PROVISIONS OF THIS WAIVER SHALL SURVIVE THE TERMINATION OF THIS DEED OF TRUST AND THE CLOSING.

ARTICLE IV

GROUND LEASE PROVISIONS

Section 4.01. Ground Lease Provisions.

(a) The Borrower represents that it has delivered to the Beneficiary a true, correct and complete copy of the Ground Lease, together with all amendments, supplements, modifications, assignments or transfers thereto, if any, and the Borrower represents that the Ground Lease has not been amended, supplemented, modified, assigned or transferred. The Borrower further represents that the Borrower holds the sole leasehold estate in the Land pursuant to the Ground Lease, subject to no subleases (other than those previously disclosed in writing by the Borrower to the Beneficiary).

(b) The Borrower agrees to perform all its obligations and agreements under the Ground Lease; and the Borrower agrees not to take any action or omit to take any action which would permit the termination of the Ground Lease or the leasehold interest granted thereunder. Without limiting the generality of the foregoing, the Borrower agrees, subject to any right of offset (as limited herein) under the Ground Lease: (i) to perform promptly all obligations, agreements, covenants, terms and conditions imposed upon or assumed by it under the Ground Lease; (ii) not to take any action or omit to take any action which would effect or permit the termination of the Ground Lease; and (iii) to pay, when due, all basic rent and all other payments and charges under the Ground Lease, including, without limitation, insurance, taxes and assessments.

(c) The Borrower shall not, without the prior written consent of the Beneficiary: (i) surrender the Borrower's leasehold estate and interest under the Ground Lease; (ii) terminate or cancel the Ground Lease; (iii) fail to renew or exercise any options to renew the Ground Lease; or (iv) sublease, assign or transfer all or any portion of the Borrower's leasehold estate and interest under the Ground Lease, except for leases to residential tenants in accordance with the Land Use Restriction Agreement. The Borrower shall not, without the prior written consent of the Beneficiary: (x) consent or refuse to consent to any action that the landlord under the Ground Lease desires to take under or with respect to the Ground Lease which requires the consent of the Beneficiary; (y) modify, change, supplement, alter or amend the Ground Lease, either orally or in writing; or (z) waive or release the landlord under the Ground Lease from any obligations or conditions to be performed by the Ground Lessor under the Ground Lease. Consent to one modification, alteration, amendment or sublease shall not be deemed to be a waiver of the right to require consent to other, future or successive modifications, alterations, amendments, subleases, assignments or transfers. The Borrower shall promptly deliver to the Beneficiary a true, correct and complete copy of any modification, alteration or amendment to the Ground Lease.

(d) The Borrower shall not subordinate or consent to the subordination of its interest in the Ground Lease to any mortgage, security deed, deed of trust, lease or other interest in all or any part of the Premises other than to this Deed of Trust and the Land Use Restriction Agreement, without the written consent of the Beneficiary.

(e) The Borrower shall advise the Beneficiary in writing of the receipt of any communication or notice (written or otherwise) within two (2) Business Days of receipt, (i) given by the Ground Lessor to the Borrower of any default in the performance or observance of any of the terms, covenants or conditions of the Ground Lease on the part of the Borrower, as lessee thereunder, to be performed and/or observed, or (ii) any summons, notice or legal process which may affect the validity of the Ground Lease, or the terms thereof, or which may affect either the Borrower's or the Beneficiary's interest in or possession of the Premises or any part thereof, and will contemporaneously therewith deliver to the Beneficiary a true copy of each such notice when such communication or notice is written. The Borrower will furnish to the Beneficiary, promptly upon written request, any and all information concerning the Borrower's performance of its duties and obligations under the Ground Lease. The Borrower shall deliver to the Beneficiary true and complete copies of any and all notices, agreements and other documentary evidence showing the Borrower's compliance with the terms of the Ground Lease.

(f) The Ground Lessor agrees that the Beneficiary shall be entitled, but shall not be obligated, to take all actions necessary to cure any default by the Borrower under the Ground Lease within the time provided by the terms of the Ground Lease for such purpose, or such additional time as the Beneficiary deems appropriate. Upon receipt by the Beneficiary from the Ground Lessor of any written notice of default by the Borrower under the Ground Lease, the Beneficiary may rely thereon and may, but shall not be obligated to, take any action to cure such default even though the existence of such default or the nature thereof is questioned or denied by the Borrower or by any other party. The Borrower hereby expressly grants to the Beneficiary and agrees that the Beneficiary shall have the absolute and immediate

right to enter in and upon the Premises or any part thereof to such extent and as often as the Beneficiary, in its reasonable discretion, deems necessary or desirable in order to cure any such default with respect to the Ground Lease. The Beneficiary may, but shall not be obligated to, pay and expend such sums of money as the Beneficiary in its reasonable discretion deems necessary to cure such default, and the Borrower hereby agrees to pay to the Beneficiary within five (5) days after demand, all such sums so paid and expended by the Beneficiary, together with interest thereon from the date of such payment. All sums so paid and expended by the Beneficiary and the interest thereon shall be added to and be secured by the lien of this Deed of Trust.

(g) Unless the Beneficiary shall otherwise expressly consent in writing, the fee title to the Land and the leasehold estate demised by the Ground Lease shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates either in the Ground Lessor or in the Borrower, or in a third party by purchase or otherwise. If the Borrower acquires the fee title or any other estate, title or interest in the Land, or any part thereof, the lien of this Deed of Trust shall attach to, cover and be a lien upon such acquired estate, title or interest and the same shall thereupon be and become a part of the Premises with the same force and effect as if specifically encumbered herein. The Borrower agrees to execute all instruments and documents which the Beneficiary may require to ratify, confirm and further evidence the Beneficiary's lien on the acquired estate, title or interest. If the Beneficiary shall acquire such fee title and leasehold estate by foreclosure of this Deed of Trust or otherwise, then such estates shall not merge as a result of such acquisition but shall remain separate and distinct for all purposes after such acquisition unless and until the Beneficiary elects to merge such estates.

(h) No release or forbearance of any of the Borrower's obligations under the Ground Lease, pursuant to the Ground Lease or otherwise, shall release the Borrower from any obligations under this Deed of Trust, including release from the obligations with respect to the payment of rent as provided for in the Ground Lease and the performance of any of the terms, provisions, covenants, conditions and agreements contained in the Ground Lease to be kept, performed and complied with by the Borrower as provided therein.

(i) The provisions hereof shall be deemed to be obligations of the Borrower in addition to the Borrower's obligations under the Ground Lease and shall be interpreted to the maximum extent possible consistently with the obligations of the Borrower under the Ground Lease. The inclusion in this Deed of Trust of any covenants and agreements relating to similar matters under which the Borrower is obligated under the Ground Lease shall not restrict or limit the Borrower's duties and obligations to keep and perform promptly all of its covenants, agreements and obligations under the Ground Lease.

(j) The Borrower does hereby assign, transfer, set over and deliver to the Beneficiary, for collateral purposes only, all of the Borrower's rights, title and interest in, to and under the Ground Lease. By its acceptance hereof, the Beneficiary hereby covenants and agrees that so long as there exists no Event of Default under the Permanent Loan Documents, the Borrower shall have the right to possess and enjoy the Premises, subject to the terms and conditions contained herein. The Beneficiary shall be liable for the obligations of the tenant arising under the Ground Lease for only the period of time during which the Beneficiary is in actual possession of the leased premises or has acquired, by foreclosure or otherwise, and is holding all of the Borrower's right, title and interest therein, and shall not be liable for any periods before or after such period.

(k) Effective upon the occurrence of an Event of Default (subject to any applicable cure periods), the Borrower hereby constitutes and appoints the Beneficiary the true and lawful attorney-in-fact, coupled with an interest, of the Borrower, empowered and authorized in the name, place and stead of the Borrower to exercise all rights of the Borrower under the Ground Lease. The foregoing appointment

is irrevocable and continuing and such rights, powers and privileges shall be exclusive in the Beneficiary, its successors and assigns, so long as any part of the Secured Obligations remains unpaid or undischarged.

(l) Upon foreclosure, the exercise of the power of sale, deed in lieu of foreclosure or the exercise of the power of sale of the leasehold estate, the Beneficiary, as a "Permitted Leasehold Mortgagee" (as defined in the Ground Lease) shall have the right to, at its option, (i) to acquire the fee and leasehold interests in the Premises by exercise of remedies set forth herein, or (ii) to acquire the leasehold interests in the Premises subject to the Ground Lease in its own name or the name of a nominee without consent or approval of the Ground Lessor. In the event that the Borrower's leasehold interest under the Ground Lease is acquired by the Beneficiary, or its nominee or designee, then such leasehold mortgagee, or its nominee or designee, shall also have the right to further assign or sublet the leasehold interest under the Ground Lease to a third party without the consent or approval of the Ground Lessor. In addition, upon the Beneficiary's notice to the Ground Lessor of the commencement of a foreclosure, the exercise of the power of sale, deed in lieu of foreclosure or the exercise of the power of sale of the leasehold estate, at the election of the Beneficiary, the Ground Lessor, or an affiliate thereof, shall promptly enter into an agreement of limited partnership or other agreement the form of which is reasonably satisfactory to the Ground Lessor with the Beneficiary, or its nominee or designee, to form a new tenant (the "New Tenant") on substantially the same terms as the Partnership Agreement. Upon the Beneficiary's foreclosure, the exercise of the power of sale, deed in lieu of foreclosure or the exercise of the power of sale of the leasehold estate, the Ground Lessor shall promptly enter into a new ground lease with the New Tenant on substantially the same terms as the Ground Lease.

(m) Foreclosure or exercise of the power of sale under this Deed of Trust upon the leasehold interest of the Borrower, or any sale hereunder, whether by judicial proceedings or by virtue of any power contained herein, or in lieu of, foreclosure or other appropriate proceeding in the nature thereof, shall not require the consent of the Ground Lessor or constitute a breach of any provision of, or a default under, the Ground Lease, and upon such foreclosure, sale or conveyance of the leasehold estate, the Ground Lessor shall recognize the purchaser or other transferee in connection therewith as the transferee (the "New Transferee") under the Ground Lease. Following such foreclosure, sale or conveyance in lieu thereof, the New Transferee shall have the right to further assign or sublet the leasehold estate to a third party without the consent or approval of the Ground Lessor.

(n) If, upon the occurrence of an Event of Default, the Beneficiary or its designee shall acquire or obtain a new Ground Lease covering any portion of the property covered by the Ground Lease (a "New Ground Lease"), then the Borrower shall have no right, title or interest whatsoever in or to such New Ground Lease, or any proceeds or income arising from the estate arising under such New Ground Lease, including from any sale or other disposition thereof. The Beneficiary or its designee shall hold such New Ground Lease free and clear of any right or claim of Borrower.

(o) If there shall be filed by or against the Borrower a petition under the United States Bankruptcy Code, Title 11 of the United States Code (the "Bankruptcy Code"), then the lien of this Deed of Trust shall attach to all of the Borrower's rights and remedies at any time arising under or pursuant to the Bankruptcy Code, including, but not limited to, Section 365 thereof. Upon the filing of any petition by or against the Borrower under the Bankruptcy Code, the Borrower shall immediately provide copies of all pleadings and notices related thereto to the Beneficiary. The Borrower irrevocably assigns to the Beneficiary all of the Borrower's rights to remain in possession of the Premises following the filing of any bankruptcy petition by or against the Borrower and acknowledges that the Beneficiary may file any pleading in furtherance thereof. This assignment constitutes a present, irrevocable, and unconditional assignment of the foregoing claims, rights, and remedies of the Borrower, and shall continue in effect until all of the Secured Obligations shall have been satisfied and discharged in full. Furthermore, the Borrower hereby irrevocably constitutes and appoints the Beneficiary as the Borrower's attorney in fact for the purpose of

filing any pleading, making an appearance and prosecuting such pleadings in the court in which the initial petition was filed or any court to which the action thereon may be removed, transferred, or assigned (the "Bankruptcy Court") that the Beneficiary determines in its sole discretion is necessary or appropriate to protect the Beneficiary's interests in and to the Premises, including but not limited to a motion to extend any applicable time period for the filing of any motion related to the assumption of the Ground Lease. The Beneficiary may proceed in its name or in the name of Borrower in any proceeding in connection therewith.

(i) The Borrower shall not, without the prior written consent of the Beneficiary, file any motion or other pleading to reject or otherwise elect to treat the Ground Lease as terminated under Section 365 of the Bankruptcy Code. Any such motion, pleading, or election made without such prior written consent shall be void ab initio, and this Deed of Trust may be pled in bar thereof. If, notwithstanding the foregoing, the Borrower does file such a motion seeking to reject the Ground Lease under Section 365 of the Bankruptcy Code, the Borrower hereby acknowledges and agrees that, unless the Beneficiary consents in writing to such rejection, the Borrower may not reject the Ground Lease. If the Borrower, as lessee under the Ground Lease and as debtor under the Bankruptcy Code, shall desire to reject the Ground Lease pursuant to Section 365 of the Bankruptcy Code, the Borrower shall give the Beneficiary not less than thirty (30) days' prior written notice of the date on which the Borrower intends to file a motion in or otherwise apply to the Bankruptcy Court for authority to reject the Ground Lease. In such event, the Beneficiary shall have the right, but not the obligation, to serve upon the Borrower within such thirty (30) day period a notice stating that the Beneficiary demands that the Borrower assume the Ground Lease and assign the Ground Lease to the Beneficiary or the Beneficiary's designee pursuant to Section 365 of the Bankruptcy Code. If the Beneficiary shall serve upon the Borrower the notice described in the preceding sentence, the Borrower shall not seek to reject the Ground Lease and shall comply with the demand provided for in the preceding sentence.

(ii) If the Borrower shall desire to assume the Ground Lease, then the Borrower shall give the Beneficiary not less than thirty (30) days' prior written notice of the date on which the Borrower intends to file a motion in, or otherwise apply to, the Bankruptcy Court for authority to assume the Ground Lease. The Borrower shall inform the Beneficiary as a part of such notice whether or not the Borrower intends to assign the Ground Lease following assumption thereof. The Beneficiary shall have the right, but not the obligation, to serve upon the Borrower within such thirty (30) day period a notice stating that the Beneficiary demands that the Borrower assume the Ground Lease and assign the Ground Lease to the Beneficiary or the Beneficiary's designee pursuant to Section 365 of the Bankruptcy Code, and such election by the Beneficiary shall be binding upon the Borrower. Should the Borrower file a motion to assume the Ground Lease, the Beneficiary shall have the sole right to determine what terms and conditions will provide the Beneficiary with "adequate assurance of future performance," within the meaning of Section 365 of the Bankruptcy Code.

(p) The Borrower acknowledges that pursuant to Section 365 of the Bankruptcy Code it is possible that a trustee in bankruptcy of the Ground Lessor (or other fee owner) under the Ground Lease, or the Ground Lessor (or other fee owner) under the Ground Lease as a debtor-in-possession, could reject the Ground Lease, in which case Borrower, as tenant, would have the election described in Section 365(h) of the Bankruptcy Reform Act (which election, as it may be amended, revised or recodified from time to time, and together with any comparable right under any other state or federal law relating to bankruptcy, reorganization or other relief for debtors, whether now or hereafter in effect, is called the "Election") to treat the Ground Lease as terminated by such rejection or, in the alternative, to remain in possession for the balance of the term of the Ground Lease and any renewal or extension thereof that is enforceable by the tenant under applicable non-bankruptcy law. In connection with an Election:

(i) The Borrower agrees not to terminate or permit termination of the Ground Lease by exercise of the Election without the prior written consent of the Beneficiary. Any such election

made without the Beneficiary's prior written consent shall be null and void and of no effect. The Borrower acknowledges that because the Ground Lease is a significant part of the Beneficiary's security for the obligations secured under this Deed of Trust, the Beneficiary does not anticipate that it would consent to termination of the Ground Lease and shall not under any circumstances be obliged to give such consent.

(ii) In order to secure the covenant made in subparagraph (p)(i) of this Section 4.01 and as security for the other obligations secured under this Deed of Trust, the Borrower hereby irrevocably assigns the Election to the Beneficiary under this Deed of Trust. The Borrower acknowledges and agrees that this assignment of the Election is one of the rights which the Beneficiary may use at any time in order to protect and preserve the other rights and interests of the Beneficiary under this Deed of Trust, since exercise of the Election in favor of terminating the Ground Lease would constitute waste hereunder. The Borrower hereby further unconditionally assigns, transfers, and sets over to the Beneficiary (i) all rights and remedies held by or granted to Borrower as Lessee under the Ground Lease, under the Bankruptcy Code or other applicable law including, but not limited to, all rights and remedies at any time arising under or pursuant to Section 365(h) or Sections 363(e) or (f) of the Bankruptcy Code and (ii) all of the Borrower's claims and rights to the payment of damages, compensation or any other claim arising from any (A) rejection of the Ground Lease by the Ground Lessor or any other fee owner of the Premises, (B) sale of the fee estate in the Land and Improvements or (C) payment of any amount or claim associated with the Ground Lease in any proceeding under the Bankruptcy Code. The Beneficiary shall have the right to proceed in its own name or in the name of the Borrower in respect to any claim, suit, action or proceeding relating to the rejection of the Ground Lease, including, without limitation, the right to file and prosecute, to the exclusion of the Borrower, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of the Ground Lessor under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights, and remedies.

(iii) The Borrower acknowledges and agrees that the Election is in the nature of a remedy and is not a property interest which the Borrower can separate from the Ground Lease. Therefore, the Borrower agrees that exercise of the Election in favor of preserving the right to possession under the Ground Lease shall not be deemed to constitute a taking or sale of the subject property by the Beneficiary and shall not entitle the Borrower to any credit against the obligations secured by this Deed of Trust.

(iv) The Borrower shall, upon demand, pay to the Beneficiary all costs and expenses (including attorneys' fees and expenses) paid or incurred thereby in connection with the prosecution or conduct of any such proceedings. Any such costs or expenses not paid by the Borrower as aforesaid shall be secured by the lien of this Deed of Trust and shall be added to the principal amount of the indebtedness secured hereby. The Borrower shall not commence any action, suit, proceeding, or case, or file any application or make any motion, in respect of the Ground Lease in any such case under the Bankruptcy Code without the prior written consent of the Beneficiary (which consent may be granted or withheld in the absolute discretion of the Beneficiary). The Borrower shall promptly make, execute, acknowledge, and deliver, in form and substance satisfactory to the Beneficiary, a UCC Financing Statement (Form UCC-1), and all such additional instruments, agreements and other documents, as may at any time hereafter be required by the Beneficiary to effectuate and carry out the assignment made pursuant to this Section.

(v) If the Borrower shall seek to offset against the rent reserved in the Ground Lease the amount of any damages caused by the nonperformance by the Ground Lessor or any fee owner of the Property of any of its obligations under the Ground Lease after the rejection by the Ground Lessor or any fee owner of the Premises under the Bankruptcy Code, the Borrower shall, prior to effecting such offset, notify the Beneficiary of its intent to do so, setting forth the amounts proposed to be so offset and

the basis therefor. The Beneficiary shall have the right to object to all or any part of such offset that, in the reasonable judgment of the Beneficiary, would constitute a breach of the Ground Lease, and in the event of such objection, the Borrower shall not effect any offset of the amounts so objected to by the Beneficiary.

(vi) The Borrower further acknowledges and agrees that if the Election is exercised in favor of the Borrower remaining in possession, then Borrower's resulting right under the Ground Lease to possession and use of (and rents and profits from a portion of) the Land, as adjusted by the effect of Section 365 of the Bankruptcy Code, shall be part of the Premises and shall be subject to the lien created by this Deed of Trust. However, the Borrower acknowledges and agrees that the rights under the Ground Lease to possession and use of a portion of the Land as so adjusted is not equivalent to the leasehold interest which is the subject property at the time of execution of this Deed of Trust. Therefore, the Borrower agrees that rejection of the Ground Lease under the Bankruptcy Code by a trustee in bankruptcy of the Ground Lessor under the Ground Lease or by the Ground Lessor under the Ground Lease as a debtor-in-possession shall constitute a default under this Deed of Trust and shall entitle the Beneficiary to all rights and remedies under this Section 4.01.

(q) Borrower as Lessee under the Lease Agreement shall not file or initiate any action to sell, transfer or convey the Premises or any portion thereof free and clear of the Ground Lease pursuant to Section 363 of the Bankruptcy Code or pursuant to any plan of reorganization under Section 1123 of the Bankruptcy Code.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.01. Future Advances. Until this Deed of Trust is released of record, the Beneficiary may advance or re-advance additional sums of money to the Borrower from time to time and such advances or re-advances shall become part of the Secured Obligations secured hereby to the fullest extent permitted by law.

Section 5.02.Trade Names. At the request of the Beneficiary, the Borrower shall execute a certificate in form reasonably satisfactory to the Beneficiary listing all of the trade names and fictitious business names under which the Borrower operates, or intends to operate, any portion of the Premises or any business located thereon and representing and warranting that the Borrower does business under no other trade names or fictitious business names with respect to any portion of the Premises. The Borrower shall immediately notify the Beneficiary and the Beneficiary in writing of any change in said trade names or fictitious business names, and will, upon request of the Beneficiary, execute any additional financing statements and other certificates necessary to reflect any change in said trade names or fictitious business names.

Section 5.03.Replacement of Note. Upon receipt of evidence reasonably satisfactory to Borrower of the loss, theft, destruction or mutilation of the Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Borrower, or in the case of any such mutilations, upon surrender and cancellation of the Note, Borrower will execute and deliver, lieu thereof, a replacement Note, identical in form and substance to the Note and dated as of the date of the Note and upon such execution and delivery all references in this Deed of Trust to the Note shall be deemed to refer to any such replacement Note.

Section 5.04. Rights Absolute and Unconditional. All rights of Beneficiary hereunder and all obligations of Borrower hereunder shall be absolute and unconditional and shall not be affected by (a) any lack of validity or enforceability as to any other person of any of the Permanent Loan Documents or

Financing Documents, (b) any change in the time, manner or place of payment of, or any other term of the secured obligations, (c) any amendment or waiver of any of the provisions of the Permanent Loan Documents or Financing Documents as to any other person, and (d) any exchange, release or non-perfection of any other collateral or any release, termination or waiver of any guaranty, for any of the secured obligations.

Section 5.05. Notices. All notices and communications provided for hereunder will be in writing and sent in accordance with the notice provisions of the Project Loan Agreement and Continuing Covenant Agreement. NOTWITHSTANDING THE FOREGOING, NOTICE OF FORECLOSURE SHALL BE GIVEN AND DEEMED TO BE RECEIVED AS REQUIRED BY SECTION 51.002 OF THE TEXAS PROPERTY CODE, AS AMENDED OR SUCCEEDED FROM TIME TO TIME AND SUCH NOTICES OF FORECLOSURE SHALL BE DEEMED GIVEN UPON DEPOSIT OF THE SAME IN THE U.S. MAIL, CERTIFIED MAIL, RETURN RECEIPT REQUESTED AND NEED NOT OTHERWISE BE GIVEN AS MAY BE REQUIRED BY THE TERMS OF ANY OF THE PERMANENT LOAN DOCUMENTS.

Section 5.06. Successors and Assigns. This Deed of Trust shall inure to the benefit of Beneficiary and its successors and assigns and shall be binding upon Borrower and its successors and assigns. Borrower may not assign its rights or obligations under this Deed of Trust without the prior written consent of Beneficiary. All of Beneficiary's right, title and interest hereunder may be assigned by Beneficiary and the term "Beneficiary" as used herein includes any assignee of Beneficiary.

Section 5.07. Entire Agreement; Amendment. This Deed of Trust constitutes the complete agreement of the parties with respect to the subject matter hereof and all prior and contemporaneous understandings and agreements, oral or written, between the parties hereto, other than the Permanent Loan Documents, are merged herein. None of the terms or provisions of this Deed of Trust may be waived, altered, modified, limited or amended except by an agreement expressly referring hereto and which Borrower executes and to which Beneficiary consents in writing duly signed by Beneficiary or its authorized agent.

Section 5.08. Partial Invalidity. The unenforceability or invalidity of any provision of this Deed of Trust shall not affect the enforceability or validity of any other provision herein and any such unenforceable or invalid provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and the invalidity or unenforceability of any provision of any Permanent Loan Document to any Person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other Persons or circumstances.

Section 5.09. Construction. Neither this Deed of Trust nor any uncertainty or ambiguity herein shall be automatically construed or resolved against Beneficiary or Borrower, whether under any rule of construction or otherwise. On the contrary, this Deed of Trust has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of Borrower and Beneficiary.

Section 5.10. Strict Compliance. Borrower hereby covenants and agrees that it shall strictly comply with the terms and conditions of this Deed of Trust and the other Permanent Loan Documents.

Section 5.11. No Partnership or Joint Venture. Neither anything contained in this Deed of Trust nor any acts of the parties hereto shall be construed to create a partnership or joint venture of any kind between Beneficiary and Borrower, and Borrower shall indemnify Beneficiary and hold Beneficiary harmless from and against any loss, cost, expense, liability or claim arising out of any allegation that the relationship between Beneficiary and Borrower is other than that of lender and obligor. The relationship

between Borrower, on the one hand, and Beneficiary, on the other hand, is solely that of debtor and creditor, and Beneficiary does not have a fiduciary or other special relationship with Borrower, and no term or condition of this Deed of Trust or any of the Permanent Loan Documents shall be construed so as to deem the relationship between Borrower and Beneficiary to be other than that of debtor and creditor. Borrower and Beneficiary acknowledge and agree that the relationship between Borrower, on the one hand, and Beneficiary, on the other hand, arose entirely pursuant to and in accordance with the Permanent Loan Documents.

Section 5.12. No Third Party Beneficiary. This Deed of Trust is solely for the benefit of Beneficiary and its respective successors and assigns and may not be relied on by any other Person.

Section 5.13. Joint and Several Liability. To the extent more than one party executes this Deed of Trust as the Borrower, each of the parties executing the Deed of Trust as a Borrower agrees that Beneficiary, in its discretion, may (a) bring suit against all such parties jointly and severally or against any one or more of them, (b) compound or settle with any one or more of such parties for such consideration as Beneficiary may deem proper, and/or (c) release any one or more of such parties from liability hereunder, and that no such actions shall impair the rights of Beneficiary against the party or parties constituting Borrower not so sued, settled with or released.

Section 5.14. Counterparts. To the extent this Deed of Trust is executed by more than one party, this Deed of Trust may be executed in any number of counterparts, and all such counterparts shall constitute but one and the same executed and delivered document.

Section 5.15. Definitions. All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

Section 5.16. Captions. The section and subsection captions contained herein are for convenience of reference only, are not a part of this Deed of Trust and shall not affect the interpretation hereof.

Section 5.17. Time of the Essence. Time is of the essence of this Deed of Trust.

Section 5.18. Governing Law, Waiver of Jury Trial and Consent to Jurisdiction.

(a) WITH RESPECT TO (1) MATTERS RELATING TO THE CREATION, TRANSFER, PERFECTION OR NATURE OF AN INTEREST IN REAL PROPERTY (INCLUDING THE PREMISES AND ALL FIXTURES), LEASES, RENTS OR OTHER PREMISES COVERED BY THIS DEED OF TRUST AND LOCATED IN THE STATE OF TEXAS (THE "TEXAS PROPERTY"), (2) PROCEDURES RELATING TO THE RECORDATION, FORECLOSURE OR ENFORCEMENT OF THIS DEED OF TRUST, AND (3) LIEN PRIORITIES AND RIGHTS OF STATUTORY LIEN CLAIMANTS IN AND TO THE TEXAS PROPERTY, INCLUDING WITH RESPECT TO MECHANICS' AND MATERIALMEN'S LIENS, THIS DEED OF TRUST SHALL BE GOVERNED BY, AND BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. WITH RESPECT TO ALL OTHER PROVISIONS OF THIS DEED OF TRUST, THIS DEED OF TRUST SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES.

(b) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BY ITS ACCEPTANCE HEREOF, BENEFICIARY, EACH AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON OR ARISING OUT OF THIS DEED OF TRUST, AND ALL OTHER DOCUMENTS

ENTERED INTO BY THE PARTIES HERETO IN CONNECTION HEREWITH. IT IS HEREBY ACKNOWLEDGED THAT THE WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR BENEFICIARY TO MAKE THE LOAN AND BENEFICIARY TO ACT AS BENEFICIARY HEREUNDER AND THAT THE EXECUTION AND DELIVERY OF THIS DEED OF TRUST BY BORROWER AND IF APPLICABLE, BENEFICIARY, IS MADE IN RELIANCE UPON SUCH WAIVER. BORROWER AND BY ITS ACCEPTANCE HEREOF, BENEFICIARY, EACH FURTHER WARRANT AND REPRESENT THAT SUCH WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE BY EACH PARTY HERETO, FOLLOWING CONSULTATION WITH THEIR RESPECTIVE LEGAL COUNSEL.

(c) The parties hereby consent to and agree that venue for any suit under this Deed of Trust or any of the Permanent Loan Documents shall be in the courts of the State sitting in the County.

(d) The covenants and waivers made pursuant to this Section shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Deed of Trust. In the event of litigation, this Deed of Trust may be filed as a written consent to a trial by the court.

Section 5.19. Substitute Trustee. If, for any reason, Beneficiary prefers to appoint a substitute Trustee hereunder, Beneficiary may, from time to time, by written instrument, appoint one or more substitute Trustees, who shall succeed to all the estate, rights, powers, and duties of the original Trustee named herein. Such appointment may be executed by anyone acting in a representative capacity, and such appointment shall be conclusively presumed to have been executed with appropriate authority. The name and street address of such Trustee or substitute Trustee shall be disclosed on the notice of sale as required by Section 51.002 of the Texas Property Code.

Section 5.20. Indemnification of Trustee. Except for gross negligence or willful misconduct, Trustee shall not be liable for any act or omission or error of judgment. Trustee may rely on any document believed by him in good faith to be genuine. All money received by Trustee shall, until used or applied as herein provided, be held in trust, but need not be segregated (except to the extent required by Law), and Trustee shall not be liable for interest thereon. Borrower hereby indemnifies Trustee against all liability and expenses that it may incur in the performance of his duties hereunder. WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY WITH RESPECT TO MATTERS WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF, OR ARE CLAIMED TO BE CAUSED BY OR ARISE OUT OF, THE NEGLIGENCE OR STRICT LIABILITY OF TRUSTEE. HOWEVER, SUCH INDEMNITY SHALL NOT APPLY TO THE EXTENT THAT THE SUBJECT OF THE INDEMNIFICATION IS CAUSED BY OR ARISES OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF TRUSTEE.

Section 5.21. Insurance. TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE: (A) BORROWER IS REQUIRED TO: (1) KEEP THE PREMISES INSURED AGAINST DAMAGE IN THE AMOUNT SPECIFIED IN THE PERMANENT LOAN DOCUMENTS (OR TO THE EXTENT NOT SPECIFIED IN THE PERMANENT LOAN DOCUMENTS, IN THE AMOUNT BENEFICIARY SPECIFIES); (2) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (3) NAME BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS AS AND TO THE EXTENT REQUIRED UNDER THE PERMANENT LOAN DOCUMENTS; (B) BORROWER MUST, IF REQUIRED BY BENEFICIARY PURSUANT TO THE PERMANENT LOAN DOCUMENTS, DELIVER TO BENEFICIARY A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND (C) IF BORROWER FAILS TO MEET ANY REQUIREMENT LISTED IN PARAGRAPH (A) OR (B),

BENEFICIARY MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE.

Section 5.22. Texas Labor Code Liens and Wage Claims. Borrower represents and warrants that (a) no wage claim is currently pending with the Texas Workforce Commission against Borrower pursuant to Chapter 61 of the Texas Labor Code and (b) no lien exists against the Premises pursuant to Chapter 61 of the Texas Labor Code. Borrower shall not permit any lien to attach to the Premises pursuant to Chapter 61 of the Texas Labor Code. Borrower covenants and agrees to provide Beneficiary with copies of any notices or orders received by Borrower from the Texas Workforce Commission or any court in connection with any wage claim under Chapter 61 of the Texas Labor Code.

Section 5.23. Express Negligence Rule. IT IS THE EXPRESS INTENTION OF BORROWER AND BORROWER HEREBY AGREES THAT EACH AND EVERY INDEMNITY SET FORTH IN THIS DEED OF TRUST OR IN ANY OF THE OTHER LOAN DOCUMENTS WILL APPLY TO AND FULLY PROTECT EACH INDEMNIFIED PARTY EVEN THOUGH ANY CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES) THEN THE SUBJECT OF INDEMNIFICATION MAY HAVE BEEN CAUSED BY, ARISE OUT OF, OR ARE OTHERWISE ATTRIBUTABLE TO, DIRECTLY OR INDIRECTLY, THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) IN WHOLE OR IN PART OF SUCH INDEMNIFIED PARTY.

Section 5.24. Entire Agreement – Section 26.02 Notice. IN ACCORDANCE WITH SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, THIS DEED OF TRUST AND THE LOAN AGREEMENT AND THE OTHER PERMANENT LOAN DOCUMENTS TOGETHER CONSTITUTE A WRITTEN AGREEMENT AND REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 5.25. Nonrecourse. Subject to the provisions of Section 11.1 of the Continuing Covenant Agreement, in any action or proceedings brought on this Deed of Trust in which a money judgment is sought, Beneficiary will look solely to the Premises and other property described in the Financing Documents and Permanent Loan Documents (including any Rents) for payment of the Secured Obligations and, specifically and without limitation, Beneficiary agrees to waive any right to seek or obtain a deficiency judgment against Borrower or any of its managers. Notwithstanding any provisions of this Section 5.25, Beneficiary shall have full recourse to Borrower and Guarantor (as defined in the Continuing Covenant Agreement) and Borrower and Guarantor shall be personally liable to Beneficiary, as more particularly set forth in Section 11.1 of the Continuing Covenant Agreement.

Section 5.26. Security Intended. Notwithstanding any provision of this Deed of Trust to the contrary, the parties intend that this document is security for the payment and performance of the Obligations and will be a "deed of trust" as defined by the laws of the State of Texas. If, despite that intention, a court of competent jurisdiction determines that this document does not qualify as a "trust deed" or "deed of trust", then, ab initio, this instrument will be deemed a realty mortgage and will be enforceable as a realty mortgage, Borrower will be deemed a "mortgagor", Beneficiary will be deemed a "mortgagee", and Trustee will be disregarded and all references to the "Trustee" will be deemed to refer to the "mortgagee" to the extent not inconsistent with interpreting this instrument as though it were a realty mortgage. As a realty mortgage, Borrower, as mortgagor, will be deemed to have conveyed as security the Premises ab initio to the Beneficiary as mortgagee, the conveyance as a security to be void upon condition that Borrower pay and perform all of the Secured Obligations.

Section 5.27. Counterparts; Electronic Signature; Electronically Signed Document.

(a) This Deed of Trust may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

(b) For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an email message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. The parties agree that the electronic signature of a party to this Deed of Trust (or any amendment or supplement of this Deed of Trust) shall be as valid as an original signature of such party and shall be effective to bind such party to this Deed of Trust. The parties agree that any electronically signed document (including this Deed of Trust) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files.

Section 5.28. Beneficiary's Rights. Notwithstanding anything herein to the contrary, (A) the applicable and necessary provisions of the Funding Loan Agreement are incorporated herein by reference, including the rights, protections, immunities and indemnities afforded Beneficiary in its capacity as Fiscal Agent thereunder; and (B) Beneficiary will be entitled to request and receive written instructions from Governmental Lender, who will direct in writing all remedies and other actions which may be exercised by Beneficiary under this Deed of Trust, 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.

