

Texas Department of Housing and Community Affairs



Board Book

Thursday, October 10, 2024

10:00 AM

**Greer 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 2024**

CY 24 9% LIHTC Program
<ul style="list-style-type: none"> ▪ Total Applications Rec'd: 105 ▪ Total Market Rate Units Proposed: 445 ▪ Total Low-Income Units Proposed: 7,496 ▪ Total HTCs Requested: \$164,289,010 <p align="center"><i>Construction Type:</i></p> <ul style="list-style-type: none"> ▪ Total Proposed New Construction Projects: 77 ▪ Total Proposed Reconstruction Projects: 5 ▪ Total Proposed Rehab Projects: 23

CY 24 4% LIHTC Program
<p>Active or Approved Applications:</p> <ul style="list-style-type: none"> ▪ Total Applications: 52 ▪ Total Units Proposed: 11,898 <p>Closed Applications:</p> <ul style="list-style-type: none"> ▪ Total Applications: 4 ▪ Number of Low Income Units Proposed: 785 <p align="center"><i>Construction Type</i></p> <ul style="list-style-type: none"> ▪ Total Proposed New Construction Projects: 1 ▪ Total Proposed Rehab/Reconstruction Projects: 3

Owner Financing and Down Payment				
<ul style="list-style-type: none"> ▪ 30-year, fixed interest rate mortgage loans ▪ Mortgage credit certificates ▪ Down payment, closing cost assistance ▪ Homebuyer education <p><i>Programs:</i></p> <ul style="list-style-type: none"> ▪ Single Family Homeownership <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Expended Funds:</td> <td align="right">\$1,224,427,126</td> </tr> <tr> <td>Total Households Served:</td> <td align="right">5,018</td> </tr> </table>	Expended Funds:	\$1,224,427,126	Total Households Served:	5,018
Expended Funds:	\$1,224,427,126			
Total Households Served:	5,018			

Energy Related Assistance				
<ul style="list-style-type: none"> ▪ Utility bill payment assistance ▪ Energy consumption education ▪ Weatherization for energy efficiency <p><i>Programs:</i></p> <ul style="list-style-type: none"> ▪ Comprehensive Energy Assistance Program (CEAP) ▪ Weatherization Assistance Program (WAP) <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Expended CEAP Funds:</td> <td align="right">\$ 116,050,636</td> </tr> <tr> <td>Total Households Served:</td> <td align="right">96,148</td> </tr> </table>	Expended CEAP Funds:	\$ 116,050,636	Total Households Served:	96,148
Expended CEAP Funds:	\$ 116,050,636			
Total Households Served:	96,148			

Homelessness Services				
<ul style="list-style-type: none"> ▪ Shelter building rehabilitation, conversion, operations ▪ Essential services e.g., health services, transportation, job training, employment services <p><i>Programs:</i></p> <ul style="list-style-type: none"> ▪ Emergency Solutions Grant Program (ESG) ▪ Homeless Housing and Services Program (HHSP) <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Expended Funds:</td> <td align="right">\$11,240,907</td> </tr> <tr> <td>Total Individuals Served:</td> <td align="right">28,951</td> </tr> </table>	Expended Funds:	\$11,240,907	Total Individuals Served:	28,951
Expended Funds:	\$11,240,907			
Total Individuals Served:	28,951			

Rental Assistance				
<ul style="list-style-type: none"> ▪ Short, long term rent payment help ▪ Assistance linked with services, Transitional assistance <p><i>Programs:</i></p> <ul style="list-style-type: none"> ▪ Tenant-Based Rental Assistance (TBRA)* ▪ Section 8 Housing Choice Vouchers ▪ Section 811 <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Expended Funds:</td> <td align="right">\$4,679,763</td> </tr> <tr> <td>Total Households Served:</td> <td align="right">3,164</td> </tr> </table>	Expended Funds:	\$4,679,763	Total Households Served:	3,164
Expended Funds:	\$4,679,763			
Total Households Served:	3,164			

Owner Rehabilitation Assistance				
<ul style="list-style-type: none"> ▪ Home rehabilitation, reconstruction ▪ Manufactured housing unit replacement ▪ Accessibility modifications e.g., ramp, grab bar installation <p><i>Programs:</i></p> <ul style="list-style-type: none"> ▪ Homeowner Reconstruction Assistance Program (HRA)* ▪ Amy Young Barrier Removal Program Expended <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Funds:</td> <td align="right">\$15,247,134</td> </tr> <tr> <td>Total Households Served:</td> <td align="right">152</td> </tr> </table>	Funds:	\$15,247,134	Total Households Served:	152
Funds:	\$15,247,134			
Total Households Served:	152			