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IN WITNESS WHEREOF, the undersigned Borrower has caused this Deed of Trust to be executed by its duly authorized representative under seal, to be effective as of the day and year first above written.

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF-Waters at Waterchase, LLC,
a Texas limited liability company, its general partner

By: Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, its sole member

By: _____
Name: Michael N. Nguyen
Title: President & CEO

STATE OF _____ §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this ___ day of _____, 20__, by Michael N. Nguyen, President and Chief Executive Officer of Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, the sole member of AHF-Waters at Waterchase, LLC, a Texas limited liability company, the general partner of Waters at Waterchase, LP, a Texas limited partnership, on behalf of such nonprofit corporation, limited liability company and limited partnership.

Notary_____

[NOTARY SEAL]

Print Name _____
Notary Public, State of _____
My Commission Expires: _____

EXHIBIT A - LEGAL DESCRIPTION OF LAND

EXHIBIT B - LIST OF TITLE EXCEPTIONS

Those certain items appearing in Schedule B, Part I of that certain lender's title insurance policy issued by _____ to Beneficiary, with an effective date equal to the date and time of recording of this Deed of Trust, insuring the lien of this Deed of Trust

[Waters at Waterchase/TEL Loan]

PREPARED BY, AND AFTER RECORDING RETURN TO:

Greenberg Traurig LLP
1000 Louisiana, Suite 6700
Houston, Texas 77002
Attention: Wayne A. Yaffee, Esq.

ASSIGNMENT OF LEASEHOLD DEED OF TRUST AND LOAN DOCUMENTS

KNOW ALL PERSONS BY THESE PRESENTS:

That this ASSIGNMENT OF LEASEHOLD DEED OF TRUST AND LOAN DOCUMENTS by TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (herein designated as the "Assignor"), is made as of _____ 1, 2026, to be effective as of the date of delivery of the Project Loan Agreement (defined in Schedule 2), for and in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does by these presents assign to the "Assignee" designated on Schedule 1 attached hereto (herein designated as the "Assignee") without recourse, warranty or representation of Assignor and excluding the Unassigned Rights of Assignor as provided in the Funding Loan Agreement among Fifth Third Bank, N.A., Assignor, and Assignee dated as of _____ 1, 2026, to be effective as of the date of delivery of the Project Loan Agreement described in Schedule 1, all of the Assignor's right, title and interest in and to, subject to the reserved rights stated therein, (i) the instruments ("Assigned Instruments") described on Schedule 1 attached hereto, and (ii) all other documents, instruments, rights and privileges described on Schedule 2 attached hereto to the extent Assignor has an interest in the same.

TOGETHER with the Note described in the Assigned Instruments, and the money due and to become due thereon, with the interest thereon. TO HAVE AND TO HOLD the same unto the said Assignee forever, subject only to all the provisions contained therein, AND the said Assignor hereby constitutes and appoints the Assignee as the Assignor's true and lawful attorney, irrevocable in law or in equity, in the Assignor's name, place and stead, but at Borrower's cost and expense, to have, use and take all lawful ways and means for the recovery of all of the said money and interest; and in case of payment, to discharge the same as fully as the Assignor might or could if these presents were not made.

In all references herein to any parties, persons, entities or corporations the use of any particular gender on the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

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IN WITNESS WHEREOF, the said Assignor has hereunto set its hand or caused these presents to be signed by its proper corporate officer as of the date first set forth above.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas

By:_____
James B. "Beau" Eccles,
Secretary to the Board

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2026, by James B. "Beau" Eccles, Secretary of the 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, State of Texas

SCHEDULE 1
TO
ASSIGNMENT OF LEASEHOLD DEED OF TRUST AND LOAN DOCUMENTS

"ASSIGNEE" (AND ADDRESS):

Zions Bancorporation, National Association
1801 Main St., Suite 460
Houston, Texas 77002

ASSIGNED INSTRUMENTS:

1. Project Note by Waters at Waterchase, LP, a Texas limited partnership ("Borrower"), to Assignor made as of _____ ___, 2026, in the original principal sum of $18,000,000.00.

2. Leasehold Deed of Trust, Security Agreement, and Assignment of Rents made as of _____ 1, 2026, from Borrower for the benefit of Texas Department of Housing and Community Affairs, which Instrument was recorded as Clerk's File No. _____ on _____, 2026, in the office of the County Clerk of Dallas County, Texas and which encumbers the leasehold interest in the real property (and improvements thereon) which is particularly described in the Exhibit A attached thereto.

SCHEDULE 2
TO
ASSIGNMENT OF LEASEHOLD DEED OF TRUST AND LOAN DOCUMENTS

Each of the following are made as of _____ 1, 2026 (as hereinafter defined).

1. The Project Loan Agreement among Assignor, the Fiscal Agent named therein, and Borrower (the "Project Loan Agreement").

2. Guaranty from Atlantic Housing Foundation, Inc.

3. Collateral Assignment of Rights to Tax Credits and Ownership Interests.

4. Environmental Indemnity Agreement.

5. Any and all other Project Loan Documents (as defined in the Project Loan Agreement) in connection with the transaction whereby proceeds of the Assignor's Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 in the amount of $18,000,000.00 have been loaned by Assignor to Borrower.

TAX EXEMPTION CERTIFICATE AND AGREEMENT

Dated as of

[June 1, 2026]

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Governmental Lender

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Fiscal Agent

and

WATERS AT WATERCHASE, LP,
as Borrower

regarding

$[18,000,000]
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE NOTE
(WATERS AT WATERCHASE) SERIES 2026

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TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this "Agreement") dated as of [June 1, 2026], but effective as of the Issue Date of the Governmental Note (as defined below) is among **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the "Governmental Lender"), **ZIONS BANCORPORATION, NATIONAL ASSOCIATION** as Fiscal Agent under the hereinafter defined Funding Loan Agreement (together with any successor Fiscal Agent under the Funding Loan Agreement described below and their respective successors and assigns, the "Fiscal Agent"), and **WATERS AT WATERCHASE, 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 $[18,000,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 (the "Governmental Note"). The representations of facts and circumstances and the covenants of the Governmental Lender 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 Governmental Lender has determined to authorize the issuance of the Governmental Note pursuant to and in accordance with the terms of the Funding Loan Agreement (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 Governmental Lender desires to use the Proceeds (as defined herein) of the Governmental Note to fund a mortgage loan to the Borrower (i.e., the Project Loan, as defined herein) upon the terms and conditions set forth in the Project Loan Agreement (as defined herein) in order to finance Costs of the Project (as defined herein); and

WHEREAS, the Governmental Lender and the Borrower desire that interest on the Governmental Note 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 Governmental Note and the Project and to establish the expectations of the Governmental Lender, the Borrower, and the Fiscal Agent as to future events regarding the Governmental Note, the Project, and the use and investment of Proceeds of the Governmental Note.

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 Governmental Lender, the Borrower, and the Fiscal Agent (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 Funding Loan Agreement, the Project 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.

"***Administration Fund***" means the "Administration Fund" established pursuant to the Funding Loan Agreement.

"***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 Year***" means each one-year period that ends on the day selected by the Borrower in a certificate provided to the Governmental Lender and the Fiscal Agent. 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 Governmental Note or the date that is five years after the Issue Date of the Governmental Note, a bond year will end on each anniversary of the Issue Date of the Governmental Note and on the final maturity date of the Governmental Note.

"***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 issue 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 Funding Loan Agreement.

"***Costs of the Project***" with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Code and the Act.

"***Favorable Opinion of Bond Counsel***" means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the Federal

Tax Status of the Governmental Note under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Governmental Note or other customary exceptions acceptable to the recipient(s) thereof).

"***Federal Tax Status***" means, as to the Governmental Note, the status under existing law of the interest on the Governmental Note as excludable from gross income for federal income tax purposes (except on the Governmental Note for any period during which it is held by a "substantial user" of the Project or by a "related person" of such a "substantial user," each within the meaning of section 147(a) of the Code).

"***Fee Owner***" means AHF-Waterchase, LLC.

"***Final Computation Date***" means the date on which the final payment in full of the Governmental Note is made.

"***Financial Advisor***" means CSG Advisors Incorporated.

"***Form 8038***" means IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

"***Funding Loan Agreement***" means the Funding Loan Agreement among the Governmental Lender, the Fiscal Agent, and the Initial Funding Lender, dated as of [June 1, 2026].

"***Gross Proceeds***" means any Proceeds and any Replacement Proceeds.

"***Initial Funding Lender***" means Fifth Third Bank, N.A.

"***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.

"***Lease***" means that certain Lease Agreement dated as of the Issue Date between the Borrower and the Fee Owner.

"***Loan Payment Fund***" means the "Loan Payment Fund" established pursuant to the Funding Loan Agreement.

"***Loan Prepayment Fund***" means the "Loan Prepayment Fund" established pursuant to the Funding Loan Agreement.

"***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 Governmental Note that does not exceed in the aggregate $100,000.

"***Net Proceeds***" means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

"***Nonpurpose Investment***" means any "investment property," within the meaning of section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Governmental Note.

"***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 of a project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction.

"***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 130-unit affordable, multifamily housing development known as Waters at Waterchase Apartments, located at 12365 Plano Road, Dallas, Dallas County, Texas 75243.

"***Project Loan***" means the loan of Proceeds of the Governmental Note from the Governmental Lender to the Borrower pursuant to the terms of the Project Loan Agreement.

"***Project Loan Agreement***" means the Project Loan Agreement between the Governmental Lender and the Borrower, dated as of [June 1, 2026].

"***Project Loan Fund***" means the "Project Loan Fund" established pursuant to the Funding Loan Agreement, with a Project Account and a Borrower Equity Account therein.

"***Qualified Administrative Costs***" are those costs of issuing, carrying or repaying the Governmental Note and any underwriter's discount. Qualified Administrative Costs do not include the costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Project Loan.

"***Qualified Investments***" has the meaning set forth in the Funding Loan Agreement.

"***Qualified Project Costs***" means Costs of the Project 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 Governmental Note 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 Costs of the Project.

(b) If any portion of the Project is being constructed 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 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 Governmental Note.

"***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. The determination of a tenant's status as a Qualifying Tenant shall be made by the Borrower upon initial occupancy of a Unit by such tenant and annually thereafter, on the basis of an Income Certification executed by the tenant; provided, however, that once a tenant qualifies as a Qualifying Tenant, such tenant shall continue to qualify except as provided in Section 6(b) of the Regulatory Agreement.

"***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 Funding Loan Agreement.

"***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 Agreement and Declaration of Restrictive Covenants, among the Governmental Lender, the Fiscal Agent, the Fee Owner and the Borrower, dated as of [June 1, 2026].

"***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.

"***Revenue Fund***" means the "Revenue Fund" established pursuant to the Funding Loan Agreement.

"***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.

"***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) Governmental Lender. The undersigned representative of the Governmental Lender represents that such representative (i) is charged, along with others, with the responsibility for the Governmental Note and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Governmental Lender to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150 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 Governmental Lender personnel and consultants to the Governmental Lender, the undersigned representative of the Governmental Lender 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 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) Fiscal Agent. The undersigned representative of the Fiscal Agent represents that such representative is a duly chosen, qualified and acting officer or other representative of the Fiscal Agent and is authorized on behalf of the Fiscal Agent to execute and deliver this Agreement.

3. Reasonable Expectations. The Governmental Lender 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 Governmental Lender has also relied, to the extent appropriate, on (a) the Certificate of Initial Funding Lender attached hereto as Exhibit A and (b) the Certificate of Financial Advisor attached hereto as Exhibit B. The undersigned representatives of the Governmental Lender 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 Governmental Lender concerning the use and investment of the Proceeds of the Governmental Note 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 Governmental Lender has not made any independent investigations of the matters pertaining thereto. The Governmental Lender 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 Federal Tax Status of the Governmental Note, 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 Governmental Note.

(a) Governmental Purpose. The Borrower has applied to the Governmental Lender and been approved for the Project Loan to be made from the Proceeds of the Governmental Note. The proceeds of the Project Loan (and, thus, the Proceeds of the Governmental Note) will be used to finance a portion of the Costs of the Project.

(b) Public Hearing and Approval. As required under section 147(f) of the Code, the Governmental Lender hosted a public hearing on July 11, 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 Governmental Lender 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 Governmental Note (or if greater, the Issue Price of the Governmental Note) for the purpose of issuing the Governmental Note to finance the Project.

(d) Issue. There are no other obligations that (i) were sold at substantially the same time as the Governmental Note (i.e., less than 15 days apart), (ii) were sold pursuant to the same plan of financing with the Governmental Note, and (iii) will be paid out of substantially the same source of funds as the Governmental Note.

(e) Form 8038. The Borrower has examined the completed Form 8038 with respect to the Governmental Note, 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 Governmental Lender will cause Form 8038 with respect to the Governmental Note 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 Governmental Note or any Related Person to such Substantial User will (i) receive (directly or indirectly) more than five percent of the Proceeds of the Governmental Note 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 Governmental Note. In support of the foregoing, the Borrower does not reasonably expect that, during the five-year period following the Issue Date of the Notes, the combined amount of any gross revenue of the Project distributed to AHF-Waters at Waterchase LLC will exceed 5% of the total revenue of the Project during such five-year period. Further, if any such distributions will exceed 5% of the total revenue of the Project during such five-year period, such entity will waive receipt of any excess amounts unless the Borrower delivers to the Issuer and the Trustee a Favorable Opinion of Bond Counsel.

(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 Governmental Note in an amount related to the amount of the Project Loan made to the Borrower unless the Borrower or such Related Party provides a Favorable Opinion of Bond Counsel to the Governmental Lender.

(h) No Federal Guarantee. Neither the Governmental Lender nor the Borrower will take any action that would result in all or any portion of the Governmental Note 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 [_____].

7. Sale Proceeds of the Governmental Note. The amount of Sale Proceeds of the Governmental Note is $[18,000,000]. The Sale Proceeds of the Governmental Note will be loaned to the Borrower and deposited in the Project Account of the Project Loan Fund to pay Costs of the Project.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Governmental Note.

9. Use of Proceeds of the Governmental Note.

(a) Qualified Project Costs. At least 95 percent of the Net Proceeds of the Governmental Note actually expended will be used to pay or reimburse Qualified Project

Costs. Not more than five percent of the Net Proceeds of the Governmental Note will be expended for or allocated to Costs of the Project 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. No Costs of Issuance of the Governmental Note are expected to be paid out of the Net Proceeds of the Governmental Note. Thus, Costs of Issuance financed out of Net Proceeds of the Governmental Note are not expected to exceed in the aggregate two percent of the Sale Proceeds of the Governmental Note (i.e., $[_____]). In no event will Costs of Issuance paid from Proceeds of the Governmental Note exceed two percent of the Sale Proceeds of the Governmental Note, and any Costs of Issuance in excess of two percent of Sale Proceeds of the Governmental Note will be paid by the Borrower from sources other than Net Proceeds of the Governmental Note.

(ii) Capitalized Interest. Net Proceeds of the Governmental Note will not be used to pay interest amounts accruing after the date the Project is Placed in Service.

(iii) Acquisition of Existing Property. No portion of the Net Proceeds of the Governmental Note 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. [No Net Proceeds of the Governmental Note will 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 Governmental Note (i.e., $[_____])]. For this purpose, an amount is

considered used for the acquisition of land (or an interest therein) to the extent of that portion of the acquisition cost of the Project that is properly allocable for all federal income tax purposes to the land component (including interests in land) of the Project. No portion of the Net Proceeds of the Governmental Note will be used (directly or indirectly) for farming purposes.

(v) Prohibited Facilities. None of the Proceeds of the Governmental Note 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 Governmental Note 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 Governmental Note 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 Governmental Note that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

(vii) No Working Capital. The Proceeds of the Governmental Note will only be expended for (A) costs that would be chargeable to the capital account of the Project if the Governmental Lender's income were subject to federal income taxation; (B) interest on the Governmental Note in an amount that does not cause the aggregate amount of interest paid on the Governmental Note to exceed that amount of interest on the Governmental Note that is attributable to the period that commences on the Issue Date of the Governmental Note and ends on the later of (1) the date that is three years from the Issue Date of the Governmental Note 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 Governmental Note or payment for a qualified hedge on the Governmental Note.

(viii) No Pooling. The Proceeds of the Governmental Note are not being used directly or indirectly to make or finance loans to two or more ultimate unrelated borrowers.

(ix) Weighted Average Economic Life. Taking into account a Termination Date of [_____] (which dates assumes the Borrower will exercise the permitted one 6-month extension under the Forward Loan Purchase Agreement) and an Actual Project Loan Amount of $[_____], the

Weighted Average Maturity of the Governmental Note, 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 Governmental Note is at least [WAM/1.2] years. Thus, the Weighted Average Maturity of the Governmental Note 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 Governmental Note. 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 Governmental Note 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 Governmental Note 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 Governmental Note.

(c) Reimbursement. The Borrower does not expect to use Proceeds of the Governmental Note to reimburse itself for expenditures paid prior to the Issue Date of the Governmental Note. 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 Governmental Note, no portion of the Proceeds of the Governmental Note will be disbursed to reimburse the Governmental Lender, 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 Governmental Lender adopted a resolution describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project and stating the Governmental Lender's reasonable expectation that expenditures for costs of the Project would be reimbursed with Proceeds of an obligation. Such resolution was not an official intent declared as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the Project. Neither the Governmental Lender 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 Loan 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 Governmental Note 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 Governmental Note or the retirement of the Governmental Note, 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 Governmental Note to Qualified Project Costs. No Proceeds of the Governmental Note 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 Governmental Lender hereby identifies in its books and records maintained for the Governmental Note the rule the Governmental Lender will use to determine the Issue Price of the Governmental Note as the rule set forth in the second sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the price paid by the single buyer. Based on the representations set forth in Exhibit A hereto, the aggregate Issue Price of the Governmental Note is $[18,000,000].

11. Yield on the Governmental Note. The Governmental Lender and the Borrower hereby represent, covenant and agree as follows:

(a) The Yield on the Governmental Note will be computed separately for each computation period. The Yield on the Governmental Note 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 on the Governmental Note 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 Governmental Note as of the first day of the computation period.

(b) Neither the Governmental Lender nor the Borrower has entered into any hedging transaction with respect to the Governmental Note, and each covenants not to enter into a hedging transaction with respect to the Governmental Note unless there is first received a Favorable Opinion of Bond Counsel.

12. Yield on the Project Loan. The Governmental Lender and the Borrower hereby represent, covenant and agree as follows:

(a) The Project Loan is allocated to the Governmental Note. The Yield on the Project Loan is computed using the same compounding interval and financial conventions used to compute the Yield on the Governmental Note. For the purposes of this Agreement, the Yield on the Project Loan is the discount rate that, when used in computing the present value as of the Issue Date of the Governmental Note of all receipts with respect to the Project Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Project Loan as of the Issue Date of the Governmental Note. The aggregate payments made to the Borrower with respect to the Project Loan include no payments other than the "purchase price" of the Project Loan. The purchase price of the Project Loan is the amount loaned to the Borrower by the Governmental Lender on the Issue Date of the Governmental Note, i.e. $[18,000,000].

(b) The Project Loan is a purpose investment that the Governmental Lender 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 Governmental Lender has not waived the right to treat the Project Loan as a program investment.

(c) The receipts from the Borrower with respect to the Project Loan include interest and principal payments with respect to the Project 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 Project Loan. Because the Governmental Lender intends to treat the Project 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 Project Loan, as well as any amounts paid as a servicing fee or otherwise relating to the Loan, which include amounts paid directly to Governmental Lender as set forth in Exhibit C hereto.

(d) The Yield on the Project Loan, calculated in the manner set forth above, is not expected to exceed the Yield on the Governmental Note by more than 1.5 percentage points. If it is determined that the Yield on the Project Loan is more than 1.5 percentage points higher than the Yield on the Governmental Note, the Governmental Lender and the Borrower will satisfy the Yield restriction requirements imposed on the Governmental Note by (i) if permitted by section 1.148-5(c) of the Regulations, making Yield Reduction Payments to the federal government or (ii) taking such other action permitted by the Code, as approved by a Favorable Opinion of Bond Counsel.

13. Investment of Proceeds Pending Expenditure; No Arbitrage.

(a) Investment Proceeds. If Proceeds of the Governmental Note and amounts that are not Proceeds of the Governmental Note 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 Governmental Note and amounts that are not Proceeds of the Governmental Note have been commingled as an investment. Investment Proceeds resulting from the investment of any Proceeds of the Governmental Note pending expenditure of such Proceeds for Costs of the Project 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 Governmental Note 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 Governmental Note 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) Governmental Note Is Not a Hedge Bond. Not more than 50 percent of the Proceeds of the Governmental Note 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 Governmental Note are reasonably expected to be used to carry out the governmental purposes of the Governmental Note within the three-year period beginning on the Issue Date of the Governmental Note.

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Governmental Lender and the Borrower that the Gross Proceeds of the Governmental Note will not be used in a manner that would cause the Governmental Note to be an "arbitrage bond" within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Governmental Lender and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Funding Loan Agreement and the Project 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 Project Loan Agreement or the note relating to the Project 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 Governmental Note, 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 Governmental Note, direct or permit the Fiscal Agent to invest Gross Proceeds of the Governmental Note in any investment (or to use Gross Proceeds of the Governmental Note 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 Governmental Note to stated maturity, except as permitted by section 148 of the Code. The Governmental Lender and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Fiscal Agent

complies with all applicable requirements of section 148 of the Code relating to the Governmental Note and the interest thereon.

(e) Guaranteed Investment Contract. If Proceeds of the Governmental Note 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 Governmental Note and amounts that are not proceeds of the Governmental Note 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 Fiscal Agent Relating to Investment of Proceeds. The Fiscal Agent will invest funds held under the Funding Loan Agreement in accordance with the respective terms of the Funding Loan Agreement and this Agreement, which covenant will extend throughout the term of the Governmental Note, to all funds and accounts created under the Funding Loan Agreement and this Agreement and all moneys on deposit to the credit of any fund or account. Should the Governmental Lender or the Borrower deliver notice (in the manner required under the Funding Loan Agreement or the Project Loan Agreement, as applicable) to the Fiscal Agent (it being understood that neither the Governmental Lender nor the Borrower has an obligation to so deliver) or should the Fiscal Agent receive a written opinion of Bond Counsel to the effect that any proposed investment or other use of Proceeds of the Governmental Note would cause the Governmental Note to become an "arbitrage bond" within the meaning of section 148 of the Code, then the Fiscal Agent will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Governmental Note from becoming an "arbitrage bond." The Governmental Lender and the Borrower agree that, in complying with the provisions set forth under this Agreement, the Fiscal Agent will be deemed to have complied with such provisions and will have no liability to the extent the Fiscal Agent materially follows the written directions of the Borrower or the Governmental Lender. The Fiscal Agent is not liable or responsible for monitoring compliance by the Borrower, the Governmental Lender 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 Fiscal Agent in this regard is (i) to invest the moneys received by the Fiscal Agent pursuant to the written instructions of the Borrower or Governmental Lender 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 Funding Loan Agreement and this Agreement and (ii) to materially follow investment instructions as provided in the Funding Loan Agreement and this Agreement.

15. Compliance with Yield Reduction and Rebate Requirements; Rebate Fund.

(a) Covenant to Comply with Rebate Requirements. The Governmental Lender and the Borrower covenant to comply with the requirement that (i) if Gross Proceeds of the Governmental Note have been invested at a Yield that is "materially higher" than the Yield on the Governmental Note 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 Governmental Note, within the meaning of section 148(f) of the Code, be rebated to the federal government.

(b) Rebate Fund. The Funding Loan Agreement established the Rebate Fund, which will be maintained and held in trust by the Fiscal Agent 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 Funding Loan Agreement relating to the general administration of the funds created thereunder will apply to the Rebate Fund, and the Fiscal Agent 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 Funding Loan Agreement.

(c) Delivery of Documents and Money by Borrower on Computation Dates. The Borrower will deliver to the Fiscal Agent and the Governmental Lender, 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 Fiscal Agent will deposit or transfer to the credit of the Rebate Fund, pursuant to written direction from the Borrower, each amount delivered to the Fiscal Agent 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 Fiscal Agent will withdraw such funds from the Rebate Fund and pay such funds to the United States of America. The Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent in the Rebate Fund will not be deemed funds of the Governmental Note and are not pledged or otherwise subject to any security interest in favor of the owners of the Governmental Note to secure the Governmental Note or any other obligations.

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Fiscal Agent, at the written direction of the Borrower, in Qualified Investments, subject to the Code. The Fiscal Agent will sell and reduce to cash a sufficient amount of such Qualified Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes. In the absence of written direction from the Borrower, the Fiscal Agent 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 Fiscal Agent and the Fiscal Agent will keep such records of the results of the computations made pursuant to this paragraph for a period of three years after the last Governmental Note and any tax-exempt obligations issued to refinance the Governmental Note is retired. The Fiscal Agent will keep and make available to the Governmental Lender and the Borrower such records concerning the investments of Gross Proceeds of the Governmental Note and the investments of earnings from those investments as may be requested by the Governmental Lender 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 Governmental Lender, or the Fiscal Agent), the Borrower will (i) deliver to the Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent 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 Fiscal Agent within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Fiscal Agent 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 Fiscal Agent and the Governmental Lender 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 Governmental Note from becoming an "arbitrage bond" within the meaning of section 148 of the Code.

(f) Identification of Rebate Analyst. The contact information for the initial Rebate Analyst is:

Name: [ ]
Attn:
Address:

Telephone:
E-mail:

If the Borrower determines to engage the services of a different Rebate Analyst, the Borrower will provide the name and contact information for such entity to the Governmental Lender 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 Fiscal Agent, or the Governmental Lender in connection with computing the Rebate Amount and the Yield Reduction Payments; provided that nothing herein will be construed as the Fiscal Agent 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 Governmental Note 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 Governmental Note 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 Governmental Note have not been invested at a Yield that is "materially higher" than the Yield on the Governmental Note 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 Fiscal Agent and the Governmental Lender 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 Fiscal Agent to the United

States of America if the Borrower furnishes to the Governmental Lender and the Fiscal Agent 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) Fiscal Agent Reliance on Written Directions. The Governmental Lender and the Borrower agree that, in complying with the provisions set forth under this Agreement, the Fiscal Agent 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 Governmental Lender, or the Rebate Analyst.

16. Funds.

(a) Administration Fund. Amounts on deposit in the Administration Fund will be used for the purposes and in the order set forth in Section 4.06 of the Funding Loan Agreement. There is no assurance that amounts on deposit in the Administration Fund will be available to pay debt service on the Governmental Note.

(b) Costs of Issuance Fund. Amounts on deposit in the Costs of Issuance Fund will be used for the purpose of paying Costs of Issuance of the Governmental Note. Amounts remaining in the Costs of Issuance Fund after the payment of all Costs of Issuance, and in any event not later than six months following the Issue Date of the Governmental Note, will be (i) to the extent such amounts represent Proceeds of the Governmental Note, transferred to the Project Account of the Project Loan Fund and (ii) to the extent such amounts represent amounts that are not Proceeds of the Governmental Note, 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 Governmental Note.

(c) Loan Payment Fund. Amounts on deposit in the Loan Payment Fund will be used for the purposes set forth in Section 4.04 of the Funding Loan Agreement. The Loan Payment Fund will be used primarily to achieve a proper matching of payments made pursuant to the Project Loan Agreement and debt service on the Governmental Note within each Bond Year. Any amounts in the Loan Payment 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 Governmental Note, except as set forth in the "Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments" subparagraph herein.

(d) Loan Prepayment Fund. Amounts on deposit in the Loan Prepayment Fund will be used for the purposes set forth in Section 4.05 of the Funding Loan Agreement. The Loan Prepayment Fund will be used to prepay all or a portion of the Governmental Note in accordance with Section 3.01 of the Funding Loan Agreement. Any amounts in the Loan Prepayment Fund will be used within 13 months of receipt of amounts in such account. Any amounts in the Loan Prepayment Fund held for longer than 30 days will be invested in obligations the Yield on which is not "materially higher" than the Yield on the Governmental Note, except as set forth in the "Investment of Proceeds Pending

Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments" subparagraph herein.

(e) Project Loan Fund. All of the Proceeds of the Governmental Note in the Project Account of the Project Loan Fund are expected to be invested and disbursed as described in the Funding Loan Agreement to pay Costs of the Project. The Borrower (i) reasonably expects to allocate at least 85 percent of the Net Proceeds of the Governmental Note to expenditures on capital projects of the Project prior to the date that is three years after the Issue Date of the Governmental Note, (ii) has incurred, or reasonably expects to incur within six months after the Issue Date of the Governmental Note, 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 Governmental Note 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 Governmental Note 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 Governmental Note, except as set forth in the "Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments" subparagraph herein.

(f) 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 Funding Loan Agreement; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Governmental Note.

(g) Revenue Fund. Amounts on deposit in the Revenue Fund will be used for the purposes and in the order set forth in Section 4.03 of the Funding Loan Agreement. There is no assurance that amounts on deposit in the Revenue Fund will be available to pay debt service on the Governmental Note.

17. Replacement Proceeds. The Governmental Lender and the Borrower hereby represent as follows:

(a) No Sinking Funds. Other than the Loan Payment Fund and the Loan Prepayment 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 Governmental Note.

(b) No Pledged Funds. Other than amounts in the Loan Payment Fund and the Loan Prepayment Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Governmental Note, or to a guarantor of the Governmental Note, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Governmental Note if the Governmental Lender 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 Governmental Note.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Governmental Note because the Governmental Lender reasonably expects that the term of the Governmental Note will not be longer than is reasonably necessary for the governmental purpose of the Governmental Note. Furthermore, even if the Governmental Note were outstanding longer than necessary for the purpose of the Governmental Note, no Replacement Proceeds will arise because the Governmental Lender reasonably expects that no amounts will become available during the period that the Governmental Note remain outstanding longer than necessary based on the reasonable expectations of the Governmental Lender as to the amounts and timing of future revenues. The Governmental Note would be issued to achieve the governmental purpose of the Governmental Note independent of any arbitrage benefit as evidenced by the expectation that the Governmental Note reasonably would have been issued if the interest on the Governmental Note 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 Governmental Lender 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 Governmental Note 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 Governmental Note is or will be an abusive arbitrage device by having the effect of (i) enabling the Governmental Lender 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 Governmental Note over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Governmental Note are not invested in higher yielding investments over the term of the Governmental Note) 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 Governmental Note, based on all the facts and circumstances. Specifically, (A) the primary purpose of each transaction undertaken in connection with the issuance of the Governmental Note is a bona fide governmental purpose; (B) each action taken in connection with the issuance of the Governmental Note would reasonably be taken to accomplish the governmental purposes of the Governmental Note if the interest on the Governmental Note 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 Governmental Note); and (C) the Proceeds of the Governmental Note will not exceed by more than a Minor Portion the amount reasonably anticipated to be necessary to accomplish the governmental purposes of the Governmental Note and will in fact not be substantially in

excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Governmental Note.

(b) No Sinking Fund. No portion of the Governmental Note has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Governmental Note.

(c) No Window. No portion of the Governmental Note has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Governmental Lender 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 Governmental Note are outstanding.

(e) No Overissuance. The Net Proceeds of the Governmental Note do not exceed the total amount necessary for the governmental purposes of the Governmental Note.

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 Governmental Note 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 Project 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 Governmental Note.

(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.

(j) In accordance with section 3.4 of the Lease:

(i) At all times during the term of the Lease, because the term of the Lease exceeds the expected useful life and depreciable life of the Project, Borrower is deemed to be the sole owner of the Project for federal income tax all purposes.

(ii) For federal income tax purposes, Borrower alone is entitled to all of the tax attributes of ownership of the Project, including, but not limited to, the right to claim expenses, depreciation or cost recovery deductions, amortization and the right to claim the low-income housing tax credit described in Section 42 of the Code.

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 Governmental Note 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 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 Project Loan that is allocable to Proceeds of the Governmental Note 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 Governmental Note, if any, and will use such amount to redeem or, if not permitted by the terms of the Governmental Note, defease the Governmental Note, all in accordance with the requirements of section 1.142-2 of the Regulations, the Funding Loan Agreement and the Project 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 Project Loan during each year. Accordingly, the Borrower expects that debt service on the Project 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 Governmental Note or to be pledged, directly or indirectly, to the payment of principal of, or interest on, the Governmental Note. Investment Proceeds of the Governmental Note 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 Fiscal Agent (to the extent the Fiscal Agent receives such records in accordance with the terms of the Project Loan Agreement or the Funding Loan Agreement) 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 Governmental Note; and the calculation of rebate in connection with the Governmental Note until three years after the Governmental Note, including any tax-exempt obligations issued to refinance the Governmental Note, are redeemed or paid at maturity, or such other 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 Governmental Lender to retrieve and reproduce such books and records in the event of an examination of the Governmental Note by the IRS.

26. Examination by IRS. The Borrower acknowledges that, in the event of an examination by the IRS of the Federal Tax Status of the Governmental Note, the Governmental Lender 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 Governmental Lender (and in consultation with the Fiscal Agent, 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 Governmental Lender to provide a defense regarding the Federal Tax Status of the Governmental Note. THE BORROWER WILL INDEMNIFY AND HOLD HARMLESS THE GOVERNMENTAL LENDER AND THE FISCAL AGENT AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE GOVERNMENTAL LENDER AND THE FISCAL AGENT (INCLUDING THE COST OF THE GOVERNMENTAL LENDER'S AND THE FISCAL AGENT'S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE GOVERNMENTAL LENDER (WITH RESPECT TO INDEMNIFICATION OF THE GOVERNMENTAL LENDER) OR THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD OF THE FISCAL AGENT (WITH RESPECT TO INDEMNIFICATION OF THE FISCAL AGENT).

27. Term. The obligations of the Governmental Lender, the Borrower and the Fiscal Agent, under this Agreement will survive the defeasance and discharge of the Governmental Note for as long as such matters are relevant to the Federal Tax Status of the Governmental Note. The indemnification provisions set forth in the "Examination by IRS" paragraph above will survive the defeasance and discharge of the Governmental Note and/or the resignation or removal of the Fiscal Agent.

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 Governmental Lender, the Fiscal Agent 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 Governmental Lender, the Fiscal Agent 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 Governmental Lender, the Fiscal Agent 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 Governmental Lender and the Fiscal Agent, in connection with an amendment to this Agreement will be paid by the Borrower and its successors in interest.

29. Remedies. The Governmental Lender, the Fiscal Agent, and the Borrower each hereby agrees that the remedies available under the Funding Loan Agreement and the Project Loan Agreement apply upon the occurrence of an Event of Default (as defined under the Funding Loan Agreement or the Project 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) Fiscal Agent. Every provision of this Agreement relating to the conduct of, or affecting the liability of, or affording protection to, the Fiscal Agent shall be expressly subject to Article VII of the Funding Loan Agreement. Without limiting the foregoing, the Fiscal Agent will only act as specifically provided herein, subject to the express terms and conditions set forth in the Funding Loan Agreement.

(b) Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such provision will not affect any of the remaining provisions hereof.

(c) Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

(d) Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto will be deemed given on the date on which the same will have been mailed by registered or certified mail, postage prepaid, addressed to such parties at the addresses set forth in the Funding Loan Agreement and the Project Loan Agreement, as applicable.

(e) Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement bind and inure to the benefit of the respective successors and assigns of the Governmental Lender, the Borrower, and the Fiscal Agent.

(f) Headings. The headings of this Agreement are inserted for convenience only and will not be deemed to constitute a part of this Agreement.

(g) Governing Law; Venue. This Agreement is governed by the laws of the State, without regard to the choice of law rules of the State. Venue for any action under this Agreement will lie within the district courts of the State, and the parties hereto consent

to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Governmental Lender, the Borrower and the Fiscal Agent (but, as for the Fiscal Agent, 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 Governmental Note.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Governmental Lender

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

WATERS AT WATERCHASE, LP,
a Texas limited partnership

By: AHF-Waters at Waterchase, LLC,
a Texas limited liability company, its general partner

By: Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation, its sole member

By: _____
Name: Michael N. Nguyen
Title: President & CEO

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Fiscal Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

CERTIFICATE OF INITIAL FUNDING LENDER

I, the undersigned officer of Fifth Third Bank, N.A. (the "Initial Funding Lender"), make these certifications in connection with the $[18,000,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 (the "Governmental Note"). 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 executed in connection with the Governmental Note (the "Tax Exemption Agreement").

1. I hereby certify as follows in good faith as of the Issue Date of the Governmental Note:

(a) I am the duly chosen, qualified and acting vice president of the Initial Funding Lender 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 Initial Funding Lender. I am the vice president of the Initial Funding Lender charged, along with other officers of the Initial Funding Lender, with responsibility for the Governmental Note.

(b) The Initial Funding Lender is not acting as an Underwriter with respect to the Governmental Note. The Initial Funding Lender has no present intention to sell, reoffer, or otherwise dispose of the Governmental Note (or any portion of the Governmental Note or any interest in the Governmental Note); provided, however, that the Initial Funding Lender has the right to transfer the Governmental Note as provided in the Funding Loan Agreement.

(c) The Initial Funding Lender has purchased the Governmental Note from the Governmental Lender for an aggregate purchase price of $[18,000,000], which price includes no amount of Pre-Issuance Accrued Interest.

(d) Based on information available on the Issue Date of the Governmental Note, the Initial Funding Lender reasonably expects that the mandatory prepayment amount will be $[_____].

(e) Neither the Initial Funding Lender nor any related person to the Initial Funding Lender is or will be a Related Party to the Borrower.

2. For purposes of this Certificate of Initial Funding Lender, 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 Governmental Lender (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Governmental Note 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 Governmental Note 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 Governmental Note to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Initial Funding Lender'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 Governmental Lender 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 Governmental Note, and by Bracewell LLP in connection with rendering its opinion that the interest on the Governmental Note 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 Governmental Lender from time to time relating to the Governmental Note.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Initial Funding Lender has been duly executed as of the Issue Date of the Governmental Note.

FIFTH THIRD BANK, N.A., as Initial Funding Lender

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 $[18,000,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (Waters at Waterchase) Series 2026 (the "Governmental Note"). 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 executed in connection with the Governmental Note (the "Tax Exemption Agreement"). I hereby certify as follows as of the Issue Date of the Governmental Note:

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 Certificate of Initial Funding Lender attached as Exhibit A to the Tax Exemption Agreement, is not more than $[18,000,000].

3. Solely for the purposes of demonstrating the fact that the Yield on the Project Loan is not more than 1.5 percentage points higher than the Yield on the Governmental Note, the Financial Advisor has performed certain calculations relating to the Governmental Note and the Project 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 Governmental Note" and "Yield on the Project Loan" paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Governmental Lender, 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 Governmental Note, 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 Governmental Note, 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 Governmental Note, the statements set forth in paragraphs (a) through (c) of the "Not an Abusive Transaction" paragraph of the Tax Exemption Agreement are true.

The Governmental Lender 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 Governmental Note 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 Governmental Note 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 Governmental Note.

CSG ADVISORS INCORPORATED

By:_____
Name:_____
Title:_____

SCHEDULE I

TO CERTIFICATE OF FINANCIAL ADVISOR

[See attached]

EXHIBIT C

SCHEDULE OF LOAN COSTS

Paid Prior to Closing

Application Fee	$[_____]

Paid at Closing

Issuer Issuance Fee	$[_____]
Issuer Administration Fee (first two years, prorated)	$[_____]
Issuer Compliance Fee (first year)	$[_____]

Annual Fees

Issuer Administrative Fee (beginning July 1, 2027)	0.10% per annum of the aggregate principal amount of the Bonds outstanding
Issuer Compliance Fee (beginning July 1, 2028)	$25 per Low-Income Unit (as defined in the Regulatory Agreement) in the Project (excluding market rate units)

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1489 **Agenda Date:** 6/4/2026 **Agenda #:** 28.

Presentation, discussion, and possible action on the approval of a loan for Crossroads Redevelopment

RECOMMENDED ACTION

WHEREAS, the above listed development was awarded 9% housing tax credits during the 2025 competitive Application round;
WHEREAS, the Developer applied for additional funds under the Department's 2026-1 National Housing Trust Fund (NHTF) Notice of Funding Availability; and

WHEREAS, the Department is now recommending approval of a loan request in the amount of $5,191,318, with proposed loan terms and details concerning the Development's financials outlined below;

NOW, therefore, it is hereby

RESOLVED, that the that loan of $5,191,318 of NHTF to Crossroads Redevelopment is approved, subject to conditions that may be applicable as found in the Real Estate Analysis Underwriting Report attached to this Board Action Request, any HUD required environmental conditions, and the conditions as outlined herein.

BACKGROUND

Development Information: Crossroads Redevelopment is to be located in Austin, Travis County, and proposes the new construction of 110 units that will serve a Supportive Housing population. The Development will serve households with incomes at or below 30% to 60% of Area Median Family Income (AMFI).

The Development was initially proposed to have 12 30% AMFI units in its 2025 9% housing tax credit Application. As a result of this loan and an award of State Housing Tax Credits, the Development will have the following set-asides. A full unit mix is provided in the attached Real Estate Analysis Report:

CURRENT SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	22
50% of AMI	50% of AMI	83
60% of AMI	60% of AMI	5

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	23

TDHCA SET-ASIDES for STATE HOUSING TAX CREDITS		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMI	17

In accordance with 24 CFR § 93.302, for 30% units under the Direct Loan LURA, the rent is, "not exceed the greater of 30 percent of the federal poverty line or 30 percent of the income of a family whose annual income equals 30 percent of the median income for the geographic area, as determined by HUD, with adjustments for the number of bedrooms in the unit."

Financial Information: The Department's $5,191,318 NHTF loan is to be structured as deferred repayable at 2.00% interest and is in first-lien position during the permanent period.

The Development was initially awarded $2,000,000 in federal housing tax credits and $469,300 in state housing tax credits in 2025. Since the last underwriting, total development costs have increased by $7.1m, bringing the current total development cost to approximately $47m. Credit pricing has remained strong at $0.885. Because this Development is Supportive Housing, the loan is deferred and will be due the earlier of the end of the Loan Term or upon sale, refinance, or transfer of the Property

The funds from this loan are sourced from the Department's 2024 NHTF grant, which has a business day federal commitment deadline of September 4, 2026. Regardless if a longer period would be allowed by rule, the Borrower must submit all required due diligence and provide timely comments on the draft NHTF Contract to ensure execution of the Contract by both parties no later than August 21, 2026. Failure to meet this deadline may result in termination of the award, which will not be appealable to the Board of Directors if the Department no longer has access to the 2024 NHTF funds. The Borrower may also be subject to penalties under 10 TAC §13.11(b).

Real Estate Analysis Division
June 1, 2026

Addendum to Underwriting Report

TDHCA Application #: **26501_2518** Program(s): **9% HTC/SHTC/MDL**

Crossroads Redevelopment

Address/Location: 8801 McCann Dr.

City: Austin County: Travis Zip: 78757

	APPLICATION HISTORY
Report Date	**PURPOSE**
6/1/2026	**MDL 2026-1 NOFA NHTF Award Memo**
11/10/25	SHTC amendment
06/26/25	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**
MF Direct Loan Const. to Perm. Deferred Payable	$0	0.00%	0	.0 yrs	**$5,191,318**	**2.00%**	**0**	**35.0 yrs**	**1**	**30 Mo**	**2**
State Housing Tax Credits	$469,300				**$469,300**						
FHTC (9% Credit)	$2,000,000				**$2,000,000**						

* 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).

** Construction loan term cannot exceed the recommendation above, but may be less depending on actual closing date. Final construction term will be noted in the loan documents

CONDITIONS STATUS

1 Receipt and acceptance before Direct Loan Contract

- Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

2 Receipt and acceptance before Direct Loan Closing

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders

d: Substantially final draft of limited partnership agreement.

e: Substantially final ground lease.

f: Updated Guaranty Agreement to the Department that satisfies Department requirements to fund any operating deficits throughout the term of the affordability period and MFDL loan term.

3 Receipt and acceptance by Carryover:

- Formal approval for $11.7M loan from Austin Housing Finance Corporation (AHFC) clearly stating all terms and conditions, and source of funds.

Status: Condition is clear. AHFC has provided formal approval of $11.7M in funding.

4 Receipt and acceptance by Cost Certification:

a: **By the earlier of completion of the Development Period or Cost Certification -** Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

b: **By the earlier of completion of the Development Period or Cost Certification -** Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

PREVIOUS SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	39
50% of AMI	50% of AMI	66
60% of AMI	60% of AMI	5

CURRENT SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	22
50% of AMI	50% of AMI	83
60% of AMI	60% of AMI	5

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	23

TDHCA SET-ASIDES for STATE HOUSING TAX CREDITS		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMI	17

ANALYSIS

The development originally received an annual 9% HTC allocation of $2,000,000 and annual SHTC allocation of $469,000 in 2025.

In November 2025, the Applicant was awarded annual State Housing Tax Credits (SHTC) of $469k. The Applicant designated 17 SHTC TC30% units.

In the previous memo, there was an error in the set-aside table that increased the number of Federal HTC TC30% units and reduced the number of Federal HTC TC50% units.

This memo will also serve to amend and clarify that the number of Federal HTC units from the original underwriting report remains unchanged and the SHTC restricted units display separately on the LURA table.

The applicant is now applying for a Multifamily Direct Loan 2026-1 NHTF deferred payable loan of $5,191,318. The MDL will have an interest rate of 2% and 35 year term.

There will be 23-NHTF and 8-Match units.

The SHTC TC30% will be layered with NHTF units.

Operating Pro Forma

2026 rents are utilized.

Comparables have been updated to 2024 YE expenses.

Utility allowances are underwritten at the most current TDHCA Compliance approved amounts as of January 2026.

Utility Allowances increased by:
1BR: $74 to $76
2BR: $96 to $98
3BR: $119 to $121

The applicant is not anticipating collecting the maximum program rents for 50% and 60% units because of the current market conditions in Austin. The discounts are indicated in the tables below:

Bedroom TC 50%	Max Program Collectable Rent	Net Rent Collected by Applicant	Rent Discount	Delta to Max
1BR	$1,184	$1,089	-8.02%	($95)
2BR	$1,414	$1,250	-11.60%	($164)
3BR	$1,626	$1,300	-20.05%	($326)

Bedroom TC 60%	Max Program Collectable Rent	Net Rent Collected by Applicant	Rent Discount	Delta to Max
1BR	$1,436	$1,199	-16.50%	($237)
2BR	$1,717	$1,350	-21.37%	($367)
3BR	$1,975	$1,499	-24.10%	($476)

As a result, the Applicant is expected to collect $146k less than maximum allowable potential gross rent.

Applicant submitted 2025 program rents resulting in a delta from the Underwriter's calculation.

TDHCA's ProForma is used for analysis due to the difference in assumed expenses. Underwriter used comparable supportive housing properties to estimate the expenses.

First year stabilized pro forma operating expense ratio is greater than 65%. However, because the development is Supportive Housing - Rule 11.302(i)(5)(B)(iv)...Developments not meeting the requirements of one or more paragraphs(3)(A) of this subsection will be re-characterized as feasible.

A property insurance invoice from a similar property (TDHCA #23438) has been provided as support for the anticipated $856/unit anticipated insurance expense.

Development Cost

Acquisition costs increased from $2.7M to $6.2M. The partnership has entered into a 99 year ground lease during which the Lessee shall pay to Lessor as rent the amount of $6.2M for the entire term, payable in one lump sum at the commencement of the term.

The appraisal supports the amount.

Off-site costs increased by $133K, and Site Work costs increased by $338K.

Building costs increased by $1.77M. Underwriter adjusted base building costs to account for inflation from previous underwriting.

A construction contract reflecting a final schedule of values has not yet been completed by the applicant.

Total Development Cost increased by $7.1M and approximately 49% of the increase is due to the site acquisition.

Sources of Funds

An MFDL loan has been introduced as a construction to perm loan in the amount of $5,191,318 with 2% interest(during permanent period only) over a 35 year term. The MFDL is in 2nd lien during construction.

Applicant submitted the application with a 40 year MFDL term. Underwriter adjusted the term from 40 to 35 years to maintain positive cash flow through out the term of the MFDL per QAP 11.302(i)(4)(B)

**With NHTF subsidy layering, there is an expectation that the deal remain financially viable for a reasonable period. At minimum, the period of affordability (30 years).*
Per 24 CFR §93.300(b).

Bank of America construction loan decreased from $12,250,000 to $4,000,000 while the interest rate increased from 6.75% to 6.95%. Bank of America will be in 1st lien position during construction.

Crossroads Mutual Housing Corporation, a nonprofit, is the current owner of the site and is conveying the property to the partnership, FC Boom Housing, LP, via a 99 year ground lease for a price of $6.2M, the current as-is appraisal dated 01/16/26.

Crossroads Mutual Housing Corp is adding a seller note for the amount of the ground lease price - increased from $2.7M to $6.2M from previous underwriting. To meet Identity of Interest requirements in the QAP, the seller note is structured as a 40 year cash flow loan at 2% interest.

Additional sources introduced include:

Applicant added a construction bridge loan sourced from Michael and Susan Dell Foundation in the amount of $10M, 36 month term with 1% interest.

Applicant added a Federal Home Loan Bank of Dallas has awarded the development an Affordable Housing Program subsidy for $1,750,000, 40 year term payable from excess cash flow.

Bank of America increased the equity capital contribution from $17,378,262 to $17,698,230 and the credit price increased from $0.87 to $0.885

Monarch Private Capital is now acquiring the $4,693,000 in State Housing Tax credits(Previously National Equity Fund) with total capital contributions of $2,487,290 (Previously $2,271,940) and the credit price has decreased from $0.58 to $0.53

Foundation Communities was awarded $5M Capital Magnet Funds in 2024 for portfolio projects and is committing $2M as a predevelopment loan to Crossroads to fund relocation costs, demolition and abatement. The loan is currently executed in the name of Crossroads Mutual Housing Corp and will be assigned to the partnership at closing and paid off at completion. The loan is structured as a 40 year cash flow loan at 3% interest.

The Applicant included in their documentation a loan from Austin Housing Finance Corporation (AHFC).

AHFC loaned $900,000 to Crossroads Mutual Housing Corporation in 2009 via a deferred forgivable loan and required a 99 year LURA restricting 14 units at 30% AMI. The 14 units are floating amongst the 30% FHTC restricted units.

FC Crossroads Housing, LP is going to assume the deferred forgivable loan and will continue to provide the 14 units. If the 14 units are not provided, then the loan will be repayable.
The Promissory note is secured by a deed of trust.

The deferred developer fee has increased by $1.1M and pays off in 6 years.
Developer fee increased by $500k.

The MDL Funding is 2026-1 NHTF

The MDL match funding has been contributed as a below market interest rate and is therefore not included as a source of funds.

The application was submitted with MDL construction interest of 2% - per Multifamily Direct Loan rule 13.8(b)(2) - "No interest will accrue during the construction term;"

Underwriter adjusted construction interest from 2% to 0%.

Recommendation

Underwriter recommends a Deferred Payable Multifamily Direct Loan of $5,191,318 at 2.00% interest with a 35 year term; 30-month construction term. The MDL funding is NHTF funds.

Any portion of the loan not repaid will be due the earlier of the end of the Loan Term or upon sale, refinance, or transfer of the Property.

TDHCA will be second lien position during construction.

The 9% HTC allocation of $2,000,000 and the SHTC allocation of $469,300 is still recommended.

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

UNIT MIX/RENT SCHEDULE

Crossroads Redevelopment, Austin, 9% HTC/MDL #26501_25187

LOCATION DATA	
CITY:	Austin
COUNTY:	Travis
Area Median Income	$134,400
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2026

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	SHTC	Match
Eff	-	0.0%	0	0	0	0
1	50	45.5%	0	11	8	3
2	42	38.2%	0	10	7	3
3	18	16.4%	0	2	2	2
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	**110**	**100.0%**	**-**	**23**	**17**	**8**

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	1,041 sf

46% Average Income		20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	Income									
	# Units	-	22	-	83	5	-	-	-	**110**
	% Total	0.0%	20.0%	0.0%	75.5%	4.5%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

FEDERAL HTC		MFDL NHTF Units		State HTC		Austin Housing Finance Corp	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	Type	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%	$756					AHFC		6	1	1	890	$756	$76	$680	($3)	$0.76	$677	**$4,062**	**$4,080**	$680	$0.76	$0	$1,754	$1.97	$1,754
TC 30%	$756	NHTF 30%	$756					3	1	1	890	$756	$76	$680	($3)	$0.76	$677	**$2,031**	**$2,040**	$680	$0.76	$0	$1,754	$1.97	$1,754
TC 50%	$1,260	NHTF 30%	$756	TC 30%	$756			8	1	1	890	$756	$76	$680	($3)	$0.76	$677	**$5,416**	**$5,440**	$680	$0.76	$0	$1,754	$1.97	$1,754
TC 50%	$1,260						1	31	1	1	890	$1,260	$76	$1,184	($95)	$1.22	$1,089	**$33,759**	**$36,704**	$1,184	$1.33	$0	$1,754	$1.97	$1,754
TC 60%	$1,512						2	2	1	1	890	$1,512	$76	$1,436	($237)	$1.35	$1,199	**$2,398**	**$2,872**	$1,436	$1.61	$0	$1,754	$1.97	$1,754
TC 30%	$907					AHFC		5	2	2	1,109	$907	$98	$809	($4)	$0.73	$805	**$4,025**	**$4,045**	$809	$0.73	$0	$2,135	$1.93	$2,135
TC 30%	$907	NHTF 30%	$907					3	2	2	1,109	$907	$98	$809	($4)	$0.73	$805	**$2,415**	**$2,427**	$809	$0.73	$0	$2,135	$1.93	$2,135
TC 50%	$1,512	NHTF 30%	$907	TC 30%	$907			7	2	2	1,109	$907	$98	$809	($4)	$0.73	$805	**$5,635**	**$5,663**	$809	$0.73	$0	$2,135	$1.93	$2,135
TC 50%	$1,512						1	25	2	2	1,109	$1,512	$98	$1,414	($164)	$1.13	$1,250	**$31,250**	**$35,350**	$1,414	$1.28	$0	$2,135	$1.93	$2,135
TC 60%	$1,815						2	2	2	2	1,109	$1,815	$98	$1,717	($367)	$1.22	$1,350	**$2,700**	**$3,434**	$1,717	$1.55	$0	$2,135	$1.93	$2,135
TC 30%	$1,048					AHFC		3	3	2	1,299	$1,048	$121	$927	($4)	$0.71	$923	**$2,769**	**$2,781**	$927	$0.71	$0	$2,482	$1.91	$2,482
TC 30%	$1,048							2	3	2	1,299	$1,048	$121	$927	($4)	$0.71	$923	**$1,846**	**$1,854**	$927	$0.71	$0	$2,482	$1.91	$2,482
TC 50%	$1,747	NHTF 30%	$1,048	TC 30%	$1,048			2	3	2	1,299	$1,048	$121	$927	($4)	$0.71	$923	**$1,846**	**$1,854**	$927	$0.71	$0	$2,482	$1.91	$2,482
TC 50%	$1,747						1	10	3	2	1,299	$1,747	$121	$1,626	($326)	$1.00	$1,300	**$13,000**	**$16,260**	$1,626	$1.25	$0	$2,482	$1.91	$2,482
TC 60%	$2,097						1	1	3	2	1,299	$2,097	$121	$1,976	($477)	$1.15	$1,499	**$1,499**	**$1,976**	$1,976	$1.52	$0	$2,482	$1.91	$2,482
TOTALS/AVERAGES:								**110**			**114,460**				**($110)**	**$1.00**	**$1,042**	**$114,651**	**$126,780**	**$1,153**	**$1.11**	**$0**	**$2,019**	**$1.94**	**$2,019**

ANNUAL POTENTIAL GROSS RENT:	**$1,375,812**	**$1,521,360**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Crossroads Redevelopment, Austin, 9% HTC/MDL #26501_25187

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT					PRIOR REPORT			TDHCA				VARIANCE	
	Database		Travis County Foundation Community		% EGI	Per SF	Per Unit	Amount	SHTC Memo	Applicant	TDHCA	SHTC Memo	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.00	$1,042	$1,375,812	$1,518,600	$1,531,812	$1,531,812	$1,518,600	$1,375,812	$1,042	$1.00		0.0%	$0
Late fees, NSF fees, laundry income							$30.00	$39,600	$26,400	26,400								
Total Secondary Income							$30.00				26,400	26,400	$39,600	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,415,412	$1,545,000	$1,558,212	$1,558,212	$1,545,000	$1,415,412				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(106,156)	(115,875)	(116,866)	(116,866)	(115,875)	(106,156)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,309,256	$1,429,125	$1,441,346	$1,441,346	$1,429,125	$1,309,256				0.0%	$0
General & Administrative	$78,607	$715/Unit	$75,536	$687	6.11%	$0.70	$728	$80,037	$80,037	$80,037	$78,607	$78,607	$75,536	$687	$0.66	5.77%	6.0%	4,501
Management	$68,913	3.3% EGI	$70,235	$638	5.55%	$0.63	$661	$72,664	$71,416	$72,067	$72,067	$71,456	$72,664	$661	$0.63	5.55%	0.0%	-
Payroll & Payroll Tax	$169,730	$1,543/Unit	$233,107	$2,119	19.94%	$2.28	$2,373	$261,060	$261,060	$261,060	$281,557	$281,557	$261,060	$2,373	$2.28	19.94%	0.0%	-
Repairs & Maintenance	$110,411	$1,004/Unit	$96,348	$876	15.89%	$1.82	$1,892	$208,077	$208,077	$208,077	$71,500	$71,500	$154,000	$1,400	$1.35	11.76%	35.1%	54,077
Electric/Gas	$36,549	$332/Unit	$73,634	$669	2.34%	$0.27	$279	$30,650	$30,650	$30,650	$71,719	$71,719	$73,634	$669	$0.64	5.62%	-58.4%	(42,984)
Water, Sewer, & Trash	$95,748	$870/Unit	$85,813	$780	7.58%	$0.87	$903	$99,276	$99,276	$99,276	$95,748	$95,748	$85,813	$780	$0.75	6.55%	15.7%	13,463
Property Insurance	$75,354	$0.66 /sf	$63,381	$576	7.17%	$0.82	$853	$93,857	$66,973	$66,973	$75,354	$75,354	$93,857	$853	$0.82	7.17%	0.0%	-
Property Tax (@ 50%) 1.9818	$105,103	$955/Unit	$51,155	$465	3.82%	$0.44	$455	$50,000	$40,000	$40,000	$54,822	$53,861	$51,155	$465	$0.45	3.91%	-2.3%	(1,155)
Reserve for Replacements					2.10%	$0.24	$250	$27,500	$27,500	$27,500	$27,500	$27,500	$27,500	$250	$0.24	2.10%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.34%	$0.04	$40	$4,400	$4,400	$4,400	$4,400	$4,400	$4,400	$40	$0.04	0.34%	0.0%	-
Courtesy Patrol					0.69%	$0.08	$82	$9,000	$0	$0	$0	$0	$9,000	$82	$0.08	0.69%	0.0%	-
TOTAL EXPENSES					**71.53%**	**$8.18**	**$8,514**	**$936,521**	**$889,389**	**$890,040**	**$833,274**	**$831,703**	**$909,401**	**$8,267**	**$7.95**	**69.46%**	**3.0%**	**$ 27,120**
NET OPERATING INCOME ("NOI")					**28.47%**	**$3.26**	**$3,389**	**$372,735**	**$539,736**	**$551,306**	**$608,072**	**$597,422**	**$399,855**	**$3,635**	**$3.49**	**30.54%**	**-6.8%**	**$ (27,120)**

CONTROLLABLE EXPENSES	$6,174/Unit			$5,909/Unit		

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Crossroads Redevelopment, Austin, 9% HTC/MDL #26501_25187

DEBT / GRANT SOURCES

DEBT (Must Pay)	Fee	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	SHTC Memo	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	SHTC Memo	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
TDHCA NHTF-1 Deferred Payable				-	2.00%	0	40.0	$5,191,318	$0			$0	$5,191,318	35.0	0.0	2.00%			11.0%
Adjustment to Debt Per §11.302(c)(2)	0.00%													35.0	0.0	2.00%			0.0%
CASH FLOW DEBT / GRANTS																			
City of Austin					0.00%	0	0.0	$500	$500	$500	$500	$500	$500	0.0	0.0	0.00%			0.0%
City of Austin (AHFC CF Loan)					2.00%	0	40.0	$11,700,000	$11,700,000	$13,000,000	$13,000,000	$11,700,000	$11,700,000	40.0	0.0	2.00%			24.8%
FHLB Dallas					0.00%	0	40.0	$1,750,000	$4,545,523	$6,585,983	$6,585,983	$4,545,523	$1,750,000	40.0	0.0	0.00%			3.7%
Crossroads Mutual Housing Seller Note					2.00%	0	40.0	$6,200,000	$2,700,000	$2,700,000	$2,700,000	$2,700,000	$6,200,000	40.0	0.0	2.00%			13.1%
				$0	TOTAL DEBT / GRANT SOURCES			$24,841,818	$18,946,023	$22,286,483	$22,286,483	$18,946,023	$24,841,818	TOTAL DEBT SERVICE			$0	N/A	52.6%

NET CASH FLOW	$399,855	$372,735	TDHCA	NET OPERATING INCOME	$399,855	$399,855	NET CASH FLOW

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	SHTC Memo	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	SHTC Memo	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Bank of America	LIHTC Equity	37.5%	$2,000,000	$0.885	$17,698,230	$17,378,262	$17,378,262	$17,378,262	$17,378,262	$17,698,230	$0.885	$2,000,000	37.5%	$18,182	Applicant Request
Monarch Private Capital	SHTC Equity	5.3%	$469,300	$0.53	$2,487,290	$2,721,940	$0	$0	$2,721,940	$2,487,290	$0.53	$469,300	5.3%		
Foundation Communities	Deferred Developer Fees	4.7%	(46% Deferred)		$2,230,007	$1,087,456	$468,937	$468,937	$1,087,457	$2,230,007	(46% Deferred)		4.7%	Total Developer Fee:	$4,877,753
TOTAL EQUITY SOURCES		47.4%			$22,415,527	$21,187,658	$17,847,199	$17,847,199	$21,187,659	$22,415,527			47.4%		

TOTAL CAPITALIZATION	$47,257,345	$40,133,681	$40,133,682	$40,133,682	$40,133,682	$47,257,345	15-Yr Cash Flow after Deferred Fee:	$3,592,489

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Eligible Basis Acquisition	Eligible Basis New Const. Rehab	Total Costs		SHTC Memo	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	SHTC Memo	TDHCA COST / BASIS ITEMS: Total Costs		Eligible Basis New Const. Rehab	Eligible Basis Acquisition	COST VARIANCE %	COST VARIANCE $
Land Acquisition			$56,364 / Unit	$6,200,000	$2,700,000	$2,700,000	$2,700,000	$2,700,000	$6,200,000	$56,364 / Unit			0.0%	$0
Building Acquisition	$0		$ / Unit	$0	$0	$0	$0	$0	$0	$ / Unit		$0	0.0%	$0
Closing costs & acq. legal fees				$100,000	$100,000	$100,000	$100,000	$100,000	$100,000				0.0%	$0
Off-Sites			$3,906 / Unit	$429,679	$295,718	$295,718	$295,718	$295,718	$429,679	$3,906 / Unit			0.0%	$0
Site Work		$2,183,278	$28,557 / Unit	$3,141,278	$2,803,515	$2,803,515	$2,803,515	$2,803,515	$3,141,278	$28,557 / Unit	$2,183,278		0.0%	$0
Site Amenities		$574,556	$5,223 / Unit	$574,556	$687,273	$687,273	$687,273	$687,273	$574,556	$5,223 / Unit	$574,556		0.0%	$0
Building Cost		$20,780,556	$181.55 /sf $188,914/Unit	$20,780,556	$19,013,494	$19,013,494	$18,261,713	$18,261,713	$19,015,851	$172,871/Unit $166.14 /sf	$19,015,851		9.3%	$1,764,705
Contingency		$1,668,359	7.09% 6.69%	$1,668,359	$1,220,208	$1,220,208	$1,220,208	$1,220,208	$1,668,359	7.20% 7.66%	$1,668,359		0.0%	$0
Contractor Fees		$3,528,945	14.00% 14.00%	$3,723,221	$3,351,280	$3,351,280	$3,257,580	$3,257,580	$3,476,161	14.00% 14.00%	$3,281,886		7.1%	$247,060
Voluntary Eligible "Hard Costs" (After 11.9(e)(2))							$0	$0	$0		$0		0.0%	$0
Soft Costs	$0	$3,396,332	$37,239 / Unit	$4,096,332	$3,466,326	$3,466,326	$3,466,326	$3,466,326	$4,096,332	$37,239 / Unit	$3,396,332	$0	0.0%	$0
Financing	$0	$386,328	$8,403 / Unit	$924,295	$1,366,525	$1,366,525	$1,366,525	$1,366,525	$924,295	$8,403 / Unit	$386,328	$0	0.0%	$0
Developer Fee	$0	$4,877,753	15.00% 14.39%	$4,877,753	$4,379,822	$4,379,822	$4,438,326	$4,379,822	$4,784,140	15.00% 15.00%	$4,575,989	$0	2.0%	$93,613
Reserves			9 Months	$741,317	$749,520	$749,520	$749,520	$749,520	$741,317	10 Months			0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$37,396,107**	$429,612 / Unit	**$47,257,346**	**$40,133,682**	**$40,133,682**	**$39,346,704**	**$39,288,201**	**$45,151,969**	$410,472 / Unit	**$35,082,579**	**$0**	**4.7%**	**$2,105,377**
Acquisition Cost	$0			$0	$0	$0								
Contingency		$0		$0	$0	$0								
Contractor's Fee		($0)		($1)	$0	$0								
Financing Cost		$0												
Developer Fee	$0	$0		$0	$0	$0								
Reserves				$0	$0	$0								
ADJUSTED BASIS / COST	**$0**	**$37,396,107**	$429,612/unit	**$47,257,345**	**$40,133,682**	**$40,133,682**	**$39,346,704**	**$39,288,201**	**$45,151,969**	$410,472/unit	**$35,082,579**	**$0**	**4.7%**	**$2,105,376**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	$47,257,345

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Crossroads Redevelopment, Austin, 9% HTC/MDL #26501_25187

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$37,396,107	$0	$35,082,579
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$37,396,107	$0	$35,082,579
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$48,614,939	$0	$45,607,353
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$48,614,939	$0	$45,607,353
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$4,375,345	$0	$4,104,662
CREDITS ON QUALIFIED BASIS	$4,375,345		$4,104,662	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8849	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$4,375,345	$38,717,927	----	----	----
Needed to Fill Gap	$2,252,003	$19,928,237	----	----	----
Applicant Request	$2,000,000	$17,698,230	**$2,000,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		114,460 SF	$121.62	13,921,101
Adjustments				
Exterior Wall Finish	0.80%		0.97	$111,369
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.10%		3.77	431,554
Roof Adjustment(s)			1.44	165,000
Subfloor			0.28	32,335
Floor Cover			3.75	429,225
Enclosed Corridors	$110.27	31,056	29.92	3,424,674
Balconies	$47.40	951	0.39	45,077
Plumbing Fixtures	$2,130	180	3.35	383,400
Rough-ins	$790	220	1.52	173,800
Built-In Appliances	$3,675	110	3.53	404,250
Exterior Stairs	$4,250	4	0.15	17,000
Heating/Cooling			4.11	470,431
Storage Space	$110.27	1,782	1.72	196,509
Carports	$21.40	0	0.00	0
Garages	$41.00	0	0.00	0
Common/Support Area	$125.69	7,283	8.00	915,399
Elevators	$165,400	2	2.89	330,800
Other:			0.00	0
Fire Sprinklers	$4.60	154,581	6.21	711,073
SUBTOTAL			**193.63**	**22,162,997**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**193.63**	**$22,162,997**
Plans, specs, survey, bldg permits	3.10%		(6.00)	($687,053)
Contractor's OH & Profit	11.10%		(21.49)	(2,460,093)
NET BUILDING COSTS		$172,871/unit	$166.14/sf	$19,015,851

Long-Term Pro Forma

Crossroads Redevelopment, Austin, 9% HTC/MDL #26501_25187

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$1,309,256	$1,335,441	$1,362,150	$1,389,393	$1,417,181	$1,564,682	$1,727,536	$1,907,339	$2,325,035	$2,567,027	$2,834,205
TOTAL EXPENSES	3.00%	$909,401	$935,957	$963,294	$991,437	$1,020,409	$1,178,593	$1,361,519	$1,573,082	$2,100,867	$2,428,358	$2,807,269
NET OPERATING INCOME ("NOI")		**$399,855**	**$399,484**	**$398,856**	**$397,956**	**$396,772**	**$386,090**	**$366,017**	**$334,257**	**$224,169**	**$138,669**	**$26,936**
EXPENSE/INCOME RATIO		69.5%	70.1%	70.7%	71.4%	72.0%	75.3%	78.8%	82.5%	90.4%	94.6%	99.0%
MUST -PAY DEBT SERVICE												
TDHCA NHTF-1 Deferred Payable			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Adjustment to Debt Per §11.302(c)(2)												
Bank of America												
Michael Susan Dell Foundation												
TOTAL DEBT SERVICE		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
DEBT COVERAGE RATIO		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ANNUAL CASH FLOW		**$399,855**	**$399,484**	**$398,856**	**$397,956**	**$396,772**	**$386,090**	**$366,017**	**$334,257**	**$224,169**	**$138,669**	**$26,936**
Deferred Developer Fee Balance		$1,830,152	$1,430,668	$1,031,812	$633,856	$237,084	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$1,718,075	$3,592,489	$5,332,482	$8,128,030	$9,001,884	$9,371,553

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1490 **Agenda Date:** 6/4/2026 **Agenda #:** 29.

Presentation, discussion, and possible action on the approval of a loan for McAdams Haven

RECOMMENDED ACTION

WHEREAS, the above listed development was awarded 9% housing tax credits during the 2025 competitive Application round;
WHEREAS, the Developer applied for additional funds under the Department's 2026-1 National Housing Trust Fund (NHTF) Notice of Funding Availability; and

WHEREAS, the Department is now recommending approval of a loan in the amount of $6,073,885, with proposed loan terms and details concerning the Development's financials outlined below;

NOW, therefore, it is hereby

RESOLVED, that the that loan of $6,073,885 of NHTF to McAdams Haven is approved, subject to conditions that may be applicable as found in the Real Estate Analysis Underwriting Report attached to this Board Action Request, any HUD required environmental conditions, and the conditions as outlined herein.

BACKGROUND

Development Information: McAdams Haven is to be located in Denton, Denton County, and proposes the new construction of 84 units that will serve a Supportive Housing population. The Development will serve households with incomes at or below 30% to 60% of Area Median Family Income (AMFI).