Supportive Services				
<p>Provides administrative support for essential services for low income individuals through Community Action Agencies</p> <p><i>Program:</i></p> <ul style="list-style-type: none"> ▪ Community Services Block Grant Program (CSBG) <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Expended Funds:</td> <td align="right">\$21,361,449</td> </tr> <tr> <td>Total Individuals Served:</td> <td align="right">229,693</td> </tr> </table>	Expended Funds:	\$21,361,449	Total Individuals Served:	229,693
Expended Funds:	\$21,361,449			
Total Individuals Served:	229,693			

Single Family Development				
<ul style="list-style-type: none"> ▪ Single family development, reconstruction, rehabilitation ▪ NSP, Do-it-yourself, "sweat equity" construction (bootstrap), rehabilitation, Contract for Deed refinance <p><i>Programs:</i></p> <ul style="list-style-type: none"> ▪ Single Family Development Program (SFD)* ▪ Contract for Deed (CFD) <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Expended Funds:</td> <td align="right">\$1,584,000</td> </tr> <tr> <td>Total Households Served:</td> <td align="right">32</td> </tr> </table>	Expended Funds:	\$1,584,000	Total Households Served:	32
Expended Funds:	\$1,584,000			
Total Households Served:	32			

<p>Total Expended Funds: \$1,491,118,138</p> <p>Total Households Served: 373,569</p> <p>All FY2024 data as reported in TDHCA's 2024 performance measures.</p> <p><i>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.</i></p>

Reporting Period: 12/1/2023-5/31/2024 (4% LIHTC Program figures as of 7/16/2024)

* Administered through the federally funded HOME Investment Partnerships Program

**TBRA Funds are reported on an annual basis and are not included in the rental assistance total

CALL TO ORDER

ROLL CALL

CERTIFICATION OF QUORUM

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

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

CONSENT AGENDA

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

EXECUTIVE

- 1. Presentation, discussion, and possible action on the Board meeting minutes summary for September 5, 2024 Beau Eccles

ASSET MANAGEMENT

- 2. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Eden Court (HTC #23428) Rosalia Banuelos
- 3. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for 305 E Round Grove Living (HTC #23007) Rosalia Banuelos

RULES

- 4. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and an order proposing new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and directing their publication for public comment in the Texas Register Abigail Versyp

SINGLE FAMILY & HOMELESS PROGRAMS

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|----|---|-------------|
| 5. | Presentation, discussion, and possible action on the proposed Section 8 Program 2025 Streamlined Annual Public Housing Agency Plan for the Housing Choice Voucher Program | Andre Adams |
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CONSENT AGENDA REPORT ITEMS

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|----|---|----------------|
| 6. | Report on TDHCA One-Time or Temporary Allocations - Pandemic Response and Other Initiatives | Brooke Boston |
| 7. | Media Analysis and Outreach Report, August 2024 | Michael Lyttle |

ACTION ITEMS

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

EXECUTIVE

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| 8. | Executive Director's Report | Bobby Wilkinson |
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ACTION REPORT ITEMS

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| 9. | Report regarding a Request for Proposal issued by the Texas Department of Housing and Community Affairs for Servicer Oversight Provider and selection thereof | Scott Fletcher |
| 10. | Presentation from nonprofit and community stakeholders on matters concerning housing policy | Cody Campbell |

BOND FINANCE

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| 11. | Presentation, discussion, and possible action on Resolution No. 25-001 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject | Scott Fletcher |
| 12. | Presentation, discussion, and possible action regarding Resolution No. 25-004 authorizing the issuance, sale and delivery of Texas Department of Housing and Community Affairs single family mortgage revenue bonds or residential mortgage revenue bonds, in one or more series and installments; approving the form and substance of related documents; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating to the subject | Scott Fletcher |