The Development was initially proposed to have 17 30% AMFI units in its 2025 9% housing tax credit Application. As a result of this loan, the Development will have the following set-asides. A full unit mix is provided in the attached Real Estate Analysis Report:

Current SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	17
50% of AMI	50% of AMI	51
60% of AMI	60% of AMI	16

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	36
80% of AMFI	High HOME	3

In accordance with 24 CFR § 93.302, for 30% units under the Direct Loan LURA, the rent is, "not exceed the greater of 30 percent of the federal poverty line or 30 percent of the income of a family whose annual income equals 30 percent of the median income for the geographic area, as determined by HUD, with adjustments for the number of bedrooms in the unit."

Financial Information: The Department's $6,073,885 NHTF loan is to be structured as deferred repayable at 2.00% interest and is in first-lien position during the permanent period.

The Development was initially awarded $2,000,000 in federal housing tax credits in 2025. Since the last underwriting, total development costs have remained consistent at approximately $25.5m. Credit pricing is comparatively strong at $0.84. Because this Development is Supportive Housing, the loan is deferred and will be due the earlier of the end of the Loan Term or upon sale, refinance, or transfer of the Property. The Department's loan replaced a $7m grant from Texas Homeless Network that was contemplated in the 2025 Application.

The funds from this loan are sourced from the Department's 2024 NHTF grant, which has a business federal commitment deadline of September 4, 2026. Regardless of whether a rule would provide additional time, the Borrower must submit all required due diligence and provide timely comments on the draft NHTF Contract to ensure execution of the Contract by both parties no later than August 21, 2026. Failure to meet this deadline may result in termination of the award, which will not be appealable to the Board of Directors if the Department no longer has access to the 2024 NHTF funds. The Borrower may also be subject to penalties under 10 TAC §13.11(b).

Real Estate Analysis Division
May 28, 2026

Addendum to Underwriting Report

TDHCA Application #: **26500_25160** Program(s): **9% HTC**

McAdams Haven

Address/Location: NWC Lindsey St and Bernard St

City: Denton County: Denton Zip: 76201

	APPLICATION HISTORY
Report Date	**PURPOSE**
05/28/26	**MDL 2026-1 NHTF Award**
06/16/25	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm. Lien**	**Const. Term**	**Const. Lien**
MF Direct Loan Const, to Perm Deferred Payable	$0	0.00%	0	.0 yrs	**$6,073,885**	**2.00%**	**0**	**16.0 yrs**	**1**	**24 mos**	**2nd**
FHTC (9% Credit)	$2,000,000				**$2,000,000**						

CONDITIONS STATUS

1 Receipt and acceptance by Carryover:

- Formal approval for $7,000,000 loan from Texas Homeless Network clearly stating all terms, conditions and source of funding.

Status: Applicant replaced this funding source and therefore approval is no longer required.

2 Receipt and acceptance by Cost Certification:

a: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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

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

Previous SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	17
50% of AMI	50% of AMI	51
60% of AMI	60% of AMI	16

Current SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
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60% of AMI	60% of AMI	16

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	36
80% of AMFI	High HOME	3

ANALYSIS

The development received an annual 9% HTC allocation of $2,000,000 in 2025.

The Applicant is now requesting a MultiFamily Direct Deferred Payable Construction to Perm Loan for $6,073,855 at 2% interest rate and with a 16 year term. The construction term is assumed at 24 months. The funding is from NHTF.

There will now be 36 NHTF and 3 Match units.

Operating Pro Forma

2026 rents are being used.
The Underwriter is using the 2026 program rents resulting in a ($6k) decrease to effective gross income but a $66k increase in NOI.

0 Bedroom Units
NHTF 30% & TC30% increased from $616 to $636;
TC50% increased from $1,027 to $1,060;
TC60% increased from $1,233 to$1,272;
HH80% increased from $1,235 to $1,358.

The deal is being underwritten with all 17 units at TC30% and 19 units at TC50% layered with NHTF for a total of 36 NHTF units.

Three HH80% are layered on the TC60% units.

Applicant amended the payroll down from $2,977 per unit down to $2,237 per unit and provided updated staffing plan.

Repairs and maintenance expense adjusted from $800 to $1,100 per unit.

First year stabilized pro forma operating expense ratio is greater than 65%. However, because the development is Supportive Housing - Rule 11.302(i)(5)(B)(iv)...Developments not meeting the requirements of one or more paragraphs(3)(A) of this subsection will be re-characterized as feasible.

Development Cost

The site acquisition increased by $60k from $1.33M to $1.39M due to two extension fees of $30k being included.

No change in the building cost.

The total developer fee increased $65k from previous underwriting and $644k in eligible basis.

Total Development Cost increased by $722k.

Sources of Funds

The Texas Homeless Network grant of $7M was replaced by the TDHCA MDFL Deferred Payable Loan of $6,073,885 construction to perm with a 2% interest during the permanent period with a 16 year term. TDHCA will be first lien during the perm period.

The term is for 16 years however with NHTF subsidy layering, there is an expectation that the deal is financially viable for a reasonable period. At minimum, the period of affordability (30 years).
Per 24 CFR §93.300(b).

Construction term is assumed to be 24 months with a 0% interest. TDHCA will be in the second lien position during construction.

No change in the Bank OZK construction loan.

Applicant added:

- Federal Home Loan (FHLB) Grant of $1,750,000 construction to permanent funding at 0% interest rate.
- Raza Development Fund of $919,300 construction only loan at 4% interest rate, term 24-months.
- LISC Acquisition$1.275M Loan during construction at 8% interest rate.

The MATCH contribution is through $402k of waived fees and $243,584 in land sold by an unrelated third party at a price below the market value. Appraisal was provided and supports the below market value.

Recommendation:

Underwriter recommends a Deferred Payable Multifamily Direct Loan of $6,073,885 at 2.00% interest with a 16 year term; 24-month construction term is assumed. The MDL funding is NHTF funds.

Any portion of the loan not repaid will be due the earlier of the end of the Loan Term or upon sale, refinance, or transfer of the Property.

The original annual 9% HTC allocation of $2,000,000 is still recommended.

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

UNIT MIX/RENT SCHEDULE

McAdams Haven, Denton, 9% HTC #26500_25160

LOCATION DATA	
CITY:	Denton
COUNTY:	Denton
Area Median Income	$121,100
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2026

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	SHTC	Match
Eff	84	100%	0	36	0	3
1	-	0%	0	0	0	0
2	-	0.0%	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	84	100.0%	-	36	-	3

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	405 sf

48%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	17	-	51	16	-	-	-	84
	% Total	0.0%	20.2%	0.0%	60.7%	19.0%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

FEDERAL HTC		MF Direct Loan Units (HOME Rent/Inc)		MFDL NHTF Units		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 30%	$636			NHTF 30%	$636	0	17	0	1	405	$636	$0	$636	$0	$1.57	$636	**$10,812**	**$10,812**	$636	$1.57	$0	$1,265	$3.12	$1,265
TC 50%	$1,060			NHTF 30%	$636	0	19	0	1	405	$636	$0	$636	$0	$1.57	$636	**$12,084**	**$12,084**	$636	$1.57	$0	$1,265	$3.12	$1,265
TC 50%	$1,060					0	32	0	1	405	$1,060	$0	$1,060	$0	$2.62	$1,060	**$33,920**	**$33,920**	$1,060	$2.62	$0	$1,265	$3.12	$1,265
TC 60%	$1,272	HH/80%	$1,358			3	3	0	1	405	$1,272	$0	$1,272	($7)	$3.12	$1,265	**$3,795**	**$3,795**	$1,265	$3.12	($7)	$1,265	$3.12	$1,265
TC 60%	$1,272					0	13	0	1	405	$1,272	$0	$1,272	($7)	$3.12	$1,265	**$16,445**	**$16,445**	$1,265	$3.12	($7)	$1,265	$3.12	$1,265
TOTALS/AVERAGES:							**84**			**34,020**				**($1)**	**$2.27**	**$917**	**$77,056**	**$77,056**	**$917**	**$2.27**	**($1)**	**$1,265**	**$3.12**	**$1,265**

ANNUAL POTENTIAL GROSS RENT:	$924,672	$924,672	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

McAdams Haven, Denton, 9% HTC #26500_25160

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Supportive Housing Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$2.27	$917	$924,672	**$931,836**	**$931,836**	$924,672	$917	$2.27		0.0%	$0
late fees, app fees, retained deposits							$30.00	$30,240	30,240							
Total Secondary Income							$30.00			30,240	$30,240	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$954,912	$962,076	$962,076	$954,912				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(71,618)	(72,156)	(72,156)	(71,618)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$883,294	$889,920	$889,920	$883,294				0.0%	$0
General & Administrative	$36,682	$437/Unit	$43,228	$515	5.56%	$1.44	$585	$49,151	$49,140	$63,961	$43,228	$515	$1.27	4.89%	13.7%	5,923
Management	$31,282	3.1% EGI	$60,395	$719	4.71%	$1.22	$495	$41,603	$44,496	$44,496	$41,603	$495	$1.22	4.71%	0.0%	-
Payroll & Payroll Tax	$127,221	$1,515/Unit	$194,741	$2,318	21.28%	$5.52	$2,237	$187,928	$250,050	$250,050	$187,928	$2,237	$5.52	21.28%	0.0%	-
Repairs & Maintenance	$73,825	$879/Unit	$65,220	$776	9.17%	$2.38	$964	$81,000	$81,000	$54,600	$92,400	$1,100	$2.72	10.46%	-12.3%	(11,400)
Electric/Gas	$16,094	$192/Unit	$44,110	$525	5.23%	$1.36	$550	$46,200	$46,200	$50,874	$44,110	$525	$1.30	4.99%	4.7%	2,090
Water, Sewer, & Trash	$74,452	$886/Unit	$57,961	$690	7.70%	$2.00	$810	$68,040	$68,040	$74,452	$57,961	$690	$1.70	6.56%	17.4%	10,079
Property Insurance	$69,779	$2.05 /sf	$78,500	$935	11.32%	$2.94	$1,190	$100,000	$100,000	$100,000	$100,000	$1,190	$2.94	11.32%	0.0%	-
Property Tax (@ 50%) 1.9402	$68,951	$821/Unit	$36,718	$437	1.65%	$0.43	$174	$14,612	$22,528	$17,984	$23,230	$277	$0.68	2.63%	-37.1%	(8,618)
Reserve for Replacements					2.85%	$0.74	$300	$25,200	$25,200	$25,200	$25,200	$300	$0.74	2.85%	0.0%	-
Cable TV					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.38%	$0.10	$40	$3,360	$3,360	$3,360	$3,360	$40	$0.10	0.38%	0.0%	-
TDHCA Direct Loan Compliance Fees ($34/MDL unit)					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Bond Compliance Fee					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Bond Trustee Fees					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Issuer Ongoing Compliance Fees					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Alarm					0.18%	$0.05	$19	$1,580	$1,580	$1,580	$1,580	$19	$0.05	0.18%	0.0%	-
describe					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**70.0%**	**$18.19**	**$7,365**	**$618,674**	**$691,594**	**$686,556**	**$620,601**	**$7,388**	**$18.24**	**70.3%**	**-0.3%**	**$ (1,927)**
NET OPERATING INCOME ("NOI")					**29.96%**	**$7.78**	**$3,150**	**$264,619**	**$198,326**	**$203,364**	**$262,693**	**$3,127**	**$7.72**	**29.74%**	**0.7%**	**$ 1,927**

CONTROLLABLE EXPENSES	$5,147/Unit		$5,067/Unit		

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

McAdams Haven, Denton, 9% HTC #26500_25160

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
CASH FLOW DEBT / GRANTS	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
TDHCA NHTF 2026-1, Deferred Payable				-	2.00%	0	16.0	$6,073,885	$7,000,000	$7,000,000	$6,073,885	16.0	0.0	2.00%			23.7%
Federal Home Loan Bank (FHLB)					0.00%	0	40.0	$1,750,000			$1,750,000	40.0	0.0	0.00%			6.8%
Raza Development Fund, Inc. (RDF)					0.00%	0	0.0	$0			$0	0.0	0.0	0.00%			0.0%
Bank OZK					0.00%	0	0.0	$0			$0	0.0	0.0	0.00%			0.0%
City of Denton					0.00%	0	0.0	$500	$500	$500	$500	0.0	0.0	0.00%			0.0%
				$0	TOTAL DEBT / GRANT SOURCES			$8,469,969	$7,000,500	$7,000,500	$8,469,969	TOTAL DEBT SERVICE			$0		33.0%
NET CASH FLOW		$262,693	$264,619								APPLICANT	NET OPERATING INCOME		$264,619	$264,619	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
Hunt Capital	LIHTC Equity	65.5%	$2,000,000	$0.84	$16,798,320	$16,998,300	$16,998,300	$16,798,320	$0.84	$2,000,000	65.5%	$23,810	Applicant Request
Denton Affordable Housing Corporation	Deferred Developer Fees	1.5%	(13% Deferred)		$381,230	$928,263	$928,263	$381,230	(13% Deferred)		1.5%	Total Developer Fee:	$2,945,604
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		67.0%			$17,179,550	$17,926,563	$17,926,563	$17,179,550			67.0%		
TOTAL CAPITALIZATION					$25,649,519	$24,927,063	$24,927,063	$25,649,519			15-Yr Cash Flow after Deferred Fee:		$3,441,580

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			$16,548 / Unit		$1,390,000	$1,330,000	$1,330,000	$1,390,000	$16,548 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit		$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Carrying Costs					$507,356	$281,800	$281,800	$507,356					0.0%	$0
Off-Sites		$0	$1,607 / Unit		$135,000	$135,000	$135,000	$135,000	$1,607 / Unit		$0		0.0%	$0
Site Work		$1,065,000	$15,060 / Unit		$1,265,000	$1,265,000	$1,265,000	$1,265,000	$15,060 / Unit		$1,065,000		0.0%	$0
Site Amenities		$375,000	$4,464 / Unit		$375,000	$375,000	$375,000	$375,000	$4,464 / Unit		$375,000		0.0%	$0
Building Cost		$9,681,928	$284.60 /sf	$115,261/Unit	$9,681,928	$9,681,928	$8,858,034	$8,858,034	$105,453/Unit	$260.38 /sf	$8,858,034		9.3%	$823,894
Contingency		$778,535	7.00%	7.00%	$801,985	$801,985	$744,312	$744,312	7.00%	7.00%	$720,862		7.7%	$57,673
Contractor Fees		$1,666,065	14.00%	14.00%	$1,716,248	$1,716,248	$1,592,828	$1,592,828	14.00%	14.00%	$1,542,645		7.7%	$123,419
Soft Costs	$0	$4,061,060	$54,916 / Unit		$4,612,960	$4,315,188	$4,315,188	$4,612,960	$54,916 / Unit		$4,061,060	$0	0.0%	$0
Financing	$0	$1,651,420	$22,365 / Unit		$1,878,635	$1,798,990	$1,798,990	$1,878,635	$22,365 / Unit		$1,651,420	$0	0.0%	$0
Developer Fee	$0	$2,891,836	15.00%	15.00%	$2,945,604	$2,880,127	$2,747,892	$2,794,871	15.00%	15.00%	$2,741,103	$0	5.4%	$150,733
Reserves			7 Months		$339,804	$345,797	$345,797	$339,804	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	$0	$22,170,844	$305,351 / Unit		$25,649,519	$24,927,063	$23,789,842	$24,493,800	$291,593 / Unit		$21,015,124	$0	4.7%	$1,155,719
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	$22,170,843	$305,351/unit		$25,649,519	$24,927,063	$23,789,842	$24,493,800	$291,593/unit		$21,015,124	$0	4.7%	$1,155,719
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					$25,649,519									

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

McAdams Haven, Denton, 9% HTC #26500_25160

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$22,170,843	$0	$21,015,124
Deduction of Federal Grants	$0	($1,569,829)	$0	($1,569,829)
TOTAL ELIGIBLE BASIS	$0	$20,601,014	$0	$19,445,295
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$26,781,319	$0	$25,278,884
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$26,781,319	$0	$25,278,884
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,410,319	$0	$2,275,100
CREDITS ON QUALIFIED BASIS	$2,410,319		$2,275,100	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8399	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,410,319	$20,244,652	----	----	----
Needed to Fill Gap	$2,045,389	$17,179,550	----	----	----
Applicant Request	$2,000,000	$16,798,320	**$2,000,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		34,020 SF	$199.74	6,795,126
Adjustments				
Exterior Wall Finish	3.36%		6.71	$228,316
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			7.06	240,297
Subfloor			0.28	9,611
Floor Cover			3.75	127,575
Breezeways	$55.28	8,720	14.17	481,998
Balconies	$47.40	2,780	3.87	131,772
Plumbing Fixtures	$1,460	-84	-3.60	(122,640)
Rough-ins	$715	84	1.77	60,060
Built-In Appliances	$2,200	84	5.43	184,800
Exterior Stairs	$4,250	6	0.75	25,500
Heating/Cooling			12.32	419,126
Storage Space	$55.28	2,015	3.27	111,379
Carports	$21.40	0	0.00	0
Garages	$41.00	0	0.00	0
Common/Support Area	$122.07	6,780	24.33	827,605
Elevators	$150,238	1	4.42	150,238
Other: Metal Fab, Gutters, Storefront windows			12.23	416,225
Fire Sprinklers	$4.60	51,535	6.97	237,061
SUBTOTAL			**303.47**	**10,324,049**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**303.47**	**$10,324,049**
Plans, specs, survey, bldg permits	3.10%		(9.41)	($320,046)
Contractor's OH & Profit	11.10%		(33.69)	(1,145,969)
NET BUILDING COSTS		$105,453/unit	$260.38/sf	$8,858,034

Long-Term Pro Forma

McAdams Haven, Denton, 9% HTC #26500_25160

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$883,294	$900,959	$918,979	$937,358	$956,105	$1,055,618	$1,165,487	$1,286,792	$1,420,722	$1,568,592
TOTAL EXPENSES	3.00%	$618,674	$636,818	$655,499	$674,731	$694,531	$802,666	$927,766	$1,072,505	$1,239,983	$1,433,786
NET OPERATING INCOME ("NOI")		**$264,619**	**$264,141**	**$263,480**	**$262,628**	**$261,574**	**$252,951**	**$237,721**	**$214,287**	**$180,740**	**$134,806**
EXPENSE/INCOME RATIO		70.0%	70.7%	71.3%	72.0%	72.6%	76.0%	79.6%	83.3%	87.3%	91.4%
MUST -PAY DEBT SERVICE											
TDHCA NHTF 2026-1, Deferred Payable			$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL DEBT SERVICE		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
DEBT COVERAGE RATIO											
ANNUAL CASH FLOW		**$264,619**	**$264,141**	**$263,480**	**$262,628**	**$261,574**	**$252,951**	**$237,721**	**$214,287**	**$180,740**	**$134,806**
Deferred Developer Fee Balance		$116,611	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$147,530	$411,010	$673,638	$935,212	$2,219,573	$3,441,580	$4,563,520	$5,538,784	$6,310,143

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1469 **Agenda Date:** 6/4/2026 **Agenda #:** 30.

Report relating to the conclusion of the 2025 Non-competitive 4% Housing Tax Credit Program and an update on the 2026 Non-competitive 4% Housing Tax Credit Program.

BACKGROUND

The 4% Housing Tax Credit (HTC) applications are reviewed by program, underwriting, and compliance staff within an approximately 90-day period, and Determination Notices are issued once all reviews are complete and the underwriting report is posted to the Department's website. Applications are submitted at the beginning of each month and are then slated for a Determination Notice to be issued approximately 90 days later, which generally coincides with the Board meeting calendar, in order to provide internal and external expectations regarding the Determination Notice issuance date.

2025 Application Log Summary

The 2025 Private Activity Bond (PAB) program annual ceiling amount was $3.8 billion, and as of January 8, 2026, eligible requests totaled approximately $9.7 billion, with much of the requests coming from multifamily issuers. The 2025 4% HTC Application Log is included as Exhibit A and reflects those applications that were submitted to TDHCA from December 2024 through December 2025 in conjunction with the issuance of bond reservations from the Bond Review Board.

Currently, there are 10 applications that have been approved, and have had Determination Notices issued, but have yet to close. Those approved applications represent total issuances of more than $16M in 4% Housing Tax Credits, and 1,684 total units. Additionally, the log reflects 43 applications that have closed on their respective bond allocations. Those projects that have closed represent 9,753 units and over $108 million in 4% Housing Tax Credits. Altogether, when considering what has closed, and been approved, the total number of units is 11,485, and approximately $124 million in 4% tax credits.

Also reflected on the log are three pre-applications that were submitted to TDHCA and added to the Department's waiting list for a bond reservation during the 2025 program year.

Finally, the log reflects those applications that were submitted to TDHCA but subsequently withdrawn. This represents a total of 8,366 units. The reasoning behind these withdrawals were varied, but most involved feasibility and timing concerns.

The 2025 program year has effectively concluded, and the figures represented herein are considered final.

2026 Application Log Summary

The 2026 PAB program has an annual ceiling amount of approximately $4.2 billion, and as of May 7, 2026, eligible requests total approximately $3.2 billion, with much of the requests coming from multifamily issuers. The 2026 4% HTC Application Log is included as Exhibit B and reflects those applications that were submitted to TDHCA from January 2025 through June 2026 in conjunction with the issuance of bond reservations from the Bond Review Board.

Currently, there are 21 applications under review for a total of 4,368 units, and approximately $58M in requested 4% Housing Tax Credits. Additionally, reflected on the log are nine applications that have been approved, and have had Determination Notices issued, but have yet to close. Those approved applications represent total issuances of more than $21M in 4% Housing Tax Credits, and 1,829 total units. Finally, the log reflects two applications that have closed on their respective bond allocations. Altogether, when considering what has closed, been approved, and is currently active, the total number of units is 6,673.

Also reflected on the log are two pre-applications that were submitted to TDHCA and added to the Department's waiting list for a bond reservation thus far in the 2026 program year.

The start of the 2026 program year was different from prior years in that the PAB ceiling was not over-subscribed and the level of participation is considerably lower. As bond reservations from the lottery were issued, they were subsequently withdrawn and applications re-filed with the Bond Review Board for reservations to be issued on a timeline that was more conducive to the transaction. This resulted in fewer 4% HTC applications being submitted in January. The reasons behind the decline are varied, but include a decrease in credit pricing, a decrease in interest among tax credit syndicators, volatile interest rates and a softening of rental rates in some urban markets.

Although it is still too early to predict the total production of 4% HTC units in the 2026 program year, in order to provide perspective on how the 4% HTC program has performed in each of the previous five years, a graph has been included as Exhibit C.

The total number of units peaked in 2021, most likely due to very low interest rates and a more favorable tax credit market. Overall activity in the 4% program, and in turn, total units, stabilized between 2022 and 2025.

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EXHIBIT A

4% (Non-Competitive) Housing Tax Credit Program
2025 Application Status Log

TDHCA #	Previous TDHCA #	Development Name	Development City	Construction Type	Determination Notice Issuance Date	Application Status	Total Units	Total Low-Income Units	PPR Category and Conditions	Requested HTC Amount	Recommend HTC Amount	Identity of Interest
25429		Huntington Place Senior Little El	Little Elm	NC	4/22/2025	Closed	198	198	Category 2	$1,987,061	$ 1,987,061	No
25415	08417	Seville Apartments	Beaumont	Acq/Rehab	6/3/2025	Closed	90	90	Category 2	$645,144	$ 645,144	No
25603		Legacy on Kiest	Dallas	NC	6/17/2025	Closed	180	180	Previously Approved	$2,509,813	$ 2,509,813	No
25410	07433	Regency Park	Houston	Acq/Rehab	4/25/2025	Closed	252	252	Category 1	$1,408,353	$ 1,408,353	Yes
25449	24481	Enclave on Louetta	Spring	NC	5/22/2025	Closed	358	358	Previously Approved	$3,651,702	$ 3,646,918	No
25409	060628	Lancaster Apartments	Katy	Acq/Rehab	4/25/2025	Closed	252	252	Category 1	$1,710,060	$ 1,710,060	Yes
25422		Covington Acres	Keene	NC	4/22/2025	Closed	252	252	Category 2	$2,926,539	$ 2,905,038	No
25405		HiLine Illinois	Dallas	NC	6/17/2025	Closed	200	200	Previously Approved	$2,784,011	$ 2,784,011	No
25427	24426	Bay Terrace	Baytown	NC	6/26/2025	Closed	130	130	Category 2	$1,300,304	$ 1,285,865	Yes
25413		Sunflower Terrace	Houston	Acq/Rehab	5/2/2025	Closed	160	160	Category 3	$1,996,896	$ 1,996,896	Yes
25404		Torrington Briarwood	Mesquite	NC	5/21/2025	Closed	313	313	Category 1	$4,371,047	$ 4,331,927	No
25442		Palladium Buckner Station	Dallas	NC	6/17/2025	Closed	304	244	Previously Approved	$3,390,779	$ 3,378,599	No
25447	24490	Columbia Renaissance Square	Fort Worth	NC	3/28/2025	Closed	100	100	Category 1	$1,465,750	$ 1,465,750	Yes
25412	07457	Wyndham Park	Baytown	Acq/Rehab	6/3/2025	Closed	184	184	Previously Approved	$986,417	$ 986,417	Yes
25411	01456	Sugar Creek	Houston	Acq/Rehab	4/25/2025	Closed	240	240	Category 1	$1,442,123	$ 1,442,123	Yes
25408	060425	Baypointe Apartments	Webster	Acq/Rehab	8/1/2025	Closed	236	236	Previously Approved	$2,229,072	$ 2,229,072	Yes
25463	96003	Waterford at Spencer Oaks	Denton	Acq/Rehab	9/4/2025	Closed	208	207	Category 2	$3,461,207	$ 3,461,207	Yes
25468		Lofts at Creekview	San Antonio	NC	10/9/2025	Closed	301	301	Category 2*	$3,537,379	$ 3,532,516	Yes
25467		Cameron HiLine	Austin	NC	9/19/2025	Closed	227	227	Previously Approved	$3,315,696	$ 3,315,696	No
4702/25453		Payton Gin	Austin	NC	4/2/2025	Closed	176	176	Category 3	$2,909,484	$ 2,909,060	No
25426		Roselawn Village	Denton	NC	8/21/2025	Closed	297	297	Previously Approved	$3,561,139	$ 3,561,139	No
25451	24498	Mesa Hills I	El Paso	NC	9/30/2025	Closed	64	64	Category 2	$782,057	$ 782,057	Yes
25461		Coolwood Oaks	Houston	Acq/Rehab	9/10/2025	Closed	168	168	Previously Approved	$1,690,387	$ 1,690,387	No
25455		Orion Apartments	San Antonio	NC	9/5/2025	Closed	336	336	Previously Approved	$4,650,430	$ 4,650,430	Yes
25421		Sycamores at Pleasant Valley	Austin	NC	9/15/2025	Closed	75	75	Category 2	$1,489,920	$ 1,489,920	Yes
25456		Stones Crossing Apt Homes	San Antonio	NC	9/5/2025	Closed	336	336	Previously Approved	$4,546,209	$ 4,546,209	Yes
25465		Haverstock Hills East	Houston	Acq/Rehab	9/29/2025	Closed	268	268	Previously Approved	$3,418,358	$ 3,418,358	No
25466		Haverstock Hills West	Houston	Acq/Rehab	9/29/2025	Closed	432	432	Previously Approved	$5,582,580	$ 5,582,580	No
25470	060424	Lafayette Village	Houston	Acq/Rehab	11/14/2025	Closed	250	250	Previously Approved	$1,413,291	$ 1,413,291	Yes
25423		Emberstone Apartments	San Antonio	Acq/Rehab	9/9/2025	Closed	247	247	Previously Approved	$2,982,325	$ 2,982,325	No
25469		Sacred Heart Villas	San Antonio	Acq/Rehab	10/9/2025	Closed	89	89	Category 1	$1,035,566	$ 1,035,566	No
25471	060617	Idlewilde Apartments	Houston	Acq/Rehab	11/14/2025	Closed	250	250	Previously Approved	$1,399,297	$ 1,399,297	Yes
25480		Westmoreland Townhomes	Dallas	NC	11/20/2025	Closed	216	216	Previously Approved	$3,065,774	$ 3,065,445	No
25448	060402	Hillcrest Manor	Lubbock	Acq/Rehab	6/30/2025	Closed	220	220	Category 2	$1,548,393	$ 1,548,393	No
25609	24617	The Gateway at Trinity Forest	Dallas	NC	12/2/2025	Closed	330	330	Previously Approved	$4,514,430	$ 4,514,387	No
25474		Central at Commerce	San Antonio	NC	12/9/2025	Closed	279	279	Previously Approved	$4,205,378	$ 4,186,219	No
25402		Tapestry at Katy	Katy	NC	12/10/2025	Closed	360	360	Previously Approved	$3,954,296	$ 3,932,722	No
25443		Taylor RAD Family Apts	Taylor	NC	12/17/2025	Closed	46	46	Category 1	$1,036,802	$ 1,012,036	Yes
25479		Tabor Village	Dallas	NC	12/3/2025	Closed	229	206	Previously Approved	$2,598,977	$2,598,977	No
25483		Cobblestone Manor	Fort Worth	Acq/Rehab	12/19/2025	Closed	220	220	Previously Approved	$2,044,665	$ 2,007,397	Yes
25484		Ella Apartments	Lubbock	Acq/Rehab	1/26/2026	Closed	152	152	Previously Approved	$1,171,123	$1,171,123	No
25473	04452	Seville Place	La Porte	Acq/Rehab	12/18/2025	Closed	180	180	Category 2	$1,130,081	$1,130,081	Yes
4499/25419		Belmont Apartments	Austin	NC	1/28/2026	Closed	348	348	Previously Approved	$3,206,071	$ 3,206,071	No
							9,753	**9,669**		**$109,056,386**	**$ 108,855,936**	
25403	CMTS 2514	Waters at Stone Creek	Lewisville	Acq/Rehab	5/12/2025	Approved	199	199	Category 3*	$2,213,923	$ 2,213,923	Yes
25439	95157	Pleasant Hill Village	Houston	Acq/Rehab	6/18/2025	Approved	165	165	Category 1	$1,176,012	$ 1,176,012	Yes
25438	538613	Britton's Place	Houston	Acq/Rehab	6/25/2025	Approved	48	48	Category 1	$466,454	$ 466,454	Yes
21608S	21608	Fiji Lofts	Dallas	NC	TBD	Approved	204	204	TBD	$2,703,561	$ -	N/A
25491		Avanti Hills	Mesquite	NC	1/12/2026	Approved	260	260	Previously Approved	$3,525,639	$ 3,497,922	No
25477		Torrington Forest	Dallas	NC	1/12/2026	Approved	248	248	Previously Approved	$3,408,255	$ 3,280,417	No
25494		Lakeside Lofts	San Antonio	NC	12/19/2026	Approved	336	336	Previously Approved	$3,512,745	$ 3,512,745	No
25487	00011	Heritage Oaks	Kerrville	Acq/Rehab	2/3/2026	Approved	76	76	Category 2	$709,033	$ 709,033	Yes
25488	7242/0893	Paseo de Paz	Kerrville	Acq/Rehab	2/3/2026	Approved	76	76	Category 2	$568,048	$ 568,048	Yes
25489	98156	The Meadows	Kerrville	Acq/Rehab	2/3/2026	Approved	72	72	Category 2	$597,966	$ 597,966	Yes
							1,684	**1,684**		**18,881,636**	**16,022,520**	
25606	24619	Braniff Lofts	Dallas	NC	TBD	Active	48	48	TBD	$1,280,966	$ -	No
							48	**48**		**1,280,966**	**-**	
		Total Acq/Rehab:	39	4,734								
		Total NC:	51	6,751	**TOTAL**		**11,485**	**11,401**		**$129,218,988**	**$ 124,878,456**	
			90	11,485								
											Total IOI:	**25**
25610		South 1st Affordable Apartment	Austin	Acq/Rehab		Pre-Application	125	125	TBD	$1,285,218	-	
25614		Lariat	Mustang Ridge	Acq/Rehab		Pre-Application	264	264	TBD	$4,078,838	-	
25615		Mela Ranch	Cleburne	Acq/Rehab		Pre-Application	280	280	TBD	$3,167,148	-	
25428	24434	Independence Village	Amarillo	Acq/Rehab		Withdrawn	150	150		$1,324,312	$ -	
25406	04475	Fairlake Cove	Houston	Acq/Rehab		Withdrawn	200	200		$1,686,761	$ -	
21614S	21614	Murdeaux Villas	Dallas	Acq/Rehab		Withdrawn	301	301		$3,745,444	$ -	
25431	93101	The Meadows	Garland	Acq/Rehab		Withdrawn	152	152		$1,527,490	$ -	

25401		Enclave at Cypress	Cypress	NC		Withdrawn	363	363		$3,570,057	$	-
25407	03436	Northland Woods	Houston	Acq/Rehab		Withdrawn	280	280		$3,400,940	$	-
25445		Enclave at Sherman	Sherman	NC		Withdrawn	360	360		$3,572,847	$	-
25418		Parmer North Apartments	Pflugerville	NC		Withdrawn	288	288		$2,254,150	$	-
25424		Branchview Apartments	Pflugerville	NC		Withdrawn	330	330		$2,358,288	$	-
25417		Reserve at Ella	Houston	NC	TBD	Withdrawn	344	344	TBD	$3,405,323	$	-
25450		Little Elm Family Apartments	Little Elm	NC	TBD	Withdrawn	288	288	TBD	$5,384,306	$	-
25460		Hays Street Apartments	Houston	NC	TBD	Withdrawn	110	110	TBD	$1,115,980	$	-
25433		Brady Village	Lancaster	Acq/Rehab	TBD	Withdrawn	60	60	TBD	$752,709	$	-
25434	9989	Seaport Village	Galveston	Acq/Rehab	TBD	Withdrawn	192	192	TBD	$1,267,031	$	-
25441	24445	Aureus at Whisper Hills	San Marcos	NC	TBD	Withdrawn	267	267	TBD	$2,915,592	$	-
25425		Bridge at Treeline	Austin	NC	TBD	Withdrawn	330	330	TBD	$2,443,032	$	-
25432		Village at Meadowbend	Temple	Acq/Rehab	TBD	Withdrawn	237	237	TBD	$2,052,801	$	-
25402		Enclave at Katy	Katy	NC	TBD	Withdrawn	360	360	TBD	$3,534,223	$	-
25458	24452	Liberty Hill Apts	Liberty Hill	NC	TBD	Withdrawn	324	324	TBD	$4,486,344	$	-
4499/25419		Belmont Apartments	Austin	NC	TBD	Withdrawn	348	348	TBD	$3,058,435	$	-
25437		Manor Apartments	Austin	NC	5/23/2025	Withdrawn	181	179	Previously Approved	$2,902,773	$	2,902,773
25604		Trinity Junction	Dallas	NC	TBD	Withdrawn	300	300	TBD	$4,371,486	$	-
25414		Enclave at Crosby	Crosby	NC	TBD	Withdrawn	366	366	TBD	$3,701,470	$	- No
25454		Palms Breeze Village	Brownsville	NC	TBD	Withdrawn	324	324	TBD	$3,014,886	$	- No
25462	97028	Tuscany at Goldmark	Dallas	Acq/Rehab	TBD	Withdrawn	184	183	TBD	$2,271,676	$	- Yes
25459		The Foundry	Taylor	NC	TBD	Withdrawn	321	321	TBD	$4,367,618	$	- No
25600	24614	Waters at Arrowood	Houston	Acq/Rehab	TBD	Withdrawn	302	302	TBD	$2,105,730	$	- Yes
25481		Odem Victoria Apartments	Victoria	NC	TBD	Withdrawn	300	300	TBD	$2,625,990	$	- No
25475		Humble Family Apartments	Humble	NC	TBD	Withdrawn	306	306	TBD	$5,638,702	$	- No
25436		Jackson Apartments	McAllen	NC	TBD	Withdrawn	88	88	TBD	$776,722	$	- Yes
25435		Sienna Villas	Freeport	Acq/Rehab	TBD	Withdrawn	156	156	TBD	$1,183,699	$	- Yes
25490		Aster Villas Apartments	Pharr	NC	TBD	Withdrawn	196	196	TBD	$1,794,968	$	- Yes
25420		The Bloom at Lamar Square	Austin	NC	8/11/2025	Withdrawn	58	58	Category 2	$903,744	$	903,744 Yes
							8,366	**8,363**				

***Conditions for 25403**

(1) Applicant/Owner is required to ensure that each Person subject to previous participation review for the Combined Portfolio will correct all applicable issues of non-compliance identified by the previous participation review for associated development 13600/13600B (ID 4888) Waters at Willow Run on or before May 30, 2025, and provide the Department with evidence of such correction within 30 calendar days of that date. The condition deadline noted above may be extended based on any approved corrective action plan from the Enforcement Committee.