MULTIFAMILY BOND

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| 13. | Presentation, discussion and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(vii) of the Qualified Allocation Plan (QAP) relating to the percentage of efficiency and/or one bedroom units for Oak Hill Lofts (#24495). | Teresa Morales |
| 14. | Presentation, discussion, and possible action on Inducement Resolution No. 25-006 for Multifamily Housing Revenue Bonds regarding authorization for filing applications for private activity bond authority | Teresa Morales |
| 15. | Presentation, discussion, and possible action on Inducement Resolution No. 25-010 for Multifamily Housing Revenue Bonds or Notes regarding authorization for filing applications to be added to the Department's Waiting List for private activity bond authority and/or submitted for Traditional Carryforward for Braniff Lofts | Teresa Morales |
| 16. | Presentation, discussion, and possible action on Inducement Resolution No. 25-007 for Multifamily Housing Revenue Bonds regarding authorization for filing an application for private activity bond authority for Fiji Lofts (#21608) | Teresa Morales |
| 17. | Presentation, discussion, and possible action on Inducement Resolution No. 25-009 for Multifamily Housing Revenue Bonds regarding authorization for filing an application for private activity bond authority for Murdeaux Villas (#21614) | Teresa Morales |
| 18. | Presentation, discussion, and possible action on Inducement Resolution No. 25-005 for Multifamily Housing Revenue Bonds regarding authorization for filing applications for private activity bond authority for Legacy Riverside Senior Living Community (#20613) | Teresa Morales |
| 19. | Presentation, discussion, and possible action on pre-applications received for consideration of an Inducement Resolution for Multifamily Housing Revenue Bonds to be issued by the Department | Teresa Morales |

ASSET MANAGEMENT

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| 20. | Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.9(b)(2)(A) and ownership structure change for Estacado Estates (HTC #23807 / #22153) | Rosario Banuelos |
| 21. | Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for Bridge at Canyon View (HTC #19411) | Rosario Banuelos |

HOME-ARP

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22. Presentation, discussion and possible action on regarding approval of a HOME-ARP Allocation Plan Second Amendment to add reallocated funds to the nonprofit capacity building/operating cost assistance, non-congregate shelter activities and administration activities to be released for public comment
- Naomi Cantu

LEGAL

23. Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Eban Village I (HTC # 95047/ CMTS # 1354) and Eban Village II (HTC # 99022 / CMTS 2087)
- Sascha Stremmer
24. Presentation, discussion, and possible action on recommendation to debar multiple parties for conduct relating to Plainview II Triplex (HOME 532315 / CMTS 2658)
- Sascha Stremmer

SINGLE FAMILY & HOMELESS PROGRAMS

25. Presentation, discussion, and possible action on Program Year 2024 Emergency Solutions Grants Program Awards.
- Rosy Falcon
26. Presentation, discussion, and possible action to ratify staff's actions to accept and implement the Rapid Unsheltered Survivor Housing allocation under the Emergency Solutions Grants Program (ESG RUSH), and to ratify staff's submission of an amendment to the State of Texas 2023 State of Texas One Year Action Plan reflecting such action.
- Rosy Falcon
27. Presentation, discussion, and possible action authorizing staff to register interest in, apply for, and accept additional Veterans Affairs Supportive Housing vouchers offered by the U.S. Department of Housing and Urban Development, and authorization to subsequently administer such awarded vouchers
- Andre Adams
28. Presentation, discussion, and possible action to authorize the issuance of the 2025 HOME Investment Partnerships Program Single Family Persons with Disabilities Set-Aside Notice of Funding Availability and publication of the NOFA in the Texas Register
- Chad Landry
29. Presentation, discussion, and possible action on Colonia Self-Help Center Program Awards to Maverick County, Val Verde County, Webb County, and Hidalgo County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant Funding
- Chad Landry

MULTIFAMILY FINANCE

30. Presentation, discussion, and possible action on approving a new outside counsel contract, and delegation of contract signature authority to the Executive Director
- Cody Campbell

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| 31. | Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Vista at Silver Oaks | Josh Goldberger |
| 32. | Presentation, discussion, and possible action on an approval of a loan and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for 305 E Round Grove Living | 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 #: 772

Agenda Date: 10/10/2024

Agenda #: 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for September 5, 2024

RECOMMENDED ACTION

Approve the Board meeting minutes summary for September 5, 2024

RESOLVED, that the Board meeting minutes summary for September 5, 2024, is hereby approved as presented

**Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
September 5, 2024**

On Thursday, the fifth day of September 2024, at 10:00 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) was held in Room 1.110 at the University of Texas at Austin’s Thompson Conference Center, 2405 Robert Dedmon Drive, Austin, Texas 78712.