(2) Atlantic Housing Foundation is required to prepare or update its internal procedures to improve compliance outcomes and to provide copies of such new or updated procedures to the Department by June 30, 2025.

(3) Owner is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses to the Department for and on behalf of the proposed Development and all other Development subject to TDHCA LURAs over which the Owner has the power to exercise Control. A list of the person, or persons positions, should be provided to the Department no later than June 30, 2025.

(4) Atlantic Housing Foundation agrees to replace the existing management company, consultant, or management personnel, with another of its choosing, for any of their properties identified with new Events of Noncompliance that are triggered due to non-responsiveness (no corrective action submitted during the designated corrective action period) on any Monitoring Event notified from July 1, 2025 through December 31, 2026.

(5) Owner agrees to establish an email distribution group in CMTS (or other Department required system), to be kept in place until no later than December 31, 2026, and include agreed upon employee positions and/or designated Applicant members. A list of the employee positions and/or designated Applicant members, with the email distribution group name, should be provided to the Department no later than June 30, 2025.

(6) Atlantic Housing Foundation is required to ensure that officers with the ability to exercise control (including Wilfredo Saqueton and Michael N. Nguyen), Property Management staff for Atlantic Housing Foundation, on site management staff and any other members with Compliance oversight attend and review the trainings listed in subparagraphs (A) and (B) of this paragraph and provide TDHCA with a certification of attendance or completion no later than October 31, 2025.

(A) Housing Tax Credit Training sponsored by the Texas Apartment Association;

(B) Review the following TDHCA Compliance Training Presentation webinars located at Website: https://www.tdhca.texas.gov/compliance-program-training-presentations

i. Compliance Monitoring Training:

- **2022 Monitoring Reviews Beginning to End Training**
- **2024 Forms Training**
- **2024 Supportive Services Training**
- **2024 Monitoring Review, Monitoring Report and Corrective Action Training**

ii. CMTS and Reporting Training:

- **2024 Online Reporting, Annuals Owners Compliance Reports, Quarterly Vacancy Report and Unit Status Report Training**
- **2024 Monitor Review Questionnaire Training**

iii. HOTMA:

- **2023 September HOTMA Training**
- **2023 October HOTMA Training**
- **2024 Assets and HOTMA Changes Training**
- **2024 October HOTMA and Associated New Regulatory Changes**

iv. Income Eligibility Training:

- **2024 Income Determination Training**

***Conditions for 25468**

1. Applicant/Owner is required to ensure that each Person subject to previous participation review for the Combined Portfolio will correct all applicable issues of non-compliance identified by the previous participation review on or before November 30, 2025, and provide the Department with evidence of such correction within 30 calendar days of that date.

2. Owner is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses to the Department for and on behalf of the proposed Development and all other Development subject to TDHCA LURAs over which the Owner has the power to exercise Control.

3. Owner agrees to establish an email distribution group in CMTS (or other Department required system), to be kept in place until no later than December 31, 2026, and include agreed upon employee positions and/or designated Applicant members.

4. Owner is required to ensure key compliance members with Cohen Esrey Communities, on site management staff and any other members with Compliance oversight review the trainings listed in subparagraph (A) of this paragraph and provide TDHCA with a certification of completion no later than December 31, 2025.

(A) Review the following TDHCA Compliance Training Presentation webinars located at Website: https://www.tdhca.texas.gov/compliance-program-training-presentations

i. Compliance Monitoring Training:

- **2022 Monitoring Reviews Beginning to End Training**
- **2024 Monitoring Review, Monitoring Report and Corrective Action Training**
- **2025 Common Issues of Noncompliance Training**

ii. CMTS and Reporting Training:

- **2024 Online Reporting, Annual Owners Compliance Reporting, Quarterly Vacancy Report and Unit Status Report Training**

EXHIBIT B

4% (Non-Competitive) Housing Tax Credit Program
2026 Application Status Log

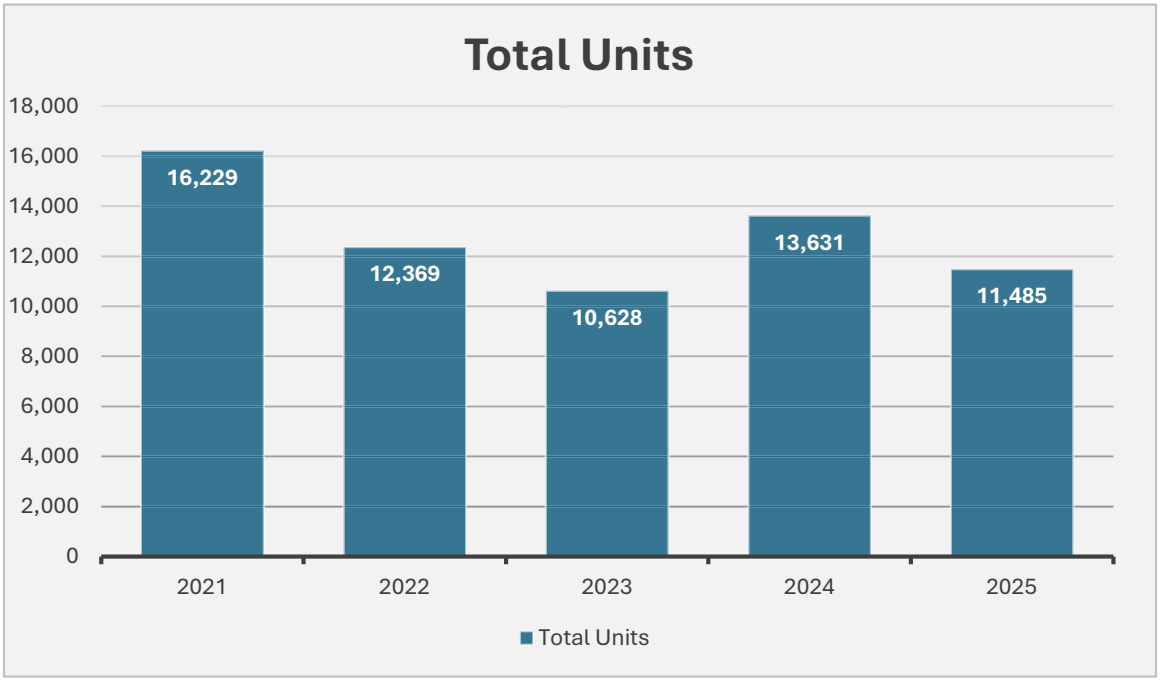
TDHCA #	Previous TDHCA #	Development Name	Development City	Construction Type	Determination Notice Issuance Date	Application Status	Total Units	Total Low-Income Units	PPR Category and Conditions	Requested HTC Amount	Recommend HTC Amount	Identity of Interest
26422	25485	Rosemont at Miller's Pond	San Antonio	Acq/Rehab	2/3/2026	Closed	176	176	Previously Approved	$1,507,443	$ 1,507,443	Yes
26604	15613/2461	Torrington Wilmer	Dallas	NC	4/10/2026	Closed	300	300	Category 3	$4,166,508	$4,166,508	No
							476	**476**		**$5,673,951**	**$ 5,673,951**	
26400	99-03T	Mayfield Park Apts	Arlington	Acq/Rehab	5/6/2026	Approved	240	240	Category 2	$3,442,528	$ 3,442,528	Yes
26410		Cactus Trails Apts	San Antonio	NC	4/9/2026	Approved	248	248	Category 2	$2,625,771	$ 2,625,771	No
26423	25452	Timbers Edge	Beaumont	Acq/Rehab	4/29/2026	Approved	150	150	Category 2	$1,377,659	$ 1,340,858	Yes
26425	25476	Bernicia Place	Houston	NC	3/24/2026	Approved	120	120	Category 3	$2,262,208	$ 2,262,159	No
26411		Brickstone Flats	San Antonio	NC	5/6/2026	Approved	290	290	Category 2	$3,034,713	$ 3,011,221	No
26405	07604	Terraces at Cibolo	Boerne	Acq/Rehab	5/12/2026	Approved	150	150	Previously Approved	$1,830,193	$ 1,830,193	Yes
26408	25420	Bloom at Lamar Square	Austin	NC	5/21/2026	Approved	58	58	Category 1	$982,327	$ 980,722	Yes
26401	99017T	Park at Fort Bend	Stafford	Acq/Rehab	5/21/2026	Approved	250	250	Category 2	$3,130,700	$ 3,130,700	Yes
26418		Tapestry at Easton Park	Austin	NC	5/21/2026	Approved	323	323	Category 2	$2,940,534	$ 2,895,454	No
							1,829	**1,829**		**21,626,633**	**21,519,606**	
26601	15601/2461	Waters at Waterchase	Dallas	Acq/Rehab	TBD	Active	130	130	TBD	$1,263,484	$ -	Yes
25606	24619	Braniff Lofts	Dallas	NC	TBD	Active	48	48	TBD	$1,280,966	$ -	No
24605		The Preserve at Dominium Parl	Houston	NC	TBD	Active	134	134	TBD	$2,183,742	$ -	No
26409		Cottages on Independence	Port Lavaca	NC	TBD	Active	50	50	TBD	$627,000	$ -	Yes
26412	03440	Sterlingshire Apts	Houston	Acq/Rehab	TBD	Active	200	200	TBD	$2,902,672	$ -	No
26416	06217	Mariposa at Reed Road	Houston	Acq/Rehab	TBD	Active	180	180	TBD	$1,589,041	$ -	Yes
26415	09280	Mariposa at Ella Boulevard	Houston	Acq/Rehab	TBD	Active	182	182	TBD	$1,335,899	$ -	Yes
26414		Evans and Rosedale Urban Villa	Fort Worth	NC	TBD	Active	180	180	TBD	$2,891,486	$ -	No
26417		Terrell Family Apts	Terrell	NC	TBD	Active	350	350	TBD	$6,402,780	$ -	No
26407	01425	Skyway Villas	McKinney	Acq/Rehab	TBD	Active	232	232	TBD	$3,524,177	$ -	Yes
26426		Cameron Road	Austin	NC	TBD	Active	336	336	TBD	$2,696,660	$ -	No
26419	23470	Northside Village	Georgetown	NC	TBD	Active	250	250	TBD	$5,856,869	$ -	No
26402	07620	Windshire Apartments	Houston	Acq/Rehab	TBD	Active	252	252	TBD	$1,606,557	$ -	Yes
26429		Huntington Place Senior Living Da	Dallas	NC	TBD	Active	210	210	TBD	$2,289,937	$ -	No
26605	24620	Heights at UNT Station	Dallas	NC	TBD	Active	240	240	TBD	$3,282,820	$ -	No
26427		Sunset Apartments	Texarkana	Acq/Rehab	TBD	Active	150	150	TBD	$1,479,854	$ -	No
26432	19111/0200	Roseland	Dallas	Acq/Rehab	TBD	Active	276	276	TBD	$3,268,564	$ -	Yes
26424		West Dell Apartments	San Antonio	NC	TBD	Active	300	300	TBD	$4,273,882	$ -	Yes
26607	25608	Preserve at Dominion Park	Houston ETJ	NC	TBD	Active	134	134	TBD	$1,453,964	$ -	No
26435		Quantum Drive	San Antonio	NC	TBD	Active	404	404	TBD	$6,032,437	$ -	No
26428	10400	Elm Ridge Apartments	Austin	Acq/Rehab	TBD	Active	130	130	TBD	$2,217,849	$ -	Yes
							4,368	**4,368**		**58,460,640**	**-**	

Total Acq/Rehab:	14	2,698		
Total NC:	18	3,975	**TOTAL**	**6,673**	**6,673**	**$85,761,224**	**$ 27,193,557**
	32	6,673					

Total IOI: **15**

26602		Terrace at Southern Oaks	Dallas	Acq/Rehab	TBD	Pre-Application	300	300	TBD	$3,161,520	$ -	
26603		Standard at Royal Lane	Dallas	Acq/Rehab	TBD	Pre-Application	300	300	TBD	$4,038,573	$ -	

Exhibit C


Total Units
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
16,229
12,369
10,628
13,631
11,485
2021
2022
2023
2024
2025
Total Units

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1428 **Agenda Date:** 6/4/2026 **Agenda #:** 31.

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 (the 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, 9677 South Kirkwood Drive Propco, L.P. (the Applicant) proposed at pre-application and in the Application to provide a High-Quality Pre-Kindergarten program and educational space at the Development under §11.6(3)(C)(v) of the 2025 Qualified Allocation Plan, which made the Development eligible for a priority award;

WHEREAS, the Applicant is now requesting approval for a material amendment to the Application to replace the High-Quality Pre-Kindergarten program commitment with an alternative service model developed in collaboration with Alief Independent School District (Alief ISD);

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

WHEREAS, the requested change to replace the High-Quality Pre-Kindergarten program will materially affect the Development;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment to replace the High-Quality Pre-Kindergarten program commitment for The Ashbourne is denied as presented at this meeting.

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. At the meeting of April 9, 2026, the Board approved a request to remove the requirement for a Historically Underutilized Business (HUB) in the Development. In a letter dated March 23, 2026, Kimberly Loesche, representative of the Applicant, has

requested approval for another material amendment to the Application.

Under §11.6(3)(C)(v) of the 2025 Qualified Allocation Plan, the highest scoring Development that elects to provide a High-Quality Pre-Kindergarten program and associated educational space at the Development site would be selected for an award. Also, if a High-Quality Pre-Kindergarten would be provided, the election must have been made at pre-application and could not change at full Application. This Development met such criteria, and therefore, was eligible for the priority award for having the High-Quality Pre-Kindergarten program.

The Applicant states that they made the commitment to provide a High-Quality Pre-Kindergarten program and educational space on the Development site in good faith, based on direct engagement with Alief ISD and the need for the change was not foreseeable at Application. The Applicant has now requested approval to replace the commitment to provide an on-site High-Quality Pre-Kindergarten program with an alternative service model that the Applicant developed in collaboration with Alief ISD. The alternative service model proposes that Pre-Kindergarten age residents, at the resident's discretion, enroll at Martinez Early Learning Center, an Alief AISD-serviced campus located approximately 1.5 miles from the Development. Additionally, the Applicant commits to construct the on-site stand-alone facility contemplated for the High-Quality Pre-Kindergarten. However, the facility would be utilized for Alief ISD to provide after-school services for elementary, middle school, and high school aged children. The Applicant would enter into an agreement with Alief ISD as an educational provider.

The Applicant indicated that this request is the result of an unforeseen circumstance in which the educational provider, Alief ISD, changed their position regarding the High-Quality Pre-Kindergarten program and does not wish to operate the program at the Development site. Alief ISD explained to the Applicant that its nearby Pre-K campus, Martinez Early Learning Center, is currently experiencing declining enrollment with current available capacity and budget constraints that make it unable and unwilling to provide a High-Quality Pre-Kindergarten program on-site. Instead the Applicant has stated that Alief ISD's preference, is to have Pre-K residents attend Martinez Early Learning Center rather than establish a new, duplicative and competitive program on-site. Alief ISD affirmed its willingness to provide after-school services at the Development.

The Applicant indicated that they performed an extensive search for an alternative educational provider, which includes charter and private schools, but despite these efforts, no viable replacement educational provider was identified. The Applicant also identified the Houston ISD and ISDs in Harris County as potential outreach targets; however, because the Development is located within Alief ISD's attendance boundaries, partnering with another public school district for on-site Pre-K services is not operationally or jurisdictionally feasible unless the attendance zones are modified or a charter agreement is entered into with the currently operating independent school district.

Based on the final list of 9% HTC awards for 2025, the proposed change would not have affected the selection of the Application in the competitive round, but a series of circumstances

and events in the subject subregion occurred in the cycle, which include: fewer full applications than usual, two Applications that would have received an award chose to withdraw, and a prior year development in the region returned its credits, which resulted in this Development and all other remaining eligible applications in the subregion receiving an award even without the High-Quality Pre-Kindergarten program. Therefore, it is unclear what impact this Development had in the round for reflecting the High-Quality Pre-Kindergarten since pre-application. However, it is plausible that some applicants may have chosen not to submit a full application based on the Applicant reflecting a High-Quality Pre-Kindergarten in its application and thus being eligible for a priority award.

Staff recommends denial of the amendment to the Application to replace the High-Quality Pre-Kindergarten election with an alternative service model.

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Baker & Hostetler LLP
111 Congress Avenue
Suite 810
Austin, TX 78701-4057
T 512.215.3200
F 512.215.3201
www.bakerlaw.com

BakerHostetler

March 23, 2026

VIA EMAIL DELIVERY
Rosalio Banuelos
Director of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410
rosalio.banuelos@tdhca.texas.gov

Re:	Request for Amendment to Tax Credit Application
Development:	The Ashbourne
TDHCA Application:	#25073
Applicant:	9677 South Kirkwood Drive Propco, L.P.

Mr. Banuelos:

On behalf of the Applicant, we respectfully request approval of an amendment to the above-referenced tax credit application. This request is submitted in connection with the enclosed narrative, which describes the proposed amendment in detail and is intended for Board consideration.

The Applicant respectfully requests that TDHCA review the proposed amendment and, upon approval by the Board, incorporate the requested changes as set forth in the attached narrative and any accompanying supporting documentation into the application record for the Development.

Enclosed with this request will be the required $3,000 amendment fee. The check is currently in transit to my office and will be forwarded to TDHCA under separate cover upon receipt; courier and tracking information will be provided at that time. If TDHCA requires any additional information, documentation, or clarification in connection with this request, please do not hesitate to contact me at kloesche@bakerlaw.com or (512) 215-3215.

Very truly yours,

Kimberly Loesche

Material Amendment Request — Narrative Statement

TDHCA Application #25073 — The Ashbourne
March 2026

I. Summary of Request

9677 South Kirkwood Drive Propco, L.P. (the "Applicant") respectfully requests a material amendment to TDHCA Application #25073 for The Ashbourne, a 9% Low-Income Housing Tax Credit development located in the Alief area of Houston, Texas. This amendment seeks to modify the on-site early childhood education commitment from an on-site High-Quality Pre-Kindergarten ("HQ Pre-K") program operated by an Educational Provider to an alternative service model developed in direct collaboration with Alief Independent School District ("Alief ISD"), the independent school district that serves the proposed Development and its students.

Specifically, the Applicant proposes to replace the on-site HQ Pre-K commitment with the following, which reflect Alief ISD's stated preferences and operational capabilities:

- **Pre-K Enrollment:** Pre-Kindergarten-age residents (ages 3 and 4) will, at the resident's discretion, enroll at Martinez Early Learning Center ("Martinez ELC"), an Alief ISD-serviced campus located approximately 1.5 miles from The Ashbourne.
- **On-Site After-School Programming:** The Applicant commits to construct the on-site stand-alone facility contemplated for the HQ Pre-K in § 11.101(b)(5)(C)(i)(I)(-a-) of the 2025 Qualified Allocation Plan[1]. However, the facility will be utilized for Alief ISD to provide after-school services for elementary, middle, and high school-aged children, supporting residents of all ages and grade levels with enrichment and care. The Applicant expects to enter into an agreement with Alief ISD, as an Educational Provider, in accordance with the requirements of § 11.101(b)(5)(C)(i)(I)(-b-) of the QAP, also abiding by § 11.101(b)(5)(C)(i)(I)(-c-) of the QAP, if Alief ISD fails to serve as the Educational Provider at any time.

II. Background and Good-Faith Basis for the Original Commitment

The original HQ Pre-K commitment in Application #25073 was made in good faith, based on direct engagement prior to the Application submission between Alief ISD and the then-CEO of Impact Residential Development, L.L.C., the manager of the Applicant's General Partner. Conversations with Alief ISD began prior to filing the Pre-Application, as part of the community engagement process. On February 21, 2025, the prior CEO met with representatives of Alief ISD, including Maria Martinez, Kathleen Jahn, and Superintendent Dr. Anthony Mays to discuss a collaborative partnership for early childhood education services at The Ashbourne. Alief ISD

[1] Capitalized terms used but not defined in this request shall utilize the definitions given them in the 2025 Qualified Allocation Plan.

accepted the meeting invitation and participated constructively. See Exhibit A. Based on these discussions, the Applicant included the HQ Pre-K commitment in its 9% LIHTC Application, which was subsequently awarded.

When the prior CEO departed the company in November 2025, the new leadership team re-engaged Alief ISD to advance the partnership and formalize the HQ Pre-K arrangement. This re-engagement led to a series of in-person and virtual meetings and communications that revealed a significant change in Alief ISD's position regarding on-site HQ Pre-K delivery at The Ashbourne.

III. Discovery That On-Site Pre-K Is Not Feasible

On February 4, 2026, the Applicant convened a collaborative call with Alief ISD and Rosemann & Associates (the architect of record) to discuss the design and delivery of on-site HQ Pre-K services. During this call, Alief ISD communicated clearly that it had no desire to operate a HQ Pre-K program at The Ashbourne. The district explained that its nearby Pre-K campus (~1.5 mile drive from the Development Site), Martinez Early Learning Center ("Martinez ELC"), is currently experiencing declining enrollment with current available capacity and budget constraints that make it unable and unwilling to provide a HQ Pre-K program on site at The Ashbourne. Instead, the district's preference and what it believes to best for the local community and the future residents at the Development, is to have 3 and 4 year old residents of The Ashbourne attend Martinez ELC rather than establish a new, duplicative and competitive program on site at The Ashbourne. Alief ISD did, however, affirm its willingness to cooperate with the provision of after-school services at The Ashbourne.

On February 19, 2026, the Applicant held a follow-up meeting with Alief ISD, at which the district presented its position in a written document titled "Impact Residential & Alief ISD Potential Partnership" (the "ISD Proposal"). See Exhibit B. The ISD Proposal suggested a multi-tier partnership framework, with a possible program for infancy to age 3, along with the Pre-K Enrollment and On-Site After-School Program described above. Ultimately, Alief ISD was unable to confirm the availability of services for children in infancy to age 3, so that option was eliminated between the parties.

The Applicant cannot compel a public independent school district to operate a program it does not wish to operate. Alief ISD's position is driven by legitimate institutional concerns — namely, declining enrollment and budget concerns at an existing nearby facility — and the Applicant respects the district's operational judgment. Notably, another public school district cannot be substituted, as The Ashbourne is located within Alief ISD's attendance boundaries.

IV. Exhaustive Search for Alternative Pre-K Providers

Immediately following the February 4, 2026 call with Alief ISD, the Applicant undertook an extensive and well-documented search for an alternative Educational Provider at The Ashbourne. See Exhibit C. By definition, an Educational Provider can include an open-enrollment charter school or Education Service Center. A private school or private childcare provider can qualify as

an Educational Provider if it has entered into a partnership with a school district or open-enrollment charter school to provide a HQ Pre-K program elsewhere. The Applicant's search spanned multiple weeks and included phone, email, and website outreach to open-enrollment charter school networks, private Pre-K providers, national early childhood organizations, childcare industry brokers, and fellow LIHTC developers with Pre-K experience. Despite these efforts, no viable replacement provider was identified.

A. Direct Outreach to Pre-K Operators

Beginning on February 6, 2026, the Applicant conducted outreach via email, phone, and website inquiry forms to the following organizations:

- **KLA Schools:** Outreach sent February 6, 2026. No response received.
- **YesPrep Public Schools:** Outreach sent February 6, 2026. No response received.
- **The Varnett Public Schools:** Outreach sent February 6, 2026. No response received.
- **KIPP Texas:** Outreach sent February 6, 2026. No response received.
- **Le Petite Academy:** Outreach sent February 6, 2026. No response received.
- **Avance:** Introductory call completed and program overview emailed on February 9, 2026. Avance was initially engaged but subsequently ceased communication and did not proceed.
- **Bezos Academy:** Responded via LinkedIn on February 9, 2026, confirming that the organization has paused all physical expansion activities and is not pursuing new expansion initiatives at this time. See Exhibit D.
- **Spanish Schoolhouse:** Responded confirming that as a 100% private-pay model without accreditation participation, they are not a fit for this type of subsidized-revenue partnership. See Exhibit E.
- **Primrose Schools:** Outreach sent February 6, 2026. Declined. See Exhibit F.
- **STEP Charter/Creative Connections:** Janna Shafer, Principal at STEP Charter, shared contact information of Silvia at Creative Connections, a nearby Pre-K. Phone outreach made; no response received.
- **Etoile Academy Charter School:** Outreach over email. Email responded to claiming further discussions would be had with the team. No further response received.
- **Southwest Schools:** Outreach over email. No response received.
- **Harmony Public Schools:** Outreach over website inquiry form. No response received.
- **Houston Classical Charter School:** Outreach over email. Response received over email requesting meeting to further discuss the opportunity. Meeting held March, 19, 2026. No commitment at this time.
- **Alief Montessori Community School:** Outreach over email. No response received.
- **Amigos Por Vida Public Charter School:** Outreach over email. No response received.
- **Houston Gateway Academy:** Outreach over website inquiry form. Response received requesting call to further discuss the opportunity. Called with no voicemail to leave message. No further response.

- **School of Science and Technology:** Outreach over website inquiry form. Response received claiming the message was routed to the superintendent's office. No further response.
- **Academy of Accelerated Learning:** Outreach over email. No response received.
- **Arrow Academy:** Outreach over email and website inquiry form. No response received.

C. Outreach to Fellow Developers and Industry Contacts

The Applicant also reached out to other LIHTC developers who have successfully implemented HQ Pre-K programs in their projects, both past and current, seeking introductions to operators or guidance on sourcing providers. While all of the industry peers endeavored to be helpful, some did not have Educational Providers with connections to the Houston area. The Houston providers identified from these conversations included the Bezos Academy, which declined to participate; other organizations identified by local developers that currently provide HQ Pre-K in the Houston area declined, as well.

D. Houston / Harris County ISDs

The Applicant also identified the Houston ISD and other ISDs in Harris County as potential outreach targets. However, because The Ashbourne is located within Alief ISD's attendance boundaries, partnering with another public school district for on-site Pre-K services is not operationally or jurisdictionally feasible unless the attendance zones are modified or a charter agreement is entered into with the currently operating independent school district.

V. Why the Amended Commitment Better Serves Residents

The proposed amendment does not diminish the early childhood education commitment — it strengthens it by aligning the service model with the preferences and capabilities of the local public school district that will actually serve The Ashbourne's residents. The amended model offers several advantages over the original on-site Pre-K concept:

- **Integration with the public school system:** Enrolling children at Martinez ELC connects Ashbourne families directly to Alief ISD's full continuum of educational services, including curriculum, special education resources, meal programs, and transition to elementary school. This institutional connection is more durable and comprehensive than a stand-alone on-site program.
- **Support for a public school with declining enrollment:** Directing enrollment to Martinez ELC supports a neighborhood school that is experiencing declining enrollment, reinforcing the community benefit of the LIHTC investment rather than creating a competing program.
- **Proximity and accessibility:** Martinez ELC is approximately 1.5 miles from The Ashbourne, about a 5 minute drive from the development site.
- **Expanded age coverage:** The after-school programming for all school-age residents provides broader support for working families than the original on-site Pre-K commitment.

VI. Conclusion

The Applicant made its original Pre-K commitment in good faith, based on direct engagement with Alief ISD prior to Application submission. Upon re-engaging the district, the Applicant discovered that Alief ISD's institutional needs had evolved and that the district does not wish to operate an on-site HQ Pre-K at The Ashbourne. The Applicant then conducted an exhaustive, multi-week search for alternative Educational Providers — contacting charter networks, private operators, national organizations, childcare brokers, and fellow LIHTC developers and capital partners — and was unable to identify any willing replacement partner.

The proposed amendment reflects the reality on the ground: the local school district has clearly articulated its preferred service model, and no third-party operator is available or willing to fill the gap. Rather than commit to an arrangement that cannot be fulfilled, the Applicant proposes an alternative that is achievable, sustainable, and —by adding after school support— arguably more beneficial to residents and the local community than the original commitment.

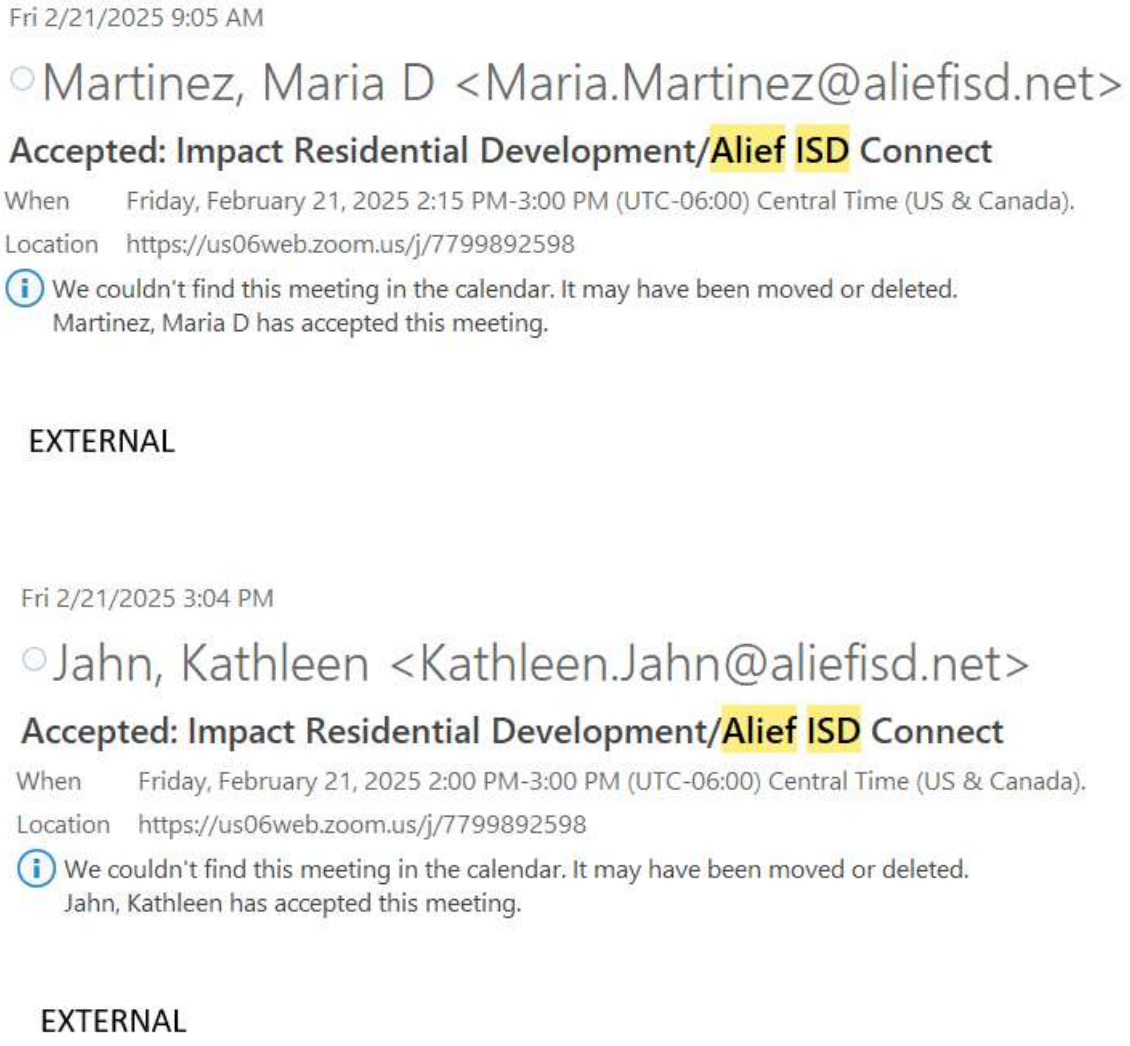
Lastly, but important to note, The Ashbourne 9% LIHTC Application would have remained competitive and ultimately received an award even in the absence of the points for HQ Pre-K. The inclusion of a HQ Pre-K is not a "point" item in the competitive process. Rather, it simply assures an award to the highest scoring Application in the urban region that makes this commitment. The Application demonstrated sufficient strength across key scoring categories—including location characteristics, development readiness, and local support—to achieve a score above the applicable funding cutoff within Urban Region 6. Simply, all of the Applications in Urban Region 6 were funded, regardless of score. No other Applicant is disadvantaged by this request. Nonetheless, the Applicant remains committed to the original scoring choice, although now a variation of it, and supporting resident enrichment and educational outcomes. The Applicant is willing to coordinate and partner with Alief ISD and others as appropriate to facilitate and administer this program as described ensuring that the Development continues to provide a meaningful educational services component for resident families and their children and the local community writ large. The modification to the HQ Pre-K program will not affect The Ashbourne project's development or operating budget. The project remains fully feasible as planned, and any partnership with the Alief ISD to provide educational services can be implemented without additional costs or impact to long-term financial sustainability.

The Applicant respectfully requests that TDHCA approve this material amendment to Application #25073.

Exhibits (Referenced)

- **Exhibit A:** Alief ISD meeting acceptance — Maria Martinez and Kathleen Jahn calendar response (February 5, 2025, for February 21, 2025 meeting)
- **Exhibit B:** Impact Residential & Alief ISD Potential Partnership document (presented at February 19, 2026 meeting)
- **Exhibit C:** Pre-K provider outreach tracker — status as of February 9, 2026
- **Exhibit D:** Bezos Academy LinkedIn response — Emmanuel Imah (February 9, 2026)
- **Exhibit E:** Spanish Schoolhouse LinkedIn response — Evan Meehan (February 6, 2026)
- **Exhibit F:** Primrose Response

Exhibit A: Alief ISD meeting acceptance — Maria Martinez and Kathleen Jahn calendar response (February 5, 2025, for February 21, 2025 meeting with Impact's CEO)



Fri 2/21/2025 9:05 AM

Martinez, Maria D <Maria.Martinez@aliefisd.net>

Accepted: Impact Residential Development/Alief ISD Connect

When Friday, February 21, 2025 2:15 PM-3:00 PM (UTC-06:00) Central Time (US & Canada).

Location https://us06web.zoom.us/j/7799892598

We couldn't find this meeting in the calendar. It may have been moved or deleted.
Martinez, Maria D has accepted this meeting.

EXTERNAL

Fri 2/21/2025 3:04 PM

Jahn, Kathleen <Kathleen.Jahn@aliefisd.net>

Accepted: Impact Residential Development/Alief ISD Connect

When Friday, February 21, 2025 2:00 PM-3:00 PM (UTC-06:00) Central Time (US & Canada).

Location https://us06web.zoom.us/j/7799892598

We couldn't find this meeting in the calendar. It may have been moved or deleted.
Jahn, Kathleen has accepted this meeting.

EXTERNAL

Exhibit B: Impact Residential & Alief ISD Potential Partnership document (presented at February 19, 2026 meeting)

Impact Residential & Alief ISD Potential Partnership

Beginning in December 2025, discussion has taken place with members of the Impact Residential Project and leaders of the Alief Independent School District. The elements to be discussed include:

Impact Residential

- Designing a facility to house residents through the site plan (Ashbourne - Prelim Site Plan.pdf) located in the Alief area.
- Grant funding mandates that the facility offers opportunity through collaboration for Early Childhood Academic Services.
    - Texas Education Code Chapter 29, Subchapter E-1.pdf
    - 25-QAP.pdf
- Collaboration with Alief ISD is desired for partnership with the project

Alief Independent School District

- Services offered for Pre-Kindergarten (4-yr olds currently and 3 yr olds beginning in 2026-2027) at Martinez Early Learning Center in proximity of the residential project
- Collaboration creates opportunity for increased enrollment at the early childhood area with students attending Alief campuses

Collaborative Partnership Proposal

❖ Ultimately, the goal is a 3-layer partnership:
    - Layer 1 - Pre-K age students (ages 3 & 4) enroll and attend Martinez ELC
    - Layer 2 - Pre-Early Childhood students (Infant - Toddler 2) could possibly receive services through a neighborhood partnership service of Early Years Program by Baker Ripley HeadStart, which is a collaboration with Alief ISD
    - Layer 3 - After-School service provided for students of all ages at the Ashbourne site

Next Steps

✓ Subcommittee groups with liaison for each layer to schedule planning meetings
    - Layer 1 – Alief Early Childhood Coordinator and Impact Residential member
    - Layer 2 - Alief Early Childhood Team, Baker Ripley, and Impact Residential member
    - Layer 3 – Impact Residential Design Team and Alief ISD Team (Assistant Superintendent of Support Services, After School Coordinator)

Exhibit C: Pre-K provider outreach tracker — status as of February 9, 2026

On Mon, Feb 9, 2026 at 12:11 PM Will Sternlicht <wsternlicht@starwood.com> wrote:

> Hi all, sharing the most recent update on our hunt for a Pre-K provider. Hoping maybe the list will spark some other ideas, although the eligible school requirements make the list pretty short from what I'm seeing.
>
> Please LMK if you have any other ideas or mutual Linkedin connections (i.e. Head of Partnerships for Bezos responded to my linkedin request before I heard back from their inbound email).
>
> Thanks!
>
> As of Morning of 2/9/2026
>
> In Conversation:
>
> - Avance | Emailed overview 2/9/26 post intro call
> - Alief ISD | conversation 2/4/26
>
> No Response Yet
>
> - Primrose Schools | 2/6/26 cold outreach
> - KLA Schools | 2/6/26 cold outreach
> - YesPrep Public Schools | 2/6/26 cold outreach
> - The Varnett Public Schools | 2/6/26 cold outreach
> - KIPP Texas | 2/6/26 cold outreach
> - Le Petite Academy | 2/6/26 cold outreach
>
> Not Yet Contacted:
>
> - Houston / Harris County ISD
> - BakerRipley
>
> Not interested/eligible:
>
> - Bezos Academy: (They're not expanding / have over expanded)
> - Spanish Schoolhouse (100% private Pay / no accreditation)

Update, as at 3/9/26:

Avance has gone silent indicating lack of interest;
Still no response from Primrose, KLA, YesPrep, Varnett, Kipp or Le Petite Academy;
Baker Ripley has declined;
Other public school districts ruled out.

Exhibit D: Bezos Academy LinkedIn response (February 9, 2026)

Hi Will – Apologies for my delayed response and thank you for your interest in exploring a potential partnership with Bezos Academy. We are always glad to connect with leaders and organizations whose mission and focus align closely with ours.

After careful internal review, we made the decision to pause activities related to expanding our physical footprint. Following a period of rapid growth, we took time to reflect on what is best for the organization and identified two core priorities that will guide our work for the foreseeable future: ensuring our students are fully prepared for kindergarten after two years in our schools, and doing so in a way that is both affordable and replicable by other organizations.

While we will continue opening the remaining schools already in progress between now and the end of the year, we are not pursuing new expansion initiatives at this time.

That said, we are currently reimagining potential models for future partnerships. We expect this ideation period to take several months. If you are interested in serving as a thought partner during this time, I would be happy to explore connecting you with my colleague who leads our partnership efforts in Texas for an initial conversation. Please let me know if that would be of interest.

Regards!

Exhibit E: Spanish Schoolhouse LinkedIn response (February 6, 2026)

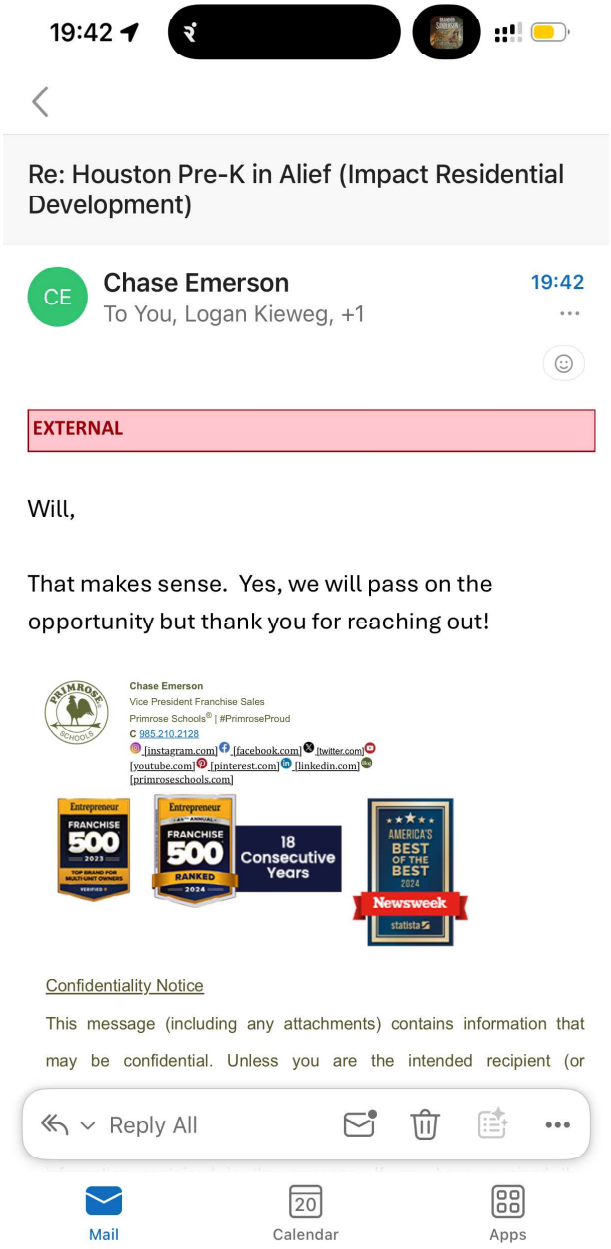
Thanks, Will.

We don't fit the first requirement beause we don't participate in those accreditation programs. We're currently 100% private pay, and those are usually geared towards providers who are seeking subsidized revenue.

I want to be helpful. It sounds like a worthy project. Here's a couple ideas:
-The Texas Rising Star program maintains a list of operators, so you can reach out to people who already qualify in TX.
-HINGE (Kathy Ligon is the founder) is a national childcare business brokerage. They know everyone in the industry, and could probably link you to the right operator.

Please don't hesitate to reach out again if I can ever help.

Exhibit F: Primrose Response



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1474 **Agenda Date:** 6/4/2026 **Agenda #:** 32.

Presentation, discussion, and possible action on the 2027 Low Income Home Energy 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 Health and Human Services (USHHS) each year to administer the Low Income Home Energy Assistance Program (LIHEAP);

WHEREAS, the Board approved a draft 2027 LIHEAP State Plan (the Plan) on April 9, 2026, which was then made available for public comment and that public comment is addressed in Attachment A; and

WHEREAS, the final 2027 LIHEAP State Plan includes the awards to subrecipients of 2027 LIHEAP funds as recommended through the Previous Participation Review and Approval Process (PPRAP) in Attachment B;

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 USHHS and upon USHSS 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 USHHS or to make such decision and non-substantive technical corrections as they or any of them may deem necessary or advisable to effectuate the foregoing.

BACKGROUND

The Department develops and submits a LIHEAP State Plan each year on or before September 1 to USHHS to receive its annual allotment of LIHEAP funds. For 2027, the Department expects to receive a total of approximately $180,000,000 in LIHEAP funding. 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.

The draft version of the 2027 LIHEAP State Plan was approved to be released for public comment by the Board on April 9, 2026. The public comment period was open from April 24, 2026, to May 15, 2026, and four public hearings were held at four locations throughout the state May 12-14, 2026. Public comment was received and a summary of this comment with a Department response is provided in Attachment A.

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. Also, the Plan has yet to be reviewed and approved by USHHS. In its review, it is common for USHHS to request corrections to the Plan. Staff recommends approval for staff to make such required changes to ensure USHHS approval.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) requires a review of LIHEAP awards prior to recommendation to the Board. These LIHEAP awards are subject to this review and are listed in Attachment B. The review has been performed and all awards in Attachment B are recommended for award with no conditions except for South Texas Development Council and Tri-County Community Action which are recommended for award with the following conditions:

Agency	**Condition**
South Texas Development Council (STDC)	This award is conditioned on the results of the SOAH hearing anticipated to convene on **August 11, 2026**. SOAH will issue a proposal for decision to the TDHCA Governing Board recommending whether there is cause to terminate funding to STDC. The TDHCA Governing Board will be provided the proposal for decision, and it will be considered as part of any final order by the Board in the matter. If the TDHCA Governing Board determines there is cause to terminate funding, STDC's status as a LIHEAP subrecipient will be terminated.

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Tri-County Community Action	Tri-County Community Action is required to provide all documentation relating to the FYE 2025 Single Audit on or before **January 1, 2027**. The compliant Single Audit must also be uploaded and accepted by the Federal Audit Clearinghouse, with confirmation provided to the Department. Depending on the results of that Single Audit, the Department may impose additional conditions upon the Contract in accordance with 2 CFR §200.207.

ATTACHMENT A: SUMMARY OF PUBLIC COMMENT AND STAFF RESPONSE

The Department accepted public comment from April 24, 2026, through May 15, 2026, and conducted four public hearings May 12-14, 2026, in Houston, Fort Worth, Odessa and Austin. Comment was received from three individuals representing three organizations. Comments and responses are presented in the following table. Note that public comment numbers are assigned and used to identify commenters.

#	Commenter	Organization
1	Glynniece Herron, CEAP Program Director	BakerRipley
2	Daniel Araiza, WAP Program Manager	Dallas County Health & Human Services
3	Michelle Doonkeen, Assistant Director CEAP/CSBG	City of Fort Worth

Commenter	Comment Summary	Staff Response	Proposed Changes to the Plan
#1	CEAP Benefit Levels in Sections 2.6 Heating, 3.6 Cooling, 4.7 Crisis, and Attachment 3 Benefits Matrix. Commenter expresses concern over the benefit levels and asks that they be increased from their current level at $1200/$1500/$1800 to $1600/$1900/$2200.	The Department appreciates the comment. At this time, the Department does not intend to increase the CEAP benefit levels. Because the amount of LIHEAP funding for Texas cannot meet the demand or need, the Department must balance the two (i.e., funding amount and need). Increasing benefit levels will serve less households, while decreasing benefit levels will serve more households. The Department recognizes that energy costs in Texas have increased over the last several years, which also increases the number of those in need and those applying for utility assistance. The Department decreased the benefit levels in January 2025 due to a decrease in additional federal funding for LIHEAP after the COVID pandemic.	No change.

#2	Section 5 Weatherization Assistance. Commenter requests that the Department consider an increase to the Health and Safety budget in the LIHEAP Plan due to a rise in the cost of construction materials and labor which increases the average cost of health and safety repairs per unit. These rising costs have forced the Dallas County Weatherization Assistance Program to scale back on the installation and repair of essential health and safety measures (e.g., emergency heating and cooling replacements, gas line, hording remediation, ventilation, and electrical safety repairs) that are necessary to protect the occupants of the unit.	The Department appreciates the comment. Health and safety costs are not addressed in the LIHEAP Plan but are addressed in the DOE Plan which has already been out for public comment; however, the Department did provide data in the DOE WAP Plan which can justify an increase to the total average health and safety cost per unit. The Department believes it has data to support an increase and will work with DOE in the coming months to increase the allowable total average health and safety cost per unit. If DOE approves the increase, then this increase will be reflected in the DOE WAP Plan.	No change.
#3	CEAP Benefit Levels in Sections 2.6 Heating, 3.6 Cooling, 4.7 Crisis, and Attachment 3 Benefits Matrix. Commenter asked whether any economic analysis goes into the Department's determination of the CEAP maximum benefit levels and whether current market conditions are considered.	The Department appreciates the question. In its consideration of benefit levels, the Department uses information and data provided by the U.S. Energy Information Administration (EIA) which shows the annual statewide residential average retail price of electricity; however, this is not the sole factor in determining CEAP benefit levels. Other important factors in determining benefit levels include, but is not limited to, the amount of funding available for the program, the amount of need, and how benefit levels may affect CEAP subrecipients' ability to expend funds in a timely manner.	No change.

ATTACHMENT B: LIST OF SUBRECIPIENTS AND ALLOCATIONS

2027 LIHEAP CEAP ALLOCATIONS

Contract Period: January 1, 2027 - December 31, 2027

	SUBRECIPIENT	ALLOCATION
1	Aspermont Small Business Development Council	674,184
2	BakerRipley	24,908,011
3	Bexar County Community and Development Services	10,091,801
4	Brazos Valley Community Action Programs	4,618,390
5	City of Fort Worth	7,620,520
6	City of Lubbock	1,666,838
7	Combined Community Action Agency	2,851,049
8	Community Action Corporation of South Texas	5,425,675
9	Community Action Inc. of Central Texas	1,151,094
10	Community Council of South-Central Texas	6,204,604
11	Community Services of Northeast Texas	2,500,151
12	Concho Valley Community Action Agency	1,846,972
13	Cornerstone Community Action Agency	971,877
14	Crossroads Community Action	1,569,040
15	Dallas County Department of Health and Human Services	12,278,078
16	Economic Action Committee of the Gulf Coast	582,701
17	Economic Opportunities Advancement Corporation of PR XI	3,101,856
18	El Paso Community Action Program-Project Bravo	5,904,927
19	Greater East Texas Community Action Program	8,926,418
20	Hidalgo County Community Services Agency	7,749,543
21	Hill Country Community Action Association	2,586,751
22	Kleberg County Human Services	2,701,582
23	Nueces County Community Action Agency	2,069,664
24	Opportunities for Williamson & Burnet Counties	1,281,070
25	Panhandle Community Services	3,637,923
26	Pecos County Community Action Agency	1,031,046
27	Rolling Plains Management Corporation	2,765,412
28	South Plains Community Action Association	1,846,659
29	South Texas Development Council*	1,233,084
30	Texas Neighborhood Services	1,867,355
31	Texoma Council of Governments	5,490,942
32	Travis County Health and Human Services	4,335,972
33	Tri-County Community Action Inc.*	2,122,056
34	Webb County Community Action Agency	2,143,165
35	West Texas Opportunities	2,929,597
	Total	**$148,686,007**

Note: All figures are estimates and based on 2026 allocations. Staff will proportionally revise the award amounts according to formula upon Congressional approval and receipt of grant notifications from the U.S. Department of Health and Human Services.

*The Board has placed a condition on these awards that must be met before a contract is executed.

2027 LIHEAP WAP ALLOCATIONS

Contract Period: January 1, 2027 - December 31, 2027

	SUBRECIPIENT	ALLOCATION
1	Alamo Area Council of Governments	1,505,936
2	BakerRipley	2,743,879
3	Brazos Valley Community Action Programs	559,715
4	City of Fort Worth	922,447
5	Combined Community Action Agency	484,955
6	Community Action Corporation of South Texas	2,301,433
7	Community Council of South-Central Texas	549,684
8	Concho Valley Community Action Agency	265,133
9	Crossroads Community Action	433,352
10	Dallas County Department of Health and Human Services	1,485,196
11	Economic Opportunities Advancement Corporation of Planning Region XI	445,641
12	El Paso Community Action Program-Project Bravo	715,160
13	Greater East Texas Community Action Program	1,498,051
14	Hill Country Community Action Association	501,661
15	Nueces County Community Action Agency	251,765
16	Panhandle Community Services	441,250
17	Rolling Plains Management Corporation	617,058
18	South Plains Community Action Association	425,914
19	Texoma Council of Governments	966,919
20	Travis County Health and Human Services	525,591
21	West Texas Opportunities	355,666
	Total	**$17,996,406**

Note: All figures are estimates and based on 2027 allocations. Staff will proportionally revise the award amounts according to formula upon Congressional approval and receipt of grant notifications from the U.S. Department of Health and Human Services.

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)? 3

11.4 Summarize the comments you received at the hearing(s).

3 Comments:

1) Commenter requests that the maximum CEAP benefit levels be increased from $1200/$1500/$1800 to $1600/$1900/$2200.
2) Commenter requests that the average health and safety cost per unit percentage be increased due to rising construction and labor costs.
3) Commenter asks if current market conditions and the state of the economy are considered in the determination of the maximum CEAP benefit levels.

11.5 What changes did you make to your LIHEAP plan as a result of the comments received at the public hearing(s)? There were no changes made to the Plan as a result of the comments.

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 #: 1475 **Agenda Date:** 6/4/2026 **Agenda #:** 33.

Presentation, discussion, and possible action authorizing the Department to submit an application in response to the U.S. Department of Housing and Urban Development's 2025 Notice of Funding Opportunity for Section 811 Project Rental Assistance for Persons with Disabilities funds, and if successfully awarded to operate such program

RECOMMENDED ACTION

WHEREAS, on May 15, 2026, the U.S. Department of Housing and Urban Development (HUD) released a Notice of Funding Opportunity (NOFO) for the Section 811 Project Rental Assistance (PRA) Program to enable State Housing Agencies to provide project-based rental assistance in the development of supportive housing for low-income persons with disabilities;

WHEREAS, the Texas Department of Housing and Community Affairs (TDHCA or the Department) currently operates a Section 811 PRA Program supported by previous awards from HUD in 2012, 2013, and 2019 totaling $31 million; and is pending contract execution with HUD for an award made in 2023 for an additional $8 million;

WHEREAS, TDHCA's existing Section 811 Program operates successfully and has the appropriate expertise, partnerships and systems in place to pursue additional funds and, if awarded to perform such work;

WHEREAS, after the award of the 2023 grant from HUD, provision of points were integrated into the 2025 and 2026 Qualified Allocation Plans (QAPs) to encourage participation from properties in the program's delivery; and

WHEREAS, the Department, as required by HUD, has an existing collaboration with the Texas Health and Human Services Commission and the Texas Department of Family and Protective Services established through an Inter-Agency Partnership Agreement;

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 submit an application for up to the award ceiling, estimated to be $9.875 million in funding in response to the NOFO and provide any other appropriate responsive documents to HUD; and

FURTHER RESOLVED, that if HUD makes an award from this NOFO to the Department, the Department is authorized to proceed with accepting such an award, including but not limited to releasing any needed Requests for Applications or Notice of Funding Availability and including 811 participation in subsequent QAPs, and implementing the program in accordance with the rules and policies in place for the Section 811 Project Rental Assistance Program.

BACKGROUND

On May 15, 2026, HUD released a NOFO announcing the availability of $158 million for the Section 811 PRA Program which seeks to identify, stimulate, and support sustainable state approaches that will transform the provision of housing for persons with disabilities while providing access to appropriate supports and services. HUD expects to make approximately 16 awards with an estimated maximum award amount of $9.875 million. The NOFO allows state housing agencies to creatively combine or bundle Section 811 PRA funds with existing state administered affordable rental housing finance and development programs.

Like the existing 811 PRA Program that TDHCA operates, the NOFO requires that funds be used as project-based rental assistance for housing units integrated within multifamily properties that are set-aside for extremely low-income persons with disabilities who are eligible for community-based long-term care services and supports provided under a State Medicaid Program or other comparable long-term services program. The NOFO also allows limited use for the Department's administrative costs.

If awarded this fifth round of 811 funding, the Department anticipates that we may seek to garner participation through the issuance of a Request for Applications or Notice of Funding Availability in specific areas of the state. We also anticipate that there will continue to need to be incentives integrated into the subsequent QAPs to encourage participation from multifamily properties. The 2025 and 2026 QAPs already has included the 811 program points in response to the 2023 award of funds from HUD. TDHCA, together with our Texas Health and Human Services partners, have established a robust referral network to ensure these units can be filled once funding is made available.

The Department is designing its application to substantially mirror the current Section 811 PRA program design including serving the same target populations and the same geographic areas, as there is already sufficient demand without further expansion. Staff recommends the Department be authorized to apply to HUD for the Section 811 PRA NOFO, and to have the flexibility in designing TDHCA's application to develop a responsive program design.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1470 **Agenda Date:** 6/4/2026 **Agenda #:** 34.

Presentation, discussion, and possible action authorizing the Department to amend the service area for the Foster Youth to Independence Initiative

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) Foster Youth to Independence (FYI) Initiative is designed to provide rental assistance vouchers to youth aged 18 to 24 who have left foster care or will leave foster care within 180 days in accordance with a transition plan described in Section 475(5)(H) of the Social Security Act and who are homeless or at-risk of becoming homeless;

WHEREAS, on March 15, 2023, HUD published PIH Notice 2023-04 related to its FYI Initiative;

WHEREAS, on April 9, 2025, HUD published PIH Notice 2025-08 modifying certain provisions in the FYI Initiative;

WHEREAS, the Department is an eligible entity to participate in the FYI Initiative as a Public Housing Authority (PHA) currently administering the Housing Choice Voucher (HCV) Program;

WHEREAS, on September 5, 2024, the Board authorized staff to request vouchers under the FYI Initiative but while that action allowed the Department's issuance authority statewide, it contained a caveat that to the extent that other PHAs are offering FYI vouchers, the Department would only issue in areas of the state that already have an administering PHA if that PHA has maximized their voucher allocation or has otherwise declined to issue a voucher to an eligible participant;

WHEREAS, the Department has now been issuing FYI vouchers to youth referred from the Department of Family and Protective Services (DFPS);

WHEREAS, staff recommends that TDHCA's service area for the FYI Initiative be expanded statewide irrespective of other FYI voucher availability from another PHA to better allow full statewide access to the program for youth; and

WHEREAS, the recommendation to remove the prior restriction is supported by the Department's referral partner, DFPS;

NOW, therefore, it is hereby

RESOLVED, the Department is authorized to proceed with implementation of the FYI Initiative

on a statewide basis without limitation.

BACKGROUND

The Foster Youth to Independence (FYI) Initiative is a HUD-funded program administered by Public Housing Authorities (PHAs). The FYI Initiative provides Housing Choice Vouchers (HCVs) to youth eligible under the Family Unification Program. While the Department does not administer the Family Unification Program, HUD has provided PHAs with the opportunity to apply for these HCVs for the FYI Initiative so long as they meet certain qualifications, including holding an existing Annual Contributions Contract to administer regular HCVs.

FYI Vouchers are awarded under a noncompetitive process, and HUD awards vouchers which may be issued to an eligible participant referred by the Department of Family and Protective Services. Limitations on the number of vouchers that may be issued are determined by HUD. The Board determined that TDHCA may participate in the FYI Program at its meeting of September 5, 2024. To date, 48 vouchers have been requested from HUD for referred youth, and eight have been issued to the eligible youth.

Prior to placing the request for a voucher to HUD, the PHA must have identified the youth to be served and certify their eligibility. Additionally, the PHA must include its certification that it has entered into a partnership with a Public Child Welfare Agency (PWCA) responsible for making eligibility determinations and referrals to the PHA, as well as third party partners and supportive services providers. The Department has entered into an agreement with the Department of Family and Protective Services (DFPS). The DFPS State Office of Transitional Living Services provides these referrals, and arranges all required supportive services for the youth at no cost to the Department.

The FYI Initiative requires youth assisted under the Initiative to meet specific eligibility requirements, including being at least 18 but not more than 24 years of age. The eligible youth must have either left foster care, or be leaving foster care within 180 days, and must be homeless or at-risk of becoming homeless. This may include pregnant or parenting youth and is not limited to single-person households. DFPS ensures that assisted youth are receiving the required supportive services, which must be made available during the entire duration of the assistance term, which is generally limited to 36 months.

Staff have conferred with DFPS's Office of Transitional Living Services and recommends that the Department administer the FYI Initiative on a statewide basis. The prior authorization limited TDHCA's service area to areas where no PHA was administering FYI, or where the administering PHA had maximized their voucher allocation or has otherwise declined to issue a voucher to an eligible participant. A statewide model allowing the voucher to be requested and issued by TDHCA would allow for the vouchers to be utilized more rapidly, and to best meet the needs of the participating youth. This recommendation is supported by DFPS, who has agreed to make referrals to TDHCA from any area of the state in order to maximize effective use of available FYI vouchers.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1491 **Agenda Date: 6/4/2026** **Agenda #: 35.**

Presentation, discussion, and possible action on an appeal for The Trails (26043)

PULLED FROM THE AGENDA

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1492 **Agenda Date: 6/4/2026** **Agenda #: 36.**

Presentation, discussion, and possible action on an appeal for Paredes Apartments (26096)

PULLED FROM THE AGENDA

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1493 **Agenda Date:** 6/4/2026 **Agenda #:** 37.

Presentation, discussion, and possible action on a request for an extension of the previously approved deadline to Place in Service for Sunset Ridge

RECOMMENDED ACTION

WHEREAS, Sunset Ridge was awarded 9% housing tax credits during the 2024 Competitive Housing Tax Credit cycle and then approved for force majeure treatment in 2025;

WHEREAS, as part of that approval, the Governing Board imposed a deadline of June 30, 2027, for the Development to place in service, which is six months shorter than would have been allowed federally; and

WHEREAS, the Development Owner has requested that the deadline be extended to December 31, 2027;

NOW, therefore, it is hereby

RESOLVED, that the request to extend the previously approved deadline for Sunset Ridge is approved.

BACKGROUND

Development	Sunset Ridge
Target Population	General
HTC Award	$868,951
City	Burnet
Total Units	36
HTC Units	36
Initial Year of Award	2024
Extension Requested	Six additional months (a six-month extension was previously approved in October 2025)

Sunset Ridge is a 36-unit development located in Burnet, Burnet County. The Development received 9% housing tax credits in 2024, and the Board approved a request to reallocate the credits with a six-month extension to place in service in 2025. As a result, the current deadline to place in service is June 30, 2027.

The project is currently on track to be completed by June 2027; however, because little cushion exists in the construction schedule, the syndicator has restructured its equity payments in a way that negatively affects the Development. The request includes a letter from Boston Financial that states it has, "restructured its equity installment payment schedule to hold back nearly all equity until the receipt of an additional six-month force majeure or the completion of construction. This holdback of equity will increase costs to the development due to increased construction loan draws and so increased construction loan interest."

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

The Applicant previously met this standard to the Board's satisfaction when a request under this provision of the rule was approved in October 2025. Because the current request only asks to extend the previously approved extension to the fully allowable federal deadline of December 31, 2027, the Developer is not strictly required by rule to qualify under one of these standards. This request appears to be driven by the syndicator's policies.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The new deadline to place in service 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 deadline to place in service.

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HVM 2024 Burnet, LLC

209 S. West Street • Burnet, TX 78611 • Telephone (512) 756-6809
Email dennishoover@hamiltonvalley.com

May 18, 2026

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

RE: 24261 Sunset Ridge Apartments

Dear Mr. Ruizl,

HVM 2024 Burnet, LLC ("Owner"), the owner of the above referenced development, respectfully requests Force Majeure treatment for the Sunset Ridge Apartments.

This development previously received Force Majeure treatment in October 2025 due to delays with the Burnet ISD reviews for flood control and drainage studies.

In October, the Owner presented a fifteen-month construction schedule. The syndicator's investment committee requires a minimum of three (3) months after the completion of construction to meet the placement in service deadline. Due to delays at the end of the year, the Owner was not able to close in 2025. The Owner fully closed in March 2026, and construction began in April 2026.

The updated construction schedule (Exhibit A) puts completion in June of 2027; however, it does not allow for the three-months required by the syndicator to be placed in service after construction completion. A letter from Boston Financial is attached with this request (Exhibit B).

The Owner has fully closed the development and construction is underway; however, the syndicator is holding the Owner's first syndication payments until they receive an additional six-month extension to December 2027 on the placement in service deadline.

Additionally included are pictures of the start of construction (Exhibit C).

Should you have any questions or need additional information, please feel free to contact me.

Sincerely,

Dennis Hoover
Member

Exhibit A

Sunset Ridge Apartments
Estimated Construction Schedule

	A	B	C	D
1	**PROJECT - Sunset Ridge Apartments**	**Start**	**Duration**	**Finish**
2	**Estimated Construction Schedule**	Monday, April 06, 2026	424	Friday, June 04, 2027
11				
12	Summary(s)			
13	Construction Commencement	Monday, April 06, 2026	1	Tuesday, April 07, 2026
15	Demo, Clearing, Silt Fence, Const Fenc	Wednesday, April 08, 2026	12	Monday, April 20, 2026
16	Sitework / Utilities / Concrete	Tuesday, April 21, 2026	343	Tuesday, March 30, 2027
17	Building 1	Tuesday, July 14, 2026	325	Friday, June 04, 2027
19	Project Closeout and Handover	Friday, May 28, 2027	6	Thursday, June 03, 2027
20				
21	Sitework / Utilities / Concrete	Wednesday, April 08, 2026	356	Tuesday, March 30, 2027
22	Demo, Clearing, Silt Fence, Const Fenc	Wednesday, April 08, 2026	12	Monday, April 20, 2026
23	Strip Site - Clear and Grub	Tuesday, April 14, 2026	5	Sunday, April 19, 2026
24	Rough Grade Site	Tuesday, April 21, 2026	15	Wednesday, May 06, 2026
26	Excavate Building Pads	Monday, May 11, 2026	15	Tuesday, May 26, 2026
27	Forms and GB Excavation	Friday, May 29, 2026	15	Saturday, June 13, 2026
28	U/G Plumbing	Monday, June 15, 2026	8	Tuesday, June 23, 2026
29	Steel and Vapor Barrier	Friday, June 26, 2026	8	Saturday, July 04, 2026
30	Concrete Slab Placement Bldg 1	Friday, July 10, 2026	2	Sunday, July 12, 2026
32	Site Sanitary Sewer	Sunday, May 10, 2026	45	Wednesday, June 24, 2026
33	Site Water Service	Tuesday, May 12, 2026	45	Friday, June 26, 2026
34	Electric / Comm Service	Friday, May 29, 2026	30	Sunday, June 28, 2026
36	Drive Prep/Lime Stabilized Subgrade	Friday, June 26, 2026	20	Thursday, July 16, 2026
37	Curb & Concrete Paving	Thursday, July 16, 2026	40	Tuesday, August 25, 2026
38	Backfill	Monday, August 31, 2026	11	Friday, September 11, 2026
40	Light Pole Installation	Wednesday, September 30, 2026	15	Thursday, October 15, 2026
41	Dumpster Pad and Enclosure	Thursday, October 15, 2026	10	Sunday, October 25, 2026
42	Sidewalk	Sunday, December 20, 2026	12	Friday, January 01, 2027
43	Landscape Irrigation	Friday, March 05, 2027	4	Tuesday, March 09, 2027
44	Topsoil	Friday, March 12, 2027	4	Tuesday, March 16, 2027
45	Landscape Plantings	Friday, March 19, 2027	4	Tuesday, March 23, 2027
46	Pavement Markings and Signage	Friday, March 19, 2027	4	Tuesday, March 23, 2027
80				

Sunset Ridge Apartments
Estimated Construction Schedule

	A	B	C	D
81				
82	Building 1	Monday, July 13, 2026	326	Friday, June 04, 2027
83	Framing 1st Floor	Monday, July 20, 2026	24	Thursday, August 13, 2026
84	Floor Trusses and Subfloor	Sunday, August 16, 2026	16	Tuesday, September 01, 2026
85	Framing 2nd Floor	Thursday, September 03, 2026	24	Sunday, September 27, 2026
86	Floor Trusses and Subfloor	Wednesday, September 30, 2026	16	Friday, October 16, 2026
87	Framing 3rd Floor	Monday, October 19, 2026	20	Sunday, November 08, 2026
88	Roof Trusses and Sheathing	Monday, November 09, 2026	16	Wednesday, November 25, 2026
89	Roofing	Monday, October 19, 2026	14	Monday, November 02, 2026
90	Drywall Mechanical Closets	Monday, October 19, 2026	4	Friday, October 23, 2026
91	Siding / Windows / Doors	Friday, November 27, 2026	24	Monday, December 21, 2026
92	Masonry	Monday, November 09, 2026	50	Tuesday, December 29, 2026
93	Plumbing Rough	Tuesday, October 13, 2026	46	Saturday, November 28, 2026
94	Electric Rough	Tuesday, October 13, 2026	55	Monday, December 07, 2026
95	HVAC Rough	Friday, October 23, 2026	46	Tuesday, December 08, 2026
96	Fire Suppression Rough	Tuesday, October 13, 2026	36	Wednesday, November 18, 2026
97	Gypcrete / Homosote / Lightweight	Monday, November 23, 2026	11	Friday, December 04, 2026
98	Insulation	Monday, December 07, 2026	8	Tuesday, December 15, 2026
99	Gypsum Board Install	Monday, December 07, 2026	21	Monday, December 28, 2026
100	Paint Exterior	Monday, January 04, 2027	22	Tuesday, January 26, 2027
101	Gutter / Downspouts	Monday, March 29, 2027	8	Tuesday, April 06, 2027
102	Gypsum Board Tape / Texture	Tuesday, December 22, 2026	30	Thursday, January 21, 2027
103	First Trim Carpentry	Monday, January 25, 2027	8	Tuesday, February 02, 2027
104	First Paint Interior	Friday, February 05, 2027	16	Sunday, February 21, 2027
106	Casework / Cabinets	Saturday, February 06, 2027	26	Thursday, March 04, 2027
108	Second Trim Carpentry	Friday, February 26, 2027	14	Friday, March 12, 2027
110	Second Paint Interior	Friday, March 05, 2027	24	Monday, March 29, 2027
111	Flooring	Wednesday, March 24, 2027	18	Sunday, April 11, 2027
112	Plumbing Trim	Thursday, April 08, 2027	12	Tuesday, April 20, 2027
113	Electric Trim	Tuesday, March 30, 2027	28	Tuesday, April 27, 2027
114	HVAC Trim	Monday, April 05, 2027	14	Monday, April 19, 2027
115	Fire Suppression Trim	Friday, April 02, 2027	8	Saturday, April 10, 2027
116	Final Paint Interior	Tuesday, April 13, 2027	9	Thursday, April 22, 2027
117	Appliances	Friday, April 16, 2027	4	Tuesday, April 20, 2027
118	Misc. Finishes - Blinds, Access., etc.	Wednesday, April 14, 2027	24	Saturday, May 08, 2027
119	Punchlist	Saturday, May 08, 2027	23	Monday, May 31, 2027
120	Final Clean	Tuesday, May 25, 2027	8	Wednesday, June 02, 2027
121	Building Handover	Thursday, June 03, 2027	1	Friday, June 04, 2027
126				

Exhibit B

Boston Financial
225 Franklin St., 28th Floor,
Boston, MA 02110
T: 617.439.3911
F: 617.439.9978
www.boston.financial

May 12, 2026

Texas Department of Housing & Community Affairs
Multifamily Finance Division
221 East 11th Street
Austin, Texas 78701

Attention: Cody Campbell, Director of Multifamily Programs
Re: Force Majeure Request for Sunset Ridge TDHCA # 24261

Dear Mr. Campbell,

We are writing this letter in support of the request for a Force Majeure extension on Sunset Ridge to push the placed in service ("PIS") deadline back to December 31, 2027. Boston Financial's investment guidelines require a cushion between completion of construction and the placed-in-service deadline for a tax credit development. The current construction schedule for Sunset Ridge projects construction completion in June 2027, the same time as the PIS deadline of June 30, 2027. To mitigate its risk, Boston Financial restructured its equity installment payment schedule to hold back nearly all equity until the receipt of an additional 6-month force majeure or the completion of construction. This holdback of equity will increase costs to the development due to increased construction loan draws and so increased construction loan interest.