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

- Leo Vasquez, III, Chair
- Kenny Marchant, Vice Chair
- Cindy Conroy (Note: Member Conroy exited the meeting at 1:45 p.m., before the vote on Item 23. Accordingly, any “unanimous” vote following Item 22 would be a 5-0 vote)
- Anna Maria Farias
- Holland Harper
- Ajay Thomas

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

- 1) The Board approved a resolution celebrating October 2024 as Energy Awareness Month in Texas.
- 2) The Board approved the Consent Agenda and Consent Agenda Report items (items 1-16) as presented.
- 3) Action Item 17 – Executive Director’s Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.
- 4) Chairman Vasquez exercised his right to take up agenda items out of order as Cody Campbell, TDHCA Director of Multifamily Finance, presented 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 Commons at St. Anthony’s. Following public comment (listed below), the Board by a 5-1 vote (Chair Vasquez voted nay) approved staff recommendation to grant the force majeure request.
 - The Honorable Four Price, Texas State Representative, House District 87, provided comments in support of staff recommendation
 - John Dallas, Chief of Staff, State Senator Kevin Sparks, provided comments in support of staff recommendation

- Dan DiFrancesco, Commonwealth Development and co-developer of Commons at St. Anthony's, provided comments in support of staff recommendation
- Kent Hance, KRS Housing and co-developer of Commons at St. Anthony's, provided comments in support of staff recommendation

5) The Board returned to the printed order of the agenda and took up Action Item 18 – Presentation, discussion and possible approval to hedge interest rate risk associated with mortgage loans to be acquired with the proceeds of Residential Mortgage Revenue Bonds Series 2024A and 2024B, and Residential Mortgage Revenue Bonds Series 2024C and 2024D. Scott Fletcher, TDHCA Director of Bond Finance, presented the item with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the authorization to hedge potential payment and spread exposure relating to interest rate risk on originated mortgage loans as described in the item.

6) Action Item 19 – Presentation, discussion and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(vii) of the Qualified Allocation Plan (QAP) relating to the percentage of efficiency and/or one bedroom units for Parmer North – was not heard as the applicant requested the item be pulled from the agenda.

7) Action Item 20 – Presentation, discussion, and possible action on an order proposing repeal of 10 TAC Chapter 10 Subchapter F, Compliance Monitoring Rule, and order proposing new 10 TAC Chapter 10 Subchapter F, Compliance Monitoring Rule, and directing its publication for public comment in the *Texas Register* – was presented by Wendy Quackenbush, TDHCA Director of Multifamily Compliance. The Board unanimously adopted staff recommendation in proposing the repeal of the existing rule and publishing for public comment of the new draft rule.

8) Action Item 21 – Presentation, discussion, and possible action authorizing the Department to submit an application for the U.S. Department of Housing and Urban Development's Foster Youth to Independence Initiative, and if successfully awarded to operate such program – was presented by Andre Adams, Manager, TDHCA Section 8 Program. The Board unanimously adopted staff recommendation to approve the partnership agreement with the Department of Family and Protective Services and submitting the FYI Initiative application to HUD.

9) Action Item 22 – Presentation, discussion, and possible action on State Fiscal Year 2024 and 2025 Veterans Transitional Housing Pilot Program Awards – was presented by Rosy Falcon, Manager, TDHCA Homeless Programs. The Board unanimously approved staff recommendation to make the award to Austin-Travis County MHMR and amend the existing awards to the American GI Forum and US Veterans Initiatives.

10) Action Item 23 – Presentation, discussion, and possible action on the proposed repeal of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, proposed new 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and directing their publication for public comment in the *Texas Register* – was presented by Mr.

Campbell with additional information from Mr. Wilkinson and Mr. Eccles. Following public comment (listed below), the Board approved staff recommendation on the proposed repeal of the existing QAP and publishing the new draft QAP, as amended at the meeting, for public comment.