Hamilton Valley Management ("HVM") was diligent in its work with Boston Financial to progress Sunset Ridge to equity closing and the start of construction. Currently, Hamilton Valley Management is assuming all the risk during construction. As HVM has been a long-term affordable housing developer and operator in rural Texas, Boston Financial is in full support of HVM's receipt of a force majeure. Boston Financial is confident that HVM will complete construction by December 31, 2027, as they are incentivized to reduce their construction costs and begin delivering credits as memorialized in the partnership agreement with Boston Financial. Boston Financial appreciates the staff and board of TDHCA's continued support of Sunset Ridge to create the much-needed affordable housing in Burnet and across all of Texas.

Please feel free to reach out to me with any questions at 781-420-9290.

Sincerely,

Elizabeth M. Rowan
Director, Equity Originations

Exhibit C

KOMATSU

Hobby Student

24261 Green Manor Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 23, 2024

PROPERTY IDENTIFICATION	
Application #	**24261**
Development	**Green Manor Apartments**
City / County	**Burnet / Burnet**
Region/Area	**7 / Rural**
Population	**General**
Set-Aside	**Rural**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$868,951	**$868,951**	**$24,138/Unit**	**$0.78**

KEY PRINCIPALS / SPONSOR

- **HVM Housing, LLC / Dennis Hoover**

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	10	28%
2	18	50%
3	8	22%
4	-	0%
TOTAL	36	100%

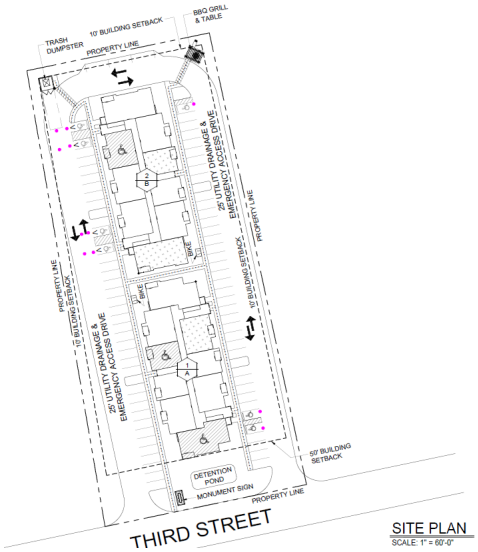
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	3	8%
40%	-	0%
50%	8	22%
60%	25	69%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	36	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.31	**Expense Ratio**	59.2%
Breakeven Occ.	83.5%	**Breakeven Rent**	$922
Average Rent	$1,023	**B/E Rent Margin**	$102
Property Taxes	$417/unit	**Exemption/PILOT**	0%
Total Expense	$6,906/unit	**Controllable**	$4,827/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (30% Maximum)			1.2%
Highest Unit Capture Rate	4%	3 BR/60%	6
Dominant Unit Cap. Rate	2%	2 BR/60%	11
Premiums (↑80% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	956 SF	**Density**	17.5/acre
Acquisition		$00K/unit	$5K
Building Cost	$129.32/SF	$124K/unit	$4,451K
Hard Cost		$155K/unit	$5,568K
Total Cost		$241K/unit	$8,694K
Developer Fee	$1,397K	(0% Deferred)	Paid Year: 1
Contractor Fee	$779K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Raymond James	15/30	6.50%	$1,722,512	1.31
TOTAL DEBT (Must Pay)			$1,722,512	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			$0	

EQUITY / DEFERRED FEES	
Source	Amount
Raymond James	$6,777,137
Deferred Developer Fee	($1)
TOTAL EQUITY SOURCES	$6,896,656
TOTAL DEBT SOURCES	$1,722,512
TOTAL CAPITALIZATION	$8,619,168

CONDITIONS

— Receipt and acceptance by Cost Certification:

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

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

RISK PROFILE

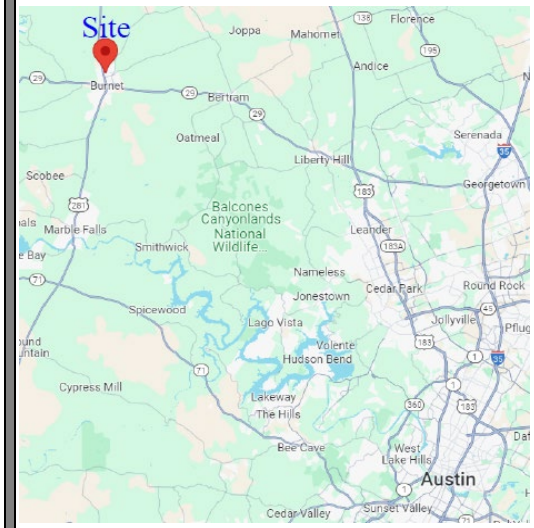
STRENGTHS/MITIGATING FACTORS

- Low gross capture rate of 1.2%
- Expense ratio of 59.2%
- Developer Experience

WEAKNESSES/RISKS

- Lack of amenities

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
July 23, 2024

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24261** Program(s): **9% HTC**

Green Manor Apartments

Address/Location: 310 E. 3rd St.

City: Burnet County: Burnet Zip: 78611

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

Activity: New Construction Building Type: Garden (Up to 4-story) Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm Lien**	**Const. Term**	**Const Lien**
LIHTC (9% Credit)	$868,951				**$868,951**						

CONDITIONS

– Receipt and acceptance by Cost Certification:

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

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	8
60% of AMI	60% of AMI	25

DEVELOPMENT SUMMARY

Green Manor Apartments is a proposed new construction development serving the general population that consists of 36 total units with a mix of 1,2 and 3 bedrooms. The development will include bicycle parking, a BBQ grill and picnic tables. There is no community/leasing facility for this development as it will share the management/leasing office with the adjacent sister property, the Garden Gate Apartments.

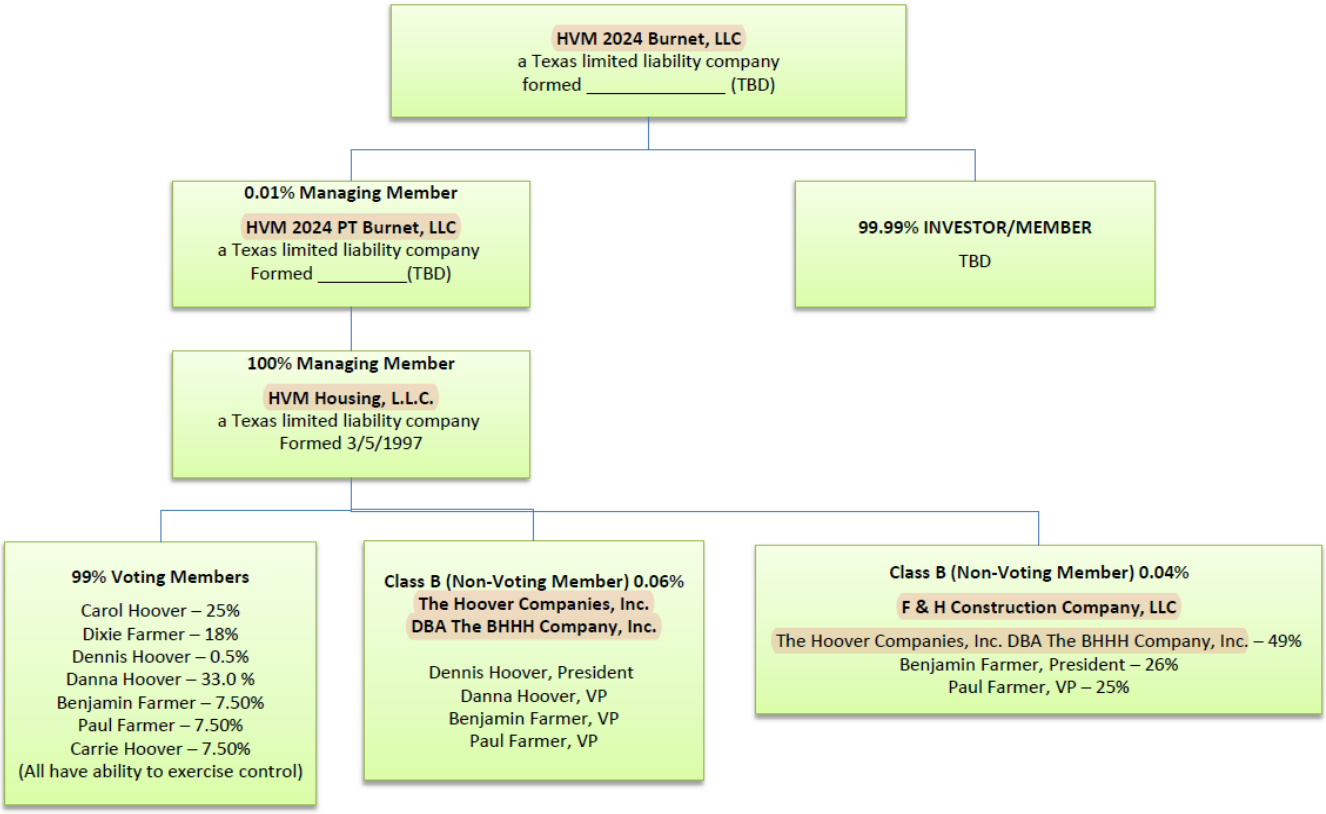
RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ Low gross capture rate of 1.2%
▫ Expense ratio of 59.2%
▫ Developer Experience

WEAKNESSES/RISKS
▫ Lack of amenities
▫
▫

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN

AERIAL

Comments:

80 parking spaces (2.3/unit) are required by local Code and 80 open surface parking spaces will be provided. All parking will be free to the residents.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	A	B											**Total Buildings**
Floors/Stories	2	2											
Number of Bldgs	1	1											**2**
Units per Bldg	18	18											
Total Units	18	18											**36**

Avg. Unit Size (SF) **956 sf**	**Total NRA (SF)** **34,422**	**Common Area (SF)*** **4,976**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 2.06 acres Density: 17.5 units/acre

Site Control: 2.09 **Site Plan:** 2.06 **Appraisal:** 0 **ESA:** 2.09

Feasibility Report Survey: 2.06 **Feasibility Report Engineer's Plan:** 2.06 **Existing LURA:** 0

Control Type: Property Sale Agreement

Development Site: 2.06 acres Cost: $0 $0 per unit

Seller: J & V Hoover Ltd

Buyer: HVM 2024 Burnet, LLC

Related-Party Seller/Identity of Interest: Yes

Comments:

Dennis Hoover is the principal of the Seller and of the Buyer, and will be conveying the property at no cost.

The LURA will encumber all 2.06 acres of the property.

The Property Sale Agreement and the ESA reflect the site as being 2.09 acres, but the survey shows that the site is actually 2.06 acres.

SITE INFORMATION

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

Comments:

Applicant provided a letter dated 6/14/2024 from the City of Burnet stating that the request for a zoning change was approved and adopted for the site to be zoned appropriately for Multi-Family Residential District R-3.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: GIBCO Environmental, LLC Date: 2/25/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- A Noise Study is required for the property under HUD Noise Assessment Guidelines. The site is less than 3,000 feet from an active railroad and more than 1000 feet from a major roadway.

MARKET ANALYSIS

Provider: Gibson Consulting, LLC Date: 3/27/2024

Primary Market Area (PMA): 1,125 sq. miles 19 mile equivalent radius

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None		NA	NA		NA

Stabilized Affordable Developments in PMA	Total Units	586
	Total Developments	9
	Average Occupancy	97.4%

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	**Assisted**		
Total Households in the Primary Market Area	20,248			
Potential Demand from the Primary Market Area	2,705			
10% External Demand	271			
Potential Demand from Other Sources	0			
GROSS DEMAND	2,976			
Subject Affordable Units	36			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	36			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**1.2%**			

Population:	**General**	**Market Area:**	**Rural**	**Maximum Gross Capture Rate:**	**30%**

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND											
		Market Analyst									
AMGI Band		Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI		602	60	3	0	0.45%					
50% AMGI		554	55	8	0	1.31%					
60% AMGI		1,161	116	25	0	1.96%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE											
		Market Analyst									
Unit Type		Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%		190	19	1	0	0.5%					
1 BR/50%		175	18	3	0	1.6%					
1 BR/60%		367	37	8	0	2.0%					
2 BR/30%		25	3	1	0	3.6%					
2 BR/50%		232	23	4	0	1.6%					
2 BR/60%		486	49	11	0	2.1%					
3 BR/30%		124	12	1	0	0.7%					
3 BR/50%		260	26	1	0	0.3%					
3 BR/60%		135	14	6	0	4.0%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$171,347	Avg. Rent:	$1,023	Expense Ratio:	59.2%
Debt Service:	$130,649	B/E Rent:	$922	Controllable Expenses:	$4,827
Net Cash Flow:	$40,698	UW Occupancy:	92.5%	Property Taxes/Unit:	$417
Aggregate DCR:	1.31	B/E Occupancy:	83.5%	Program Rent Year:	2023

High expenses for utilities, water, sewer & trash are attributable to the project being all bills paid.

Applicant's budgeted expenses were used in the analysis since Underwriter's estimated expenses only varied by 1.4%.

Applicant expects to earn $712K in cash flow over a 15 year period with no deferred developer fee.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$/ac	$139/unit	**$5,000**	Contractor Fee	**$779,459**
Off-site + Site Work		$20,889/unit	**$752,000**	Soft Cost + Financing	**$737,037**
Building Cost	$129.32/sf	$123,648/unit	**$4,451,329**	Developer Fee	**$1,396,938**
Contingency	7.00%	$10,118/unit	**$364,233**	Reserves	**$207,873**

Total Development Cost	$241,496/unit	**$8,693,868**	**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Rural [9% only]

Site Work:

Certified Site work costs totaling $652K ($18K/unit) include $80K for detention, $396K for typical grading, concrete and paving, $36K for electrical, $100K for on-site utilities, and the remaining $40K for bumper stops, striping & Amenity cost of $100K ($2.8K/unit) was not included in the site work certification, but represents the cost for landscaping.

Building Cost:

Using Marshall & Swift's "Good Quality" base cost, building costs were underwritten at $129K/unit or $135/sf vs. Applicants budget of $124K/unit or $129/sf. The difference only equates to a 4.1% variance.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$8,693,868	**$8,381,626**	**$980,650**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Raymond James	Conventional loan	$5,902,660	7.75%	81%
Raymond James	HTC	$1,355,427	$0.78	19%
City of Burnet	In-Kind Contribution	$250	0.00%	0%
		$7,258,337	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Raymond James	$1,722,512	6.50%	30	15.0	$1,722,512	6.50%	30	15	20%
Total	**$1,722,512**				**$1,722,512**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Raymond James	$6,777,137	$0.78		$6,777,137	$0.78	78%	
Boston Financial	$74,700			$74,700		1%	
Boston Financial	$119,520			$119,520		1%	
Deferred Developer Fee	$0		0%	($1)		0%	0%
Total	**$6,971,357**			**$6,971,356**			
				$8,693,868	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.780	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.698	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$8,693,868
Permanent Sources (debt + non-HTC equity)	$1,916,732
Gap in Permanent Financing	$6,777,136

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$7,648,304	$980,650
Needed to Balance Sources & Uses	$6,777,136	$868,952
Requested by Applicant	$6,777,137	$868,951

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$6,777,137**	**$868,951**

Deferred Developer Fee	**($1)**	**(.0% deferred)**
Repayable in	**1 years**	

Recommendation:

Underwriter recommends Applicant's request for $868,951 in annual 9% Housing Tax Credits.

Underwriter: *Deborah Willson*

Manager of Real Estate Analysis: *Gregg Kazak*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Green Manor Apartments, Burnet, 9% HTC #24261

LOCATION DATA	
CITY:	Burnet
COUNTY:	Burnet
Area Median Income	$87,100
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	10	27.8%	0	0	0	0
2	18	50.0%	0	0	0	0
3	8	22.2%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	**36**	**100.0%**	**-**	**-**	**-**	**-**

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	956 sf

55% Average Income		20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	3	-	8	25	-	-	-	**36**
	% Total	0.0%	8.3%	0.0%	22.2%	69.4%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$469	1	1	1	700	$469	$0	$469	$0	$0.67	$469	**$469**	**$469**	$469	$0.67	$0	$1,300	$1.86	$1,300
TC 50%	$781	2	1	1	700	$781	$0	$781	$0	$1.12	$781	**$1,562**	**$1,562**	$781	$1.12	$0	$1,300	$1.86	$1,300
TC 60%	$938	7	1	1	700	$938	$0	$938	$0	$1.34	$938	**$6,566**	**$6,566**	$938	$1.34	$0	$1,300	$1.86	$1,300
TC 30%	$562	1	2	2	967	$562	$0	$562	$0	$0.58	$562	**$562**	**$562**	$562	$0.58	$0	$1,500	$1.55	$1,500
TC 50%	$937	4	2	2	967	$937	$0	$937	$0	$0.97	$937	**$3,748**	**$3,748**	$937	$0.97	$0	$1,500	$1.55	$1,500
TC 60%	$1,125	13	2	2	967	$1,125	$0	$1,125	$0	$1.16	$1,125	**$14,625**	**$14,625**	$1,125	$1.16	$0	$1,500	$1.55	$1,500
TC 30%	$649	1	3	2	1,252	$649	$0	$649	$0	$0.52	$649	**$649**	**$649**	$649	$0.52	$0	$1,700	$1.36	$1,700
TC 50%	$1,083	2	3	2	1,252	$1,083	$0	$1,083	$0	$0.87	$1,083	**$2,166**	**$2,166**	$1,083	$0.87	$0	$1,700	$1.36	$1,700
TC 60%	$1,299	5	3	2	1,252	$1,299	$0	$1,299	$0	$1.04	$1,299	**$6,495**	**$6,495**	$1,299	$1.04	$0	$1,700	$1.36	$1,700
TOTALS/AVERAGES:		**36**			**34,422**				**$0**	**$1.07**	**$1,023**	**$36,842**	**$36,842**	**$1,023**	**$1.07**	**$0**	**$1,489**	**$1.56**	**$1,489**

ANNUAL POTENTIAL GROSS RENT:	$442,104	$442,104	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Green Manor Apartments, Burnet, 9% HTC #24261

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.07	$1,023	$442,104	$442,104	$1,023	$1.07		0.0%	$0
late fees, nsf's							$1.39	$600						
laundry income							$1.17	$504						
interest income							$25.00	$10,800						
Total Secondary Income							$27.56		$11,904	$27.56			0.0%	$0
POTENTIAL GROSS INCOME								$454,008	$454,008				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(34,051)	(34,051)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$419,957	$419,957				0.0%	$0
General & Administrative	$23,542	$654/Unit	$12,267	$341	1.98%	$0.24	$231	$8,300	$12,267	$341	$0.36	2.92%	-32.3%	(3,967)
Management	$24,703	4.7% EGI	$23,767	$660	5.95%	$0.73	$694	$25,000	$24,987	$694	$0.73	5.95%	0.1%	13
Payroll & Payroll Tax	$42,952	$1,193/Unit	$60,577	$1,683	14.88%	$1.82	$1,736	$62,500	$62,500	$1,736	$1.82	14.88%	0.0%	-
Repairs & Maintenance	$35,996	$1,000/Unit	$30,897	$858	6.91%	$0.84	$806	$29,000	$23,400	$650	$0.68	5.57%	23.9%	5,600
Electric/Gas	$13,733	$381/Unit	$4,348	$121	7.35%	$0.90	$858	$30,880	$30,880	$858	$0.90	7.35%	0.0%	-
Water, Sewer, & Trash	$32,208	$895/Unit	$43,044	$1,196	10.26%	$1.25	$1,197	$43,090	$43,044	$1,196	$1.25	10.25%	0.1%	46
Property Insurance	$20,439	$0.59 /sf	$18,451	$513	5.24%	$0.64	$611	$22,000	$22,000	$611	$0.64	5.24%	0.0%	-
Property Tax (@ 100%) 1.8469	$26,557	$738/Unit	$13,894	$386	3.57%	$0.44	$417	$15,000	$15,000	$417	$0.44	3.57%	0.0%	-
Reserve for Replacements					2.57%	$0.31	$300	$10,800	$9,000	$250	$0.26	2.14%	20.0%	1,800
Cable TV					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.34%	$0.04	$40	$1,440	$1,440	$40	$0.04	0.34%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Bond Compliance Fee					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Bond Trustee Fees					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Issuer Ongoing Compliance Fees					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Fidelity Insurance					0.14%	$0.02	$17	$600	$600	$17	$0.02	0.14%	0.0%	-
TOTAL EXPENSES					**59.20%**	**$7.22**	**$6,906**	**$248,610**	**$245,118**	**$6,809**	**$7.12**	**58.37%**	**1.4%**	**$ 3,492**
NET OPERATING INCOME ("NOI")					**40.80%**	**$4.98**	**$4,760**	**$171,347**	**$174,839**	**$4,857**	**$5.08**	**41.63%**	**-2.0%**	**$ (3,492)**
CONTROLLABLE EXPENSES							$4,827/Unit			$4,780/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Green Manor Apartments, Burnet, 9% HTC #24261

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Raymond James		1.34	1.31	130,649	6.50%	30	15	$1,722,512	$1,722,512	15	30	6.50%	$130,649	1.31	19.8%
CASH FLOW DEBT / GRANTS															
City of Burnet		1.34	1.31		0.00%	0	0	$0	$0	0	0	0.00%		1.31	0.0%
				$130,649		**TOTAL DEBT / GRANT SOURCES**		**$1,722,512**	**$1,722,512**			**TOTAL DEBT SERVICE**	**$130,649**	**1.31**	19.8%
NET CASH FLOW		$44,190	$40,698							**APPLICANT**	**NET OPERATING INCOME**	**$171,347**	**$40,698**	**NET CASH FLOW**	

EQUITY SOURCES

		APPLICANT'S PROPOSED EQUITY STRUCTURE				AS UNDERWRITTEN EQUITY STRUCTURE						
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**	
Raymond James	LIHTC Equity	78.0%	$868,951	$0.78	$6,777,137	$6,777,137	$0.78	$868,951	78.0%	$24,138	Applicant Request	
Boston Financial	45L Energy Tax Credits	0.9%		$0.79	$74,700	$74,700	$0.79		0.9%			
Boston Financial	Solar Tax Credits	1.4%		$0.83	$119,520	$119,520	$0.83		1.4%			
Deferred Developer Fee	Deferred Developer Fees	0.0%	(0% Deferred)		$0	($1)	(0% Deferred)		0.0%	**Total Developer Fee:**		**$1,396,938**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%			
TOTAL EQUITY SOURCES		80.2%			$6,971,357	$6,971,356			80.2%			
TOTAL CAPITALIZATION					**$8,693,869**	**$8,693,868**				**15-Yr Cash Flow after Deferred Fee:**		**$711,520**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab		Total Costs		Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees					$5,000	$5,000					0.0%	$0
Off-Sites		$0		$ / Unit	$0	$0	$ / Unit		$0		0.0%	$0
Site Work		$652,000		$18,111 / Unit	$652,000	$652,000	$18,111 / Unit		$652,000		0.0%	$0
Site Amenities		$100,000		$2,778 / Unit	$100,000	$100,000	$2,778 / Unit		$100,000		0.0%	$0
Building Cost		$4,451,329	$129.32 /sf	$123,648/Unit	$4,451,329	$4,642,674	$128,963/Unit	$134.88 /sf	$4,451,329		-4.1%	($191,345)
Contingency		$364,233	7.00%	7.00%	$364,233	$364,233	6.75%	7.00%	$364,233		0.0%	$0
Contractor Fees		$779,459	14.00%	14.00%	$779,459	$779,459	13.53%	14.00%	$779,459		0.0%	$0
Soft Costs	$0	$253,000		$7,028 / Unit	$253,000	$253,000	$7,028 / Unit		$253,000	$0	0.0%	$0
Financing	$0	$384,668		$13,445 / Unit	$484,037	$484,037	$13,445 / Unit		$384,668	$0	0.0%	$0
Developer Fee	$0	$1,396,938	20.00%	20.00%	$1,396,938	$1,396,938	19.47%	20.00%	$1,396,938	$0	0.0%	$0
Reserves				7 Months	$207,873	$207,873	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$8,381,627**		$241,496 / Unit	**$8,693,869**	**$8,885,214**	$246,812 / Unit		**$8,381,626**	**$0**	**-2.2%**	**($191,345)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		($0)			($0)							
Financing Cost		$0										
Developer Fee	$0	($0)	20.00%	20.00%	($0)							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$8,381,626**		$241,496/unit	**$8,693,868**	**$8,885,214**	$246,812/unit		**$8,381,626**	**$0**	**-2.2%**	**($191,346)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$8,693,868**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Green Manor Apartments, Burnet, 9% HTC #24261

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$8,381,626	$0	$8,381,626
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$8,381,626	$0	$8,381,626
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$10,896,114	$0	$10,896,114
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$10,896,114	$0	$10,896,114
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$980,650	$0	$980,650
CREDITS ON QUALIFIED BASIS	$980,650		$980,650	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.7799	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$980,650	$7,648,304	----	----	----
Needed to Fill Gap	$868,952	$6,777,136	----	----	----
Applicant Request	$868,951	$6,777,137	**$868,951**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)		34,422 SF	$123.03	4,234,828
Adjustments					
Exterior Wall Finish		1.92%		2.36	$81,309
Elderly		0.00%		0.00	0
9-Ft. Ceilings		3.24%		3.99	137,208
Roof Adjustment(s)				1.05	36,000
Subfloor				(1.23)	(42,339)
Floor Cover				3.68	126,673
Breezeways		$38.26	4,976	5.53	190,369
Balconies		$39.02	2,448	2.77	95,521
Plumbing Fixtures		$1,420	140	5.78	198,800
Rough-ins		$700	72	1.46	50,400
Built-In Appliances		$2,280	36	2.38	82,080
Exterior Stairs		$3,550	2	0.21	7,100
Heating/Cooling				3.12	107,397
Storage Space		$38.26	0	0.00	0
Carports		$16.05	0	0.00	0
Garages		$30.00	0	0.00	0
Common/Support Area		$0.00	0	0.00	0
Elevators			0	0.00	0
Other:				0.00	0
Fire Sprinklers		$3.65	39,398	4.18	143,803
SUBTOTAL				**158.30**	**5,449,148**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		1.00		0.00	0
Reserved					0
TOTAL BUILDING COSTS				**158.30**	**$5,449,148**
Plans, specs, survey, bldg permits		3.30%		(5.22)	($179,822)
Contractor's OH & Profit		11.50%		(18.20)	(626,652)
NET BUILDING COSTS			$128,963/unit	$134.88/sf	$4,642,674

Long-Term Pro Forma

Green Manor Apartments, Burnet, 9% HTC #24261

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$419,957	$428,357	$436,924	$445,662	$454,575	$501,888	$554,125	$611,799	$675,475	$745,779
TOTAL EXPENSES	3.00%	$248,610	$255,818	$263,238	$270,875	$278,736	$321,638	$371,217	$428,522	$494,764	$571,348
NET OPERATING INCOME ("NOI")		**$171,347**	**$172,538**	**$173,686**	**$174,787**	**$175,840**	**$180,250**	**$182,908**	**$183,277**	**$180,711**	**$174,431**
EXPENSE/INCOME RATIO		59.2%	59.7%	60.2%	60.8%	61.3%	64.1%	67.0%	70.0%	73.2%	76.6%
MUST -PAY DEBT SERVICE											
Raymond James		$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649
TOTAL DEBT SERVICE		$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649
DEBT COVERAGE RATIO		1.31	1.32	1.33	1.34	1.35	1.38	1.40	1.40	1.38	1.34
ANNUAL CASH FLOW		**$40,698**	**$41,889**	**$43,036**	**$44,138**	**$45,190**	**$49,601**	**$52,258**	**$52,627**	**$50,062**	**$43,782**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$40,699	$82,587	$125,624	$169,762	$214,952	$454,742	$711,520	$974,955	$1,231,714	$1,464,844

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1494 **Agenda Date:** 6/4/2026 **Agenda #:** 38.

Presentation, discussion, and possible action to issue a list of approved Applications for 2026 Housing Tax Credits (HTC) in accordance with Tex. Gov't Code §2306.6724(e)

RECOMMENDED ACTION

WHEREAS, in accordance with Tex. Gov't Code §2306.6724(e), the Board shall review the recommendations of Department staff regarding applications and shall issue a list of approved applications each year in accordance with the Qualified Allocation Plan (QAP) not later than June 30;

WHEREAS, not all applications on the approved list have completed the review process in accordance with the QAP, not all applicants' appeal rights have concluded, and not all applications will ultimately receive an award of housing tax credits;

WHEREAS, the list, as orally revised to reflect the determinations by the Board of any appeals or other actions taken at this Board meeting of June 4, 2026, constitutes the complete list of approved applications that may therefore be eligible for commitments of allocations of housing tax credits in this competitive cycle; and

WHEREAS, a list reflecting such Board determinations from the meeting of June 4, 2026, will be issued not later than June 5, 2026.

NOW, therefore, it is hereby

RESOLVED, the attached list of active applications for the 2026 Competitive HTC application round, as orally modified to reflect actions taken at this Board meeting, is approved in accordance with Tex. Gov't Code §2306.6724(e), subject to meeting the requirements of the Qualified Allocation Plan (QAP) and associated applicable rules.

BACKGROUND

The Department's Board is required by Tex. Gov't Code §2306.6724(e) to "review the recommendations of department staff regarding applications and shall issue a list of approved applications each year in accordance with the qualified allocation plan not later than June 30." Moreover, as required by Tex. Gov't Code §2306.6724(f), the Board "shall issue final commitments for allocations of housing tax credits each year in accordance with the qualified

allocation plan not later than July 31." At the Board meeting of July 23, 2026, the list presented to the Board will clearly identify those applications being recommended for a Commitment.

This is the "list of approved applications" required by Tex. Gov't Code §2306.6724(e). They are approved in the sense that they have not yet been identified as having any material deficiency or other defect that would cause them to be ineligible, or if such matters have been identified they are still within the period where such matters may be appealed. As provided by 10 TAC §11.6(3) of the QAP, Award Recommendation Methodology, the Department will not perform a detailed review of all applications; it reviews priority applications that are most likely to be competitive. Priority applications are identified based on self-score, a limited preliminary review, and other relevant factors, such as outcome of awards based on collapses. As staff continues the review process, applications remain subject to the identification of material and administrative deficiencies, revised scoring, and applications may be found to be ineligible or to involve ineligible applicants.

At this time, applications may remain subject to underwriting, completion of any remaining program review, and a previous participation review, including the opportunity to pursue the appeal process, where applicable. Further, the credit amount reflected on this list is the requested credit amount and may change to reflect a recommended credit amount and/or may have conditions placed on the award in July, if recommended for an award. Information about completed underwriting reviews may be found at the Real Estate Analysis webpage http://www.tdhca.state.tx.us/rea/reports-9-percent.htm. In addition to applications that may be removed from the list for issues of financial feasibility, applications may also be removed from the list of approved applications as determinations are made on appeals, as applications make determinations regarding the credit award limit of $6 million (in accordance with §11.4 of the QAP), or as the Board determines under operation of rule or law.

Staff recommends the Board approve the attached list of active applications for the 2025 competitive HTC application round, as orally modified to reflect Board determinations on any related actions taken at this meeting.

Texas Department of Housing and Community Affairs
2026 Competitive (9%) Housing Tax Credit ("HTC") Program
Application Submission Log

The Application log is organized by region and subregion, except for the At-Risk and USDA Set-Asides. Applicants selecting the At-Risk/USDA Set-Asides are listed first and are organized by score rather than by region. Where scores indicate a tie between more than one application in a subregion or set-aside, no representation is made regarding how the applications would be ranked after applying the tie breaker factors in the Qualified Allocation Plan. The following data was compiled using information submitted by each applicant. Not all Applications have been reviewed by staff. The Application log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Applicants are encouraged to review 10 TAC §11.1(b) concerning Due Diligence and Applicant Responsibility. Applicants that identify an error in the log should contact Joshua Goldberger at Joshua.Goldberger@tdhca.texas.gov as soon as possible.