- Kathryn Saar, Texas Affiliation of Affordable Housing Providers (TAAHP), provided comments on the item
- Robbye Meyer, ARX Advantage and Rural Rental Housing Association of Texas (RRHATX), provided comments on the item
- Audrey Martin, Purple Martin Real Estate and TAAHP, provided comments on the item
- Tracey Fine, National Church Residences, provided comments on the item
- Todd Kercheval, RRHATX and the Texas Association of Local Housing Finance Agencies, provided comments on the item
- Justin Meyer, ARX Advantage and RRHATX, provided comments on the item
- Tim Smith, Hoke Development Services, provided comments on the item
- Joy Horak-Brown, New Hope Housing, provided comments on the item
- Donna Rickenbacker, MREC, provided comments on the item
- Carla Mancha, Housing Authority of the City of Brownsville, provided comments on the item
- Tanya Lavelle, Disability Rights Texas, provided comments on the item
- Erin Hahn, Texas Housers, provided comments on the item

11) Action Item 24 – Presentation, Discussion, and Possible Action regarding a workout for Heritage Heights at Abilene – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the workout.

12) Action Item 25 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for the Victorian – was presented by Josh Goldberger, Manager, TDHCA 9% Competitive Housing Tax Credit Program. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- Rick Deyoe, Realtex Development Corporation, provided comments in support of staff recommendation

13) Action Item 26 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Cabana Design District – was presented by Mr. Goldberger. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- Zachary Krochtengel, Sycamore Strategies, provided comments in support of staff recommendation

14) Action Item 27 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Westwind of Amarillo – was presented by Mr. Goldberger. The Board unanimously adopted staff recommendation to approve the force majeure request.

15) Action Item 28 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Lalita Senior Living – was presented by Mr. Goldberger. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- Daniel Hendren, Versa Development, provided comments in support of staff recommendation

16) Action Item 29 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Woodcrest Apartments – was presented by Mr. Goldberger. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- Melissa Fisher, Rise Residential, provided comments in support of staff recommendation

17) Action Item 30 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Town East Trails – was presented by Mr. Goldberger. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- Alan Naul, Javelin Group, provided comments in support of staff recommendation

18) Action Item 31 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Elsie Manor – was presented by Mr. Goldberger. Following public comment (listed below), the Board unanimously adopted staff recommendation, as amended at the meeting, to approve the force majeure request.

- Michael Ash, JES-DevCo, provided comments in support of staff recommendation

19) Action Item 32 – 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 Maple Park – was presented by Mr. Goldberger. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- Michael Ash, JES-DevCo, provided comments in support of staff recommendation

20) 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 FishPond at Victoria – was presented by Mr. Campbell. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- David Fournier, FishPond Development, provided comments in support of staff recommendation

21) Action Item 34 – 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 FishPond at Walker – was presented by Mr. Campbell. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- David Fournier, FishPond Development, provided comments in support of staff recommendation

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

There being no further business to come before the Board, the meeting adjourned at 3:07 p.m. The next meeting is scheduled for Thursday, October 10, 2024.

Secretary

Approved:

Chair



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 779

Agenda Date: 10/10/2024

Agenda #: 2.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Eden Court (HTC #23428)

RECOMMENDED ACTION

WHEREAS, Eden Court (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2023 for the acquisition and rehabilitation of 110 elderly preference units in Seguin, Guadalupe County;

WHEREAS, Eden Court Senior Housing LP (the Development Owner or Owner) requests approval for a material amendment to the Application to decrease the number of low-income units from 110 to 109;

WHEREAS, one household was discovered to be over income when the management company began income qualifications of the current residents, and the Owner would like to turn the unit into a market unit now to not displace this elderly tenant;

WHEREAS, the requested change reduces the applicable fraction from 100% to 98.78%, resulting in a reduction of approximately \$15,000 in annual Housing Tax Credits, which will result in a reduction of approximately \$140,000 to equity proceeds but will not impact the Development's financial feasibility; and

WHEREAS, Board approval is required for a reduction in the number of low-income units, and the Development Owner has complied with the amendment requirements in 10 TAC §10.405 (a);

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Eden Court 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

Eden Court received a 4% HTC award to acquire and rehabilitate 110 units in Seguin, Guadalupe County. In a letter dated August 29, 2024, Tracey Fine, representative for the Development Owner, requested approval to decrease the number of low-income units from 110 to 109. This change represents a material amendment to the Application.

The Development Owner states that a single current household is not income qualified. This household is a long-term resident who is disinclined to move.

The change in the number of low-income units will result in the LURA restricting 28 units at 50% of Area Median Income (AMI); 81 units at 60% AMI; and one unit at market rate.

There is an anticipated loss of approximately \$15,000 in annual tax credits or \$140,000 in equity as a result of this change, which can be absorbed through an increase in deferred developer fee. Rental income and operating expense assumptions remain unchanged from application, representing a nonmaterial impact to the underwriting. The development remains feasible, and the final credit amount will be determined at cost certification.

The Owner indicated that the necessity of this amendment was not reasonably foreseeable at the time of application. The Owner did not know when this transaction was put together if this resident would want to leave prior to income certification, and since this tenant's unit was originally a non-HTC unit, the Owner was not able to certify the tenant's income prior to submitting the Application.

Staff has determined that the proposed change noted above would not have impacted the HTC award.

Staff recommends approval of the amendment request as presented herein.



August, 29, 2024

Rosalio Banuelos
Director of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Office: 512.475.3357

Re: Eden Court 23428
Application Amendment

Mr. Banuelos,

We are requesting to change Eden Court 23428 from 110 units at 100% LIHTC to 109 LIHTC units and 1 market rate unit, a 2br, 946 SF unit, reducing the applicable fraction to 98.78%.

Eden Court is composed of the combination of 2 adjacent properties including Eden Place, which was originally built under the LIHTC program and has an existing LURA which originally included 4 market rate units.

We planned and submitted the resyndication of Eden Place as 100% LIHTC and hoped that the residents of those 4 “market rate” units would either income qualify or move-out over the 3+ year course to put together the project, close and renovate. While this approach was successful for 3 of the 4 units, one longtime resident, a senior household, is just slightly over-income and does not want to move from her home of many years.

While it would be our preference to remain 100% LIHTC and lease the unit once this household moves out, at their own will, TDHCA has said that is not an option. Since we believe it is cruel to force this elderly woman to move from her home of many years, we don’t believe we have another option other than amending the application to turn one unit into a non-qualified unit.

The reduction in applicable fraction from 100% to 98.78% is very minimal. We lose about 15,000 LIHTCs or \$140k in equity based on our original application. Rent income and operating expense assumptions remain the same. The project remains feasible.

The necessity of the amendment was not reasonably foreseeable at the time of Application. We did not know when we put this transaction together, if this resident would want to leave prior to income certification. Since her unit was originally a non LIHTC unit, we were not able to certify her income prior to submitting the application. Even at this moment, in the event of a major health event that would require this resident to move to higher care living or even death, we would want the unit to be a LIHTC unit. But it appears we are left with no choice, but to turn the unit into a market unit now, so we do not displace this elderly woman.

I have updated the excel application to reflect the change of this one unit. Appreciate your assistance in this matter.



Regards,



Tracey Fine

tfine@nationalchurchresidences.org

773-860-5747

Senior Director of Housing





Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 781

Agenda Date: 10/10/2024

Agenda #: 3.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for 305 E Round Grove Living (HTC #23007)

RECOMMENDED ACTION

WHEREAS, 305 E Round Grove Living (the Development) received a 9% Housing Tax Credit (HTC) award in 2023 for the new construction of 90 units, 57 of which are designated as low-income units, in Lewisville, Denton County;

WHEREAS, due to the need to fill a funding gap, which is expected to be filled by obtaining Multifamily Direct Loan (MFDL) funding from the Department and fee waivers from the City of Lewisville through an Economic Incentive Agreement, 305 E Round Grove Living, Ltd. (the Applicant) requests approval to change the Qualified Low Income Housing Development Election from Average Income to the set-aside requirement that specifies that at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election);

WHEREAS, one of the major factors in the City of Lewisville granting this incentive to the Development is the number of market units (36.7% of total units) being provided to the community, but per 10 TAC §13.3(d)(2)(a), if average income is elected, no more than 15% of total units can be designated market rate and still remain eligible for MFDL funds;

WHEREAS, with a change to the 40% at 60% set-aside, the number of market rate units can remain the same, and the Development can be eligible for MFDL funds and receive the fee waivers from the City of Lewisville;

WHEREAS, Board approval is required for a request to implement a revised election under §42 (g) of the Code prior to filing of IRS Form(s) 8609 as directed by 10 TAC §10.405(a)(4)(G), and the Applicant has complied with the amendment requirements under 10 TAC §10.405(a); and

WHEREAS, the requested change does 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 application amendment for 305 E Round Grove Living 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

305 E Round Grove Living (HTC #23007) was approved for a 9% HTC award in 2023 for the new construction of 90 units, 57 of which are designated as low-income units in Lewisville, Denton County. Construction of the Development has not begun, and the Applicant submitted a request for a reallocation of credits under force majeure, which will be presented for consideration separately. The Applicant originally elected Average Income as the Qualified Low Income Housing Development Election, with an average income under 54%, which would allow the property to serve households with incomes ranging from 20% to 80% of the Area Median Income (AMI).