NOTE:
The following scoring categories are NOT included in the "Self Score Total" column but intent is reflected in the last six columns:

§11.9(d)(1) - Local Government Support
§11.9(d)(4) - Quantifiable Community Participation ("QCP")
§11.9(d)(5) - Community Support from State Representative
§11.9(d)(6) - Input from Community Organizations
§11.9(d)(7) - Community Revitalization Plan ("CRP") and Opportunity Zones
§11.9(e)(8) - Readiness to Proceed ("RTP")

Version Date: June 1, 2026

Construction Type: (NC=New Construction, Recon=Reconstruction, AcR=Acquisition/Rehabilitation, Rehab=Rehabilitation Only, SS = Scattered Site, AR = Adaptive Reuse)

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	HQ Pre-K	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	HTC Request	Primary Contact	Second Contact	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	§11.9(e)(8)	Total Score	§11.7(1) USDA Tie - Breaker	Amenities Tie-Breaker Total §11.7(2)	Notes
At-Risk Set-Aside																																
26161	Stonewood Apartments	110 N 14th St	Midlothian		76065	Ellis	3	Urban		X			Acquisition/Rehab	84	1	85	General	1,270,000	Mason Benbow	Christina Wright	48139060702	132	17	4	8	4	-	-	165	1981	5,417	
26124	Country Village Apartments	606 E Kennedy Avenue	Sabinal		78881	Uvalde	11	Rural		X			Acquisition/Rehab	23	1	24	General	423,398	Dennis Hoover	Kim Youngquist	48463950100	132	17	4	8	4	-	-	165	1988	7,500	
26125	Casa de Valle	201 Morning Glory Drive	Rio Hondo		78583	Cameron	11	Rural		X			Acquisition/Rehab	30	0	30	Elderly	438,956	Dennis Hoover	Kim Youngquist	48215024502	132	17	4	8	4	-	-	165	1991	5,745	
26131	Los Laureles	1100 E Santa Rosa Ave	Edcouch		78538	Hidalgo	11	Rural		X			Acquisition/Rehab	23	0	23	General	385,685	Dennis Hoover	Kim Youngquist	48215024502	123	17	4	8	4	7	-	163	1979	7,881	
26163	Woodridge Apartments	2617 US Highway 82 & 2609 East	Gainesville		76240	Cooke	3	Rural		X			Acquisition/Rehab	123	1	124	General	1,715,000	Mason Benbow	Christina Wright	48097000600	130	17	4	8	4	-	-	163	1979	11,048	
26113	SavannahPark of Winnie	218 Magnolia Ave. #33	Winnie		77665	Chambers	6	Rural		X			Acquisition/Rehab	32	0	32	Elderly	435,000	Derrick Hamilton	Shawn Smith	48071710401	119	17	4	8	4	7	-	159	1990	15,932	
26081	GardenWalk of Porter	24183 Ford Rd.	Porter	X	77365	Montgomery	6	Rural		X			Acquisition/Rehab	48	0	48	General	640,000	Derrick Hamilton	Shawn Smith	48339692502	125	8.5	4	4	2	7	-	150.5	1993	12,822	
26095	GardenWalk of Santa Fe	12200 11th St.	Santa Fe		77510	Galveston	6	Urban		X			Acquisition/Rehab	48	0	48	General	640,000	Derrick Hamilton	Shawn Smith	48167723300	131	-	4	-	-	-	-	135	1992	9,029	
26233	111 W Travis (f/k/a Robert E Lee Apartme	111 W Travis Street	San Antonio		78205	Bexar	9	Urban	X				Acquisition/Rehab	63	0	63	General	1,630,905	Seema Kairam	Lucila Diaz	48029110100	126	17	4	8	4	7	-	166		3,257	
26062	Woodlawn Pines	2710 West Ashby Place	San Antonio		78201	Bexar	9	Urban	X				Acquisition/Rehab	95	0	95	Elderly	1,544,589	T. Daniel Kalubi	Tracey Fine	48029170500	125	17	4	8	4	7	-	165		3,298	
26141	Meadow Heights	1120 W Gore Ave.	Pharr		78577	Hidalgo	11	Urban	X				Recon/NC	69	7	76	General	2,000,000	Lazaro Guerra	David Salazar	48215021401	125	17	4	8	4	7	-	165		3,330	
26063	Westminster Square Apartments	1838 Basse Road	San Antonio		78213	Bexar	9	Urban	X				Acquisition/Rehab	107	0	107	Elderly	1,679,066	Tracey Fine	T. Dan Kalubi	48029191006	125	17	4	8	4	7	-	165		4,054	
26204	Devonshire Station	291 Ritchie Rd	Hewitt	X	76655	McLennon	8	Urban	X	X			Recon/NC	66	0	66	Elderly	2,000,000	Colton Kyle	Micah Strange	48309003708	132	17	4	8	4	-	-	165		5,866	
26165	Frio Bend	3500 & 3503 Camino Real	San Antonio		78238	Bexar	9	Urban	X				AcR/SS	118	1	119	Elderly	2,000,000	T. Daniel Kalubi	Tracey Fine	48029181601	125	17	4	8	4	7	-	165		5,922	
26107	SavannahPark of Sour Lake	880 TX-105	Sour Lake		77659	Hardin	5	Rural	X				Acquisition/Rehab	36	0	36	Elderly	480,000	Derrick Hamilton	Shawn Smith	48199030200	132	17	4	8	2	-	-	163	1993	13,247	
26090	GardenWalk of Cleveland	915 E. Hanson St.	Cleveland		77327	Liberty	6	Rural	X				Acquisition/Rehab	48	0	48	General	635,000	Derrick Hamilton	Shawn Smith	48291700303	123	17	4	8	-	7	-	159	1991	6,808	
26101	SavannahPark of Dayton	2800 N. Winfree St.	Dayton		77535	Liberty	6	Rural	X				Acquisition/Rehab	48	0	48	Elderly	635,000	Derrick Hamilton	Shawn Smith	48291700802	130	17	4	8	-	-	-	159	1993	13,264	
Estimated Amount Available to Allocate		**$16,248,112**															**Total HTCs Requested**	**18,552,599**														
	USDA Set-Aside	**$5,416,037**																														
Region 1/Rural																																
26025	Avalon at Levelland	508 Clubview Drive	Levelland		79336	Hockley	1	Rural					New Construction	44	0	44	General	1,338,293	Nathan Joseph	Christopher Tritsis	48219950500	136	17	4	8	4	-	1	170		2,497	
26182	The Highlands	1200 N Wells St	Pampa		79065	Gray	1	Rural					Acquisition/Rehab	96	0	96	Elderly	1,237,443	CJ Lintner	Paul Moore	48179950400	130	17	4	8	4	-	1	164		5,779	
Estimated Amount Available to Allocate		**$904,138**															**Total HTCs Requested**	**2,575,736**														
Region 1/Urban																																
26189	Amarillo Lofts	~6601 Lowes Lane	Amarillo		79106	Potter	1	Urban					New Construction	87	3	90	General	2,000,000	Ronnie Gyani	Jonathan Estrada	48375013300	136	17	4	8	4	-	1	170		973	
26159	Canyon West Senior Living	4502 Ironton Ave	Lubbock		79407	Lubbock	1	Urban					New Construction	60	0	60	Elderly	1,820,000	Jay Milam	Wallace Reed	48303001715	136	17	4	8	4	-	1	170		2,675	
26149	Troveta Terrace	North end of cul-de-sac of Ross S	Amarillo		79103	Randall	1	Urban					New Construction	68	0	68	General	2,000,000	Jason Lain	Clay Cooper	48381022002	136	17	4	8	4	-	1	170		3,656	
26143	Tecovas Terrace II	1601 Se 28th Avenue	Amarillo		79103	Potter	1	Urban					New Construction	68	0	68	Elderly	1,734,409	Jason Lain	Clay Cooper	48375010600	129	17	4	8	4	7	1	170		3,969	
26225	58th Manor	Northwest corner of SW 58 Ave &	Amarillo		79110	Randall	1	Urban					New Construction	46	0	46	Elderly	1,555,000	Brian Kimes	Jim Markel	48381020800	136	17	4	8	4	-	1	170		12,104	
Estimated Amount Available to Allocate		**$1,595,533**															**Total HTCs Requested**	**9,109,409**														
Region 2/Rural																																
26270	Burkburnett Royal Gardens	~350 D W Taylor Road	Burkburnett		76354	Wichita	2	Rural					New Construction	41	0	41	General	1,130,000	Karim Jooma	Meghan Cano	48485013503	127	17	4	8	4	-	1	161		2,675	
26266	Abbington Gordon Lake	Approx 400' South of Intersectio	Iowa Park		76367	Wichita	2	Rural					New Construction	40	0	40	Elderly	1,132,507	Eric Buffenbarger	Linda Pitts	48485013600	126	17	4	8	4	-	1	160		4,236	
Estimated Amount Available to Allocate		**$764,925**															**Total HTCs Requested**	**2,262,507**														
Region 2/Urban																																
26221	Lucas Lofts	2206 Lucas Avenue	Wichita Falls		76301	Wichita	2	Urban					NC/AR	49	0	49	Elderly	1,328,676	April Engstrom	Meredith Edwards	48485011400	138	17	4	8	4	-	1	172		11,386	
26148	Parker Terrace	NEC of N 5th St and Orange St	Abilene		79601	Taylor	2	Urban					New Construction	44	0	44	Elderly	1,283,859	Jason Lain	Clay Cooper	48441011000	136	17	4	8	4	-	1	170		6,770	
Estimated Amount Available to Allocate		**$897,632**															**Total HTCs Requested**	**2,612,535**														
Region 3/Rural																																
26195	Gainesville Trails	420 W Garnett	Gainesville		76240	Cooke	3	Rural					New Construction	40	2	42	Elderly	1,312,707	Michael Fogel	Meredith Edwards	48097001100	129	17	4	8	4	7	1	170		2,852	
26077	Reserve at Terrell	NEC Allen St and Lane St	Terrell		75160	Kaufman	3	Rural					New Construction	42	0	42	Elderly	1,312,707	Brian McGeady	Justin Gregory	48257050300	129	17	4	8	4	7	1	170		3,695	

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	HQ Pre-K	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	HTC Request	Primary Contact	Second Contact	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	§11.9(e)(8)	Total Score	§11.7(1) USDA Tie - Breaker	Amenities Tie-Breaker Total §11.7(2)	Notes
Estimated Amount Available to Allocate		$886,829														Total HTCs Requested		2,625,414															

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	HQ Pre-K	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	HTC Request	Primary Contact	Second Contact	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	§11.9(e)(8)	Total Score	§11.7(1) USDA Tie - Breaker	Amenities Tie-Breaker Total §11.7(2)	Notes
Region 3/Urban																																
26172	Irma Park	1519 Circle Park Blvd	Fort Worth		76164	Tarrant	3	Urban					NC/AR	84	0	84	Elderly	2,000,000	Megan Lasch	Meredith Edwards	48439100800	131	17	4	8	4	7	1	172		2,476	
26175	Bella Limon	4311 - 4329 Belmont Ave	Dallas		75204	TX	3	Urban					New Construction	69	17	86	General	2,000,000	Megan Lasch	Meredith Edwards	48113000802	136	17	4	8	4	-	1	170		541	
26263	Corry Edwards Townhomes	509 Corry A Edwards Dr	Kennedale		76060	Tarrant	3	Urban					New Construction	48	11	59	General	2,000,000	Joseph Agumadu	Ikemefuna Enemkpa	48439111405	136	17	4	8	4	-	1	170		724	
26118	The Eleanor	Approx. 7030 W. Wheatland Rd.	Dallas		75249	Dallas	3	Urban					New Construction	68	8	76	Elderly	2,000,000	Michael Tibbetts	Sandy Watson	48113016526	129	17	4	8	4	7	1	170		1,426	
26171	Rosette Park	308 East 8th St & 224 N Patton A	Dallas		75203	Dallas	3	Urban					Reconstruction	82	0	82	Elderly	2,000,000	Alice Cruz	Meredith Edwards	48113004800	129	17	4	8	4	7	1	170		1,468	
26181	Maple Lofts	NEQ Graham St & N Bagdad Rd	Grand Prairie		75050	Dallas	3	Urban					New Construction	65	0	65	Elderly	2,000,000	CJ Lintner	Karla Burck	48113015700	129	17	4	8	4	7	1	170		1,503	
26111	Patriot Pointe at Fox Ave	SWC Fox Ave and Edmonds Ln	Lewisville		75067	Denton	3	Urban					New Construction	48	0	48	General	2,000,000	Adrian Iglesias	Travis Barber	48121021745	136	17	4	8	4	-	1	170		1,686	
26105	McCart Meadows Senior Living	7100 McCart Ave.	Fort Worth		76133	Tarrant	3	Urban					New Construction	61	7	68	Elderly	2,000,000	Adrian Iglesias	Travis Barber	48439105511	136	17	4	8	4	-	1	170		1,830	2M Same Year 26242
26082	Reserve at Augustine	115 S St Augustine Rd	Dallas		75217	Dallas	3	Urban					New Construction	81	15	96	General	2,000,000	Brian McGeady	Justin Gregory	48113011701	129	17	4	8	4	7	1	170		2,524	
26228	The Knox Senior Living	1421 S Watson Road	Arlington		76010	Tarrant	3	Urban					New Construction	69	0	69	Elderly	2,000,000	Jacob Mooney	Fred Merrill	48439121904	129	17	4	8	4	7	1	170		2,581	
26187	Heritage at Sublett	2120 W Sublett Rd	Arlington		76017	Tarrant	3	Urban					New Construction	60	0	60	Elderly	1,830,948	Tisha Vaidya	Moira Concannon	48439111407	136	17	4	8	4	-	1	170		2,849	
26094	Everman Senior Living	1700 Everman Parkway	Fort Worth		76140	Tarrant	3	Urban					New Construction	69	0	69	Elderly	2,000,000	Jacob Mooney	Fred Merrill	48439106004	136	17	4	8	4	-	1	170		2,956	
26239	Shiloh Lofts	10810 Shiloh Road	Dallas		75228	Dallas	3	Urban					New Construction	60	0	60	General	2,000,000	Chris Applequist	Jason Andrejchak	48113012601	129	17	4	8	4	7	1	170		3,541	
26068	The Broderick	12800 Coit Rd.	Dallas		75251	Dallas	3	Urban					New Construction	108	0	108	Elderly	2,000,000	Shannon Ortleb	Will Henderson	48113013202	136	17	4	8	4	-	1	170		4,337	
26242	View at Alta Mesa	3025 Altamesa Blvd	Fort Worth		76133	Tarrant	3	Urban					New Construction	72	0	72	General	2,000,000	Chris Applequist	Jason Andrejchak	48439105705	129	17	4	8	4	7	1	170		4,563	2M Same Year 26105
26010	Campbell Place	6608, 6700, 6704 and 6710 U.S. :	Arlington		76001	Tarrant	3	Urban				X	New Construction	78	0	78	General	2,000,000	Zachary Cavender	Evan Bopp	48439111408	136	17	4	8	4	-	1	170		6,659	
26011	Palladium Denton West Living	NEQ of Gardenview Circle and F	Denton		76207	Denton	3	Urban					New Construction	78	42	120	General	2,000,000	Thomas E. Huth	Taylor Thomas	48121020404	135	17	4	8	4	-	1	169		3,804	
Estimated Amount Available to Allocate		**$20,705,423**															**Total HTCs Requested**	**33,830,948**														
	Elderly Limit	**$9,290,523**																														
Region 4/Rural																																
26087	Crown Heritage Senior Village	Approx. 300-302 Fritz Swanson F	Kilgore		75662	Gregg	4	Rural					New Construction	75	0	75	Elderly	2,000,000	Doak Brown	Jack Bonnette	48183010700	129	17	4	8	4	7	1	170		3,078	
Estimated Amount Available to Allocate		**$1,956,299**															**Total HTCs Requested**	**2,000,000**														

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	HQ Pre-K	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	HTC Request	Primary Contact	Second Contact	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	§11.9(e)(8)	Total Score	§11.7(1) USDA Tie - Breaker	Amenities Tie-Breaker Total §11.7(2)	Notes
Region 4/Urban																																
26203	Tyler Senior Village	712 N. Broadway Ave	Tyler		75702	Smith	4	Urban					NC/AR	50	0	50	Elderly	1,245,868	Doak Brown	Jack Bonnette	48423000500	130	17	4	8	4	7	1	171		6,750	
26085	Longview Senior Lofts	2301 W Loop 281	Longview		75604	Gregg	4	Urban					New Construction	74	0	74	Elderly	2,000,000	Brian McGeady	Justin Gregory	48183000700	136	17	4	8	4	-	1	170		1,077	
Estimated Amount Available to Allocate		**$1,363,938**															**Total HTCs Requested**	**3,245,868**														
Region 5/Rural																																
26208	Livingston Estates	Approx. 1071 W. Church St (Polk	Livingston		77351	Polk	5	Rural					New Construction	66	0	66	General	2,000,000	Jeremy Mears	Jack Bonnette	48373210204	135	17	4	8	4	-	1	169		2,555	
Estimated Amount Available to Allocate		**$1,438,952**															**Total HTCs Requested**	**2,000,000**														
Region 5/Urban																																
26206	Orange Senior Village	1704 N 14th St	Orange		77630	Orange	5	Urban					NC/AR	57	0	57	Elderly	1,713,175	Jeremy Mears	Jack Bonnette	48361020900	129	17	4	8	4	7	1	170		5,024	
26205	Villages at Orange	Approx. 1725 N 37th St	Orange		77630	Orange	5	Urban					New Construction	56	0	56	General	1,776,555	Jeremy Mears	Jack Bonnette	48361020700	133	17	4	8	4	-	1	167		9,425	
Estimated Amount Available to Allocate		**$1,200,619**															**Total HTCs Requested**	**3,489,730**														
Region 6/Rural																																
26191	Easy Street Lofts	600 Easy St.	Cleveland		77327	Liberty	6	Rural					New Construction	40	9	49	General	1,125,000	Alejandro Martinez	Mark A. Wilson	48291700200	129	17	4	8	4	7	1	170		2,413	
26210	Huntsville Village	3508 Montgomery Rd	Huntsville		77340	Walker	6	Rural					New Construction	60	0	60	General	1,125,000	Doak Brown	Jack Bonnette	48471790301	136	17	4	8	2	-	1	168		17,749	
26268	Barbara Jordan Lofts	600 Easy Street	Cleveland		77327	Liberty	6	Rural					New Construction	42	7	49	General	1,125,000	Alejandro Martinez	Mark A. Wilson	48291700200	104	-	4	-	4	7	1	120		2,863	
26167	Dayton Retirement Center 2	1800 N Winfree	Dayton		77535	Liberty	6	Rural					New Construction	48	0	48	Elderly	1,125,000	Charles Holcomb	Michell Farmer	48291700802	137	17	4	8	4	7	1	178		8,702	Terminated
Estimated Amount Available to Allocate		**$750,000**															**Total HTCs Requested**	**4,500,000**														
Region 6/Urban																																
26066	The Hill	3838 Hillcroft Ave.	Houston		77057	Harris	6	Urban			X		NC/AR	77	0	77	Supportive	2,000,000	Chris Seay	Chris Yuko	48201432600	141	17	4	8	4	-	1	175		4,941	
26214	NHH Little York	5716 Little York Road	Houston		77016	Harris	6	Urban			X		New Construction	80	0	80	Supportive	2,000,000	Ron Lastimosa	Katie Stewart-Ancho	48201231800	132	17	4	8	4	7	1	173		11,730	
26200	Victory Lofts	SWQ of S Victory St and Bradma	Houston		77088	Harris	6	Urban					New Construction	66	10	76	General	2,000,000	Michael Fogel	Meredith Edwards	48201533200	129	17	4	8	4	7	1	170		2,159	
26073	Aldine Station	SEC of Aldine Mail Rte Rd and Fa	Houston	X	77039	Harris	6	Urban					New Construction	78	0	78	General	2,000,000	Ariana Brendle	Oscar Paul	48201222300	129	17	4	8	4	7	1	170		2,662	
26069	Oasis Gardens	12709 Beechnut St.	Houston		77072	Harris	6	Urban					New Construction	88	0	88	Elderly	2,000,000	Ben St. Martin	Iggy Grillo	48201453701	129	17	4	8	4	7	1	170		2,770	
26024	Residences at Sakowitz	1702 Sakowitz Street	Houston		77020	Harris	6	Urban					New Construction	73	0	73	Elderly	2,000,000	Zachary Cavender	Evan Bopp	48201211600	129	17	4	8	4	7	1	170		3,116	
26070	Greens at Retton	NWC of Retton Dr. & Northwest	Houston		77092	Harris	6	Urban					New Construction	80	10	90	General	2,000,000	Les Kilday	Phyllis Sefeldt	48201531500	136	17	4	8	4	-	1	170		3,604	
26002	The Grove at Deerbrook	SEQ Deerbrook Park Blvd and Or	Houston	X	77338	Harris	6	Urban					New Construction	90	18	108	General	2,000,000	Jeremy Bartholomev	Carrie Ford Comptor	48201240904	136	17	4	8	4	-	1	170		3,667	
26017	Lofts at Wayfarer	SWC of Blackhawk Blvd and Texa	Houston		77075	Harris	6	Urban					New Construction	65	0	65	General	1,900,000	Russ Michaels	Jennifer Bartlett	48201333905	129	17	4	8	4	7	1	170		4,224	
26074	West Fork Place	West side of Kingwood Place, Dr	Houston		77339	Montgomery	6	Urban					New Construction	70	9	79	Elderly	2,000,000	Toby Williams	Taylor Pate	48339692303	136	17	4	8	4	-	1	170		6,205	
26005	Hartwood at Barker Cypress	2501 Barker Cypress Rd.	Houston	X	77084	Harris	6	Urban					New Construction	90	36	126	General	2,000,000	Nathan Kelley	Jela Henderson	48201541901	136	17	4	8	4	-	1	170		6,602	
26006	Hartwood at Cypresswood	22815 Cypresswood Dr.	Spring	X	77373	Harris	6	Urban					New Construction	90	36	126	General	2,000,000	Nathan Kelley	Jela Henderson	48201241001	136	17	4	8	4	-	1	170		7,045	
26001	Emancipation West	2718 Emancipation Ave.	Houston		77004	Harris	6	Urban					New Construction	62	18	80	Elderly	2,000,000	Emily Abeln	Joel North	48201312300	107	17	4	8	4	7	-	147		4,730	HUD Choice Neighborhood

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	HQ Pre-K	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	HTC Request	Primary Contact	Second Contact	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	§11.9(e)(8)	Total Score	§11.7(1) USDA Tie - Breaker	Amenities Tie-Breaker Total §11.7(2)	Notes
26238	The Sunstone	East side of State Highway 6 and	Houston		77077	Harris	6	Urban					New Construction	60	4	64	General	1,860,041	Janine Sisak	Andrew Sinnott	48201451606	135	-	4	-	4	-	1	144		4,460	
26014	Lofts at Riverside	SWC of Riverside Grove Dr and A	Houston	X	77083	Fort Bend	6	Urban					New Construction	51	0	51	General	1,675,000	Russ Michaels	Jennifer Bartlett	48157672602	96	8.5	4	8	4	-	1	122		2,715	
26075	Legacy Park	2460 Barker Oaks Dr	Houston		77077	Harris	6	Urban					New Construction	78	0	78	Elderly	2,000,000	Ariana Brendle	Oscar Paul	48201454400	136	17	4	8	4	-	1	170		5,361	Withdrawn
Estimated Amount Available to Allocate		**$22,664,585**															**Total HTCs Requested**	**31,435,041**													
	Elderly Limit	**$10,194,530**																													
Region 7/Rural																															
Estimated Amount Available to Allocate		**$750,000**															**Total HTCs Requested**	**-**													
Region 7/Urban																															
26035	Jordan II Apartments	approx. 2701 1/2 Philomena St.	Austin		78723	Travis	7	Urban		X			New Construction	66	0	66	Supportive	2,000,000	Sabrina Butler	Tillie Croxdale	48453000308	139	17	4	8	4	-	1	173		2,081	2M Same Year 26109
26170	The Lenora	4507 Menchaca Rd	Austin		78745	Travis	7	Urban					New Construction	39	0	39	General	1,164,600	April Engstrom	Meredith Edwards	48453002002	136	17	4	8	4	-	1	170		1,047	
26008	The Maven	618 E. Highland Mall Boulevard	Austin		78752	Travis	7	Urban					New Construction	70	13	83	General	2,000,000	Janine Sisak	Andrew Sinnott	48453001503	136	17	4	8	4	-	1	170		1,633	
26109	Residences@Springdale	5612 Springdale Rd	Austin		78723	Travis	7	Urban					New Construction	50	0	50	General	1,164,653	Stephen Brown	Sallie Burchett	48453002107	136	17	4	8	4	-	1	170		4,449	2M Same Year 26035
26169	Rowen Vale	206 E Annie Street	Austin		78704	Travis	7	Urban			X		New Construction	64	0	64	General	2,000,000	Megan Lasch	Meredith Edwards	48453001401	135	17	4	-	4	-	1	161		1,958	
Estimated Amount Available to Allocate		**$7,269,051**															**Total HTCs Requested**	**8,329,253**													
	Elderly Limit	**$2,963,592**																													
Region 8/Rural																															
26196	Gatesville Terrace	300 Block of S Hwy 36 Bypass	Gatesville		76528	Coryell	8	Rural					New Construction	45	3	48	Elderly	1,320,096	Michael Fogel	Meredith Edwards	48099010202	98	17	4	8	4	-	1	132		3,813	
Estimated Amount Available to Allocate		**$891,828**															**Total HTCs Requested**	**1,320,096**													
Region 8/Urban																															
26254	Asteri Waco	1704 South 18th Street	Waco		76706	McLennan	8	Urban					New Construction	65	0	65	Supportive	2,000,000	Inez Russell	Valentin DeLeon	48309000598	132	17	4	8	4	7	1	173		7,502	
26103	The Madelyn	Approximately the 5100 Block of	Killeen		76549	Bell	8	Urban					New Construction	80	0	80	Elderly	2,000,000	Clifton E. Phillips	Mercedez Acuna	48027023111	136	17	4	8	4	-	1	170		1,056	
26043	Trails Apartments	NWC of Gurley Ln & S 21st St	Waco		76706	McLennan	8	Urban					New Construction	90	0	90	General	2,000,000	Enrique Flores, IV	Michael Tamez	48309002100	129	17	4	8	4	7	1	170		1,152	Tie Breaker Determination Pending
26144	Knoxwood Crossing	2735 South Harvey Mitchell Pkw	College Station		77840	Brazos	8	Urban					New Construction	60	0	60	General	2,000,000	Jason Lain	Clay Cooper	48041001702	129	17	4	8	4	7	1	170		5,876	Withdrawn
Estimated Amount Available to Allocate		**$3,741,016**															**Total HTCs Requested**	**8,000,000**													
Region 9/Rural																															
26251	Stoneledge Flats	Approx 2101 N Stoneledge Dr	Kerrville		78028	Kerr	9	Rural					New Construction	40	0	40	General	1,125,000	Sarah Andre	Rebecca Broadbent	48265960102	100	17	4	8	2	-	-	131		20,470	
26272	Roadrunner Lofts	Approx 3400 TX 534 Loop	Kerrville		78028	Kerr	9	Rural					New Construction	40	0	40	General	1,125,000	Sarah Andre	Rebecca Broadbent	48265960102	100	17	4	8	-	-	-	129		11,211	
Estimated Amount Available to Allocate		**$750,000**															**Total HTCs Requested**	**2,250,000**													
Region 9/Urban																															
26132	The Judy at VIDA	10345 S Zarzamora Street	San Antonio		78224	Bexar	9	Urban		X			New Construction	68	0	68	Supportive	2,000,000	Pedro Alanis	Zachary Cavender	48029152000	132	17	4	8	4	7	1	173		16,778	
26016	Vista at Culebra	East of Culebra Road and Arcadi	San Antonio		78251	Bexar	9	Urban			X		New Construction	64	0	64	General	2,000,000	Dan Wilson	Carine Yhap	48029171928	129	17	4	8	4	7	1	170		1,897	2M Same Year 26184
26229	Nuestra Tierra	9000 block of Guilbeau Road	San Antonio		78250	Bexar	9	Urban					New Construction	65	0	65	General	2,000,000	Val DeLeon	Eden Scott	48029181718	136	17	4	8	4	-	1	170		2,147	
26032	Village at Ellison	1460 S. Ellison Drive	San Antonio		78245	Bexar	9	Urban		X			New Construction	64	0	64	General	2,000,000	Cindy Marquez	Cassidy Smith	48029171920	129	17	4	8	4	7	1	170		2,664	
26184	NHH Culebra	7796 Culebra Road	San Antonio		78251	Bexar	9	Urban					New Construction	80	0	80	General	2,000,000	Ron Lastimosa	Katie Stewart-Ancho	48029171923	136	17	4	8	4	-	1	170		2,979	2M Same Year 26016
Estimated Amount Available to Allocate		**$7,652,125**															**Total HTCs Requested**	**10,000,000**													
	Elderly Limit	**$3,788,567**																													
Region 10/Rural																															
26072	Lofts at Robstown	NWC of CR 44 and CR 69	Robstown		78380	Nueces	10	Rural					New Construction	45	3	48	General	1,308,049	Alejandro Martinez	Mark A. Wilson	48355005604	136	17	4	8	4	-	1	170		21,227	
26269	Ortiz Lofts	NWC of County Road 44 & Coun	Robstown		78380	Nueces	10	Rural					New Construction	45	3	48	General	1,308,049	Alejandro Martinez	Mark A. Wilson	48355005604	91	17	4	8	4	-	-	124		18,300	
26258	Breezy Meadows	600 Block of Wright Street	Robstown		78380	Nueces	10	Rural					New Construction	48	1	49	Elderly	1,308,049	Rick Deyoe	Alma Cobb	48355005606	134	17	4	8	4	-	1	168		-	Terminated
Estimated Amount Available to Allocate		**$883,677**															**Total HTCs Requested**	**3,924,147**													
Region 10/Urban																															
26061	Sea Gulf Villas	416 N Chaparral St	Corpus Christi		78401	Nueces	10	Urban					Acquisition/Rehab	60	1	61	Elderly	1,635,624	Lisa Vecchietti	David Fournier	48355006400	131	17	4	8	4	7	1	172		4,659	
26029	Palms at Gollihar	5.25 Acres of Greenwood Drive	Corpus Christi		78416	Nueces	10	Urban		X			New Construction	64	0	64	General	2,000,000	Cindy Marquez	Cassidy Smith	48355001801	129	17	4	8	4	7	1	170		3,296	
Estimated Amount Available to Allocate		**$1,438,500**															**Total HTCs Requested**	**3,635,624**													
Region 11/Rural																															
26092	Texano Apartments	SEC Texano Drive and S 15th St	Hidalgo		78557	Hidalgo	11	Rural					New Construction	60	0	60	General	1,590,312	Sarah Andre	Rebecca Broadbent	48215021309	129	17	4	8	4	7	-	169		3,396	
26271	Desert Springs	1203 North Bedell Avenue	Del Rio		78840	Val Verde	11	Rural					New Construction	45	0	45	Elderly	1,060,200	Clifton E. Phillips	Mario Trevino	48465950400	123	17	4	8	4	7	1	164		7,379	
26097	Whitetail Ridge	SEQ Las Palmas Blvd. and Mars I	Cotulla		78014	La Salle	11	Rural					New Construction	48	0	48	General	1,385,000	Deborah Welchel	Debashish Chakravai	48283950301	119	17	4	8	4	7	1	160		4,945	
Estimated Amount Available to Allocate		**$1,074,626**															**Total HTCs Requested**	**4,035,512**													
Region 11/Urban																															
26052	Orchid Place	4101 N 25th Ln.	McAllen		78504	Hidalgo	11	Urban					Acquisition/Rehab	76	0	76	General	1,950,000	Henry Flores	Michael Tamez	48215020736	136	17	4	8	4	-	1	170		304	
26047	The Enclave at Riverbank	NWQ of Riverbank Dr. and Elk Dı	Laredo		78045	Webb	11	Urban					New Construction	72	0	72	General	2,000,000	Henry Flores	Michael Tamez	48479001715	136	17	4	8	4	-	1	170		316	
26096	Paredes Apartments	Approx 5101 Paredes Line Rd	Brownsville		78526	Cameron	11	Urban					New Construction	78	0	78	General	2,000,000	Sarah Andre	Rebecca Broadbent	48061012615	129	17	4	8	4	7	1	170		439	Tie Breaker Determination Pending

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	HQ Pre-K	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	HTC Request	Primary Contact	Second Contact	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	§11.9(e)(8)	Total Score	§11.7(1) USDA Tie - Breaker	Amenities Tie-Breaker Total §11.7(2)	Notes
26040	Ironwood Apartments	NEQ of E. Dicker Rd. & S. McColl	McAllen		78557	Hidalgo	11	Urban					New Construction	75	0	75	General	2,000,000	Henry Flores	Michael Tamez	48215021311	129	17	4	8	4	7	1	170		447	
26056	Legacy Palmera Apartments	NEQ of E. Dicker Rd. & S. McColl	McAllen		78557	Hidalgo	11	Urban					New Construction	106	0	106	Elderly	2,000,000	Henry Flores	Michael Tamez	48215021311	129	17	4	8	4	7	1	170		476	
26156	Hudson Hallmark	NEC Ruben M Torres & Hudson E	Brownsville		78526	Cameron	11	Urban					New Construction	72	0	72	General	2,000,000	Shane Lynch	Wallace Reed V	48061014502	136	17	4	8	4	-	1	170		1,428	
26041	Lofts at Juniors	~305 W. Main Avenue	Alton		78573	Hidalgo	11	Urban					New Construction	96	12	108	General	2,000,000	Ryan Lollis	Sally Hedrick	48215024124	129	17	4	8	4	7	1	170		1,616	
Estimated Amount Available to Allocate		**$8,142,755**															**Total HTCs Requested**	**13,950,000**														
Region 12/Rural																																
26007	Lantern at Big Spring	NWC of Sunset Ave. and Birdwel	Big Spring		79720	Howard	12	Rural					New Construction	39	5	44	Elderly	1,125,000	Ronnie Gyani	Jonathan Estrada	48227950700	91	17	4	8	4	-	-	124		5,876	
Estimated Amount Available to Allocate		**$750,000**															**Total HTCs Requested**	**1,125,000**														

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	HQ Pre-K	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	HTC Request	Primary Contact	Second Contact	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	§11.9(e)(8)	Total Score	§11.7(1) USDA Tie - Breaker	Amenities Tie-Breaker Total §11.7(2)	Notes
Region 12/Urban																																
26079	Crestwood Terrace Apartments	3130 W Beauregard Ave.	San Angelo		76904	Tom Green	12	Urban					Acquisition/Rehab	80	0	80	General	2,000,000	Ronnie Gyani	Jonathan Estrada	48451001301	138	17	4	8	4	-	1	172		1,785	
26220	Centennial Park Lofts	401 W Texas Ave	Midland		79701	Midland	12	Urban					NC/AR	74	4	78	General	2,000,000	April Engstrom	Meredith Edwards	48329010200	138	17	4	8	4	-	1	172		2,591	
26154	Hallmark Tower	311 W 4th St	Odessa		79761	Ector	12	Urban					Acquisition/Rehab	96	0	96	Elderly	2,000,000	Glenn Lynch	Wallace Lee Reed V	48135003100	129	17	4	8	4	7	1	170		2,073	
Estimated Amount Available to Allocate		**$1,355,342**															**Total HTCs Requested**	**6,000,000**														
Region 13/Rural																																
26127	Wildcat Villas	SEQ of Wildcat Dr and 4th St	Anthony		79821	El Paso	13	Rural					New Construction	27	0	27	General	1,125,000	Roy Lopez	Ike Monty	48141010203	118	17	4	8	4	-	-	151		5,864	
26128	Valley View Villas	SEQ of Fabens and Citizen Transf	Fabens		79838	El Paso	13	Rural					New Construction	30	0	30	General	1,125,000	Roy Lopez	Ike Monty	48141010505	123	-	4	8	4	-	-	139		4,877	
Estimated Amount Available to Allocate		**$750,000**															**Total HTCs Requested**	**2,250,000**														
Region 13/Urban																																
26247	Siesta Jardin	9009 Dyer St	El Paso		79904	El Paso	13	Urban		X			New Construction	80	0	80	General	2,000,000	Satish Bhaskar	Meredith Edwards	48141000404	112	17	4	8	4	7	1	153		2,653	
26245	Cielo Towers II /FKA Cielo Seniors	201 Cortez Drive	El Paso		79905	El Paso	13	Urban		X			New Construction	72	0	72	Elderly	2,000,000	Satish Bhaskar	Meredith Edwards	48141003100	110	17	4	8	4	7	1	151		3,015	
26246	Eastside Crossings II / fka Eastside Crossin	Laila H Lane & Joe Battle Blvd	El Paso		79938	El Paso	13	Urban		X			New Construction	64	0	64	Elderly	1,587,568	Satish Bhaskar	Meredith Edwards	48141010329	117	17	4	8	4	-	1	151		5,725	
26130	Pebble Hills Estates	NWC Charles Foster Ave and Joh	El Paso		79938	El Paso	13	Urban					New Construction	40	0	40	General	1,660,000	Roy Lopez	Ike Monty	48141010368	134	-	4	8	4	-	1	151		7,850	
Estimated Amount Available to Allocate		**$3,639,240**															**Total HTCs Requested**	**7,247,568**														
Estimated Available to Allocate		**$110,465,146**	**Applications:**		**115**									**Total Amount Requested**				**190,306,987**														