In a letter received on August 13, 2024, Cody Hunt, the representative for the Applicant, requested approval for a material amendment to the Application. The Applicant requests to revise the Qualified Low Income Housing Development Election from Average Income to the set-aside requirement that specifies at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election). With this change, the Development would have six units at 30% AMI; 23 units at 50% AMI; 28 units at 60% AMI; and 33 market rate units. The average income for the low-income units would decrease to 52.8%.

The Applicant states that since initial application in March 2023, total development costs for this project have increased from \$26.6 million to \$30.1 million. In addition to this, interest rates since March 2023 have continued to increase. These factors resulted in a need to fill a funding gap that the Applicant expects to fill using a direct loan from the Department and fee waivers from the City of Lewisville through an Economic Incentive Agreement. However, one of the major factors in the City of Lewisville granting this incentive to the Development is the number of market units (36.7% of total units) being provided to the community. If the number of market units is decreased, the City of Lewisville will remove the fee waiver incentive. This conflicts with 10 TAC 13.3(d)(2)(a), which states that if average income is elected no more than 15% of total units can be designated market rate and still remain eligible for the MFDL funds. With the change to the 40% at 60% income election, the number of market rate units can remain the same, and the Development can be eligible for the MFDL funds and receive the fee waivers from the City of Lewisville. The Applicant indicated that it was not reasonably foreseeable at initial Application that this project would need both MFDL funds and fee waivers in order to remain financially feasible. The recommendation for the direct loan funds from the Department will be presented separately from this amendment to the HTC Application.

The Development was re-underwritten based on the proposed set-asides and revised financial information that was submitted. The analysis supports no change to the HTC allocation and demonstrates the Development remains feasible with the additional proposed changes to the financing structure. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and has concluded that none of the changes

would have resulted in selection or threshold criteria changes that would have affected the selection of the Application in the competitive round.

Staff recommends approval of the material amendment request.



Addendum to Underwriting Report

TDHCA Application #: **24511_23007** Program(s): **MDL/9% HTC**

305 E Round Grove Living

Address/Location: 305 E Round Grove Rd

City: Lewisville County: Denton Zip: 75067

APPLICATION HISTORY	
Report Date	PURPOSE
09/24/24	MDL Award Memo / Amendment to Set-Aside
06/22/23	Original Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION							
	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm. Lien	Const. Term	Const. Lien	
MFDL FHA					\$4,438,911	2.00%	40	40 yrs	2	36 mos	3	
LIHTC (9% Credit)	\$1,500,000				\$1,500,000							

* 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: Senior loan documents and/or partnership documents must contain a provision that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.0 DCR if subordinate to FHA financing.

3 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.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	23
60% of AMI	60% of AMI	28

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	5
60% of AMFI	High HOME	17

ANALYSIS

The Development was awarded \$1,500,000 in 9% Housing Tax Credits in 2023. Applicant has now applied for \$4,438,911 in MDL funding from available HOME funds to primarily cover increased development costs. In conjunction with the MDL request, there is an Amendment to go from Income Averaging to the 40/60 Set-Aside.

Operating Pro Forma

Applicant is no longer utilizing income averaging.

The Unit Mix and operating Pro Forma have been updated with current 2024 Program Rents.

Underwriter revised Applicant's market unit rents to equal the Market Analyst's lower concluded rents.

Applicant's Management Fee was reduced from 5.00% to 4.00%.

With the updated and revised rents, projected Net Operating Income has increased by \$156K since original underwriting (from \$785K to \$941K).

Financing on this deal includes a TDHCA MFDL that is subordinate to an FHA insured loan. Therefore, the combined DCR is calculated using 75% of the Surplus Cash after the senior debt service is deducted from Net Operating Income. Pursuant to the 2024 QAP, the combined DCR must meet a minimum 1.0 DCR to demonstrate financial feasibility. In this case, the combined DCR was calculated at 1.00.

As underwritten, the long-term Pro Forma exhibits a 15 year residual cash flow of \$1.4M after repayment of deferred developer fee in year 9.

Development Cost

\$180K in off-site costs were added for City required street improvements. A CPA letter was provided stating that the \$180K is likely includable in eligible basis.

Site Work increased by \$2.1M (from \$1M to \$3.1M).

Building Cost increased by \$270K (from \$11.3M to \$11.6M).

Total Housing Development Cost increased by \$3.5M (\$26.6M to \$30.1M).

Sources of Funds

The underwriting analysis assumes a \$390,000 Adjustment to the Senior Debt Per §11.302(c)(2) in order to achieve the minimum 1.00x debt coverage ratio.

The \$4.4M of MDL funds at 2% interest are primarily facilitating an increase in development costs since original underwriting.

Applicant changed equity providers from Regions Bank to PNC. The total equity contribution decreased by \$600K (from \$13.9M to \$13.3M), while the equity price decreased from \$0.93 to \$0.89.

Recommendation

Underwriter recommends a second lien Multifamily Direct Loan in the amount of \$4,438,911 at a 2.00% interest rate for a 40 year term with payments based on a 40 year amortization. Under these terms, the annualized monthly debt service payment is \$161,306. The construction term is assumed at 36 months.

Furthermore, an annual 9% tax credit allocation of \$1,500,000 is still being recommended.

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

UNIT MIX/RENT SCHEDULE
305 E Round Grove Living, Lewisville, 9% HTC #23007

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

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	24	26.7%	0	19	0
2	51	56.7%	0	22	0
3	15	16.7%	0	5	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL					
	90	100.0%	-	46	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	59.99%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	950 sf

53%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	6	-	23	28	-	-	33	90
Income	% Total	0.0%	6.7%	0.0%	25.6%	31.1%	0.0%	0.0%	36.7%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																					
HTC		MF Direct Loan Units (HOME Rent/Inc)		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS			MARKET RENTS			
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten	Mrkt Analyst	
TC 30%	\$621			5	1	1	750	\$621	\$54	\$567	\$0	\$0.76	\$567	\$2,835	\$2,835	\$567	\$1	\$0	\$1,497	\$2.00	\$1,497
TC 50%	\$1,035	Match		13	1	1	750	\$1,035	\$54	\$981	\$0	\$1.31	\$981	\$12,753	\$12,753	\$981	\$1	\$0	\$1,497	\$2.00	\$1,497
TC 50%	\$1,035	LH/50%	\$1,035	2	1	1	750	\$1,035	\$54	\$981	\$0	\$1.31	\$981	\$1,962	\$1,962	\$981	\$1	\$0	\$1,497	\$2.00	\$1,497
TC 60%	\$1,242	HH/60%	\$1,325	4	1	1	750	\$1,242	\$54	\$1,188	\$0	\$1.58	\$1,188	\$4,752	\$4,752	\$1,188	\$2	\$0	\$1,497	\$2.00	\$1,497
TC 30%	\$744			1	2	2	981	\$744	\$72	\$672	\$0	\$0.69	\$672	\$672	\$672	\$672	\$1	\$0	\$1,828	\$1.86	\$1,828
TC 50%	\$1,241			5	2	2	981	\$1,241	\$72	\$1,169	\$0	\$1.19	\$1,169	\$5,845	\$5,845	\$1,169	\$1	\$0	\$1,828	\$1.86	\$1,828
TC 50%	\$1,241	LH/50%	\$1,241	2	2	2	981	\$1,241	\$72	\$1,169	\$0	\$1.19	\$1,169	\$2,338	\$2,338	\$1,169	\$1	\$0	\$1,828	\$1.86	\$1,828
TC 60%	\$1,489	Match		10	2	2	981	\$1,489	\$72	\$1,417	\$0	\$1.44	\$1,417	\$14,170	\$14,170	\$1,417	\$1	\$0	\$1,828	\$1.86	\$1,828
TC 60%	\$1,489	HH/60%	\$1,592	10	2	2	981	\$1,489	\$72	\$1,417	\$0	\$1.44	\$1,417	\$14,170	\$14,170	\$1,417	\$1	\$0	\$1,828	\$1.86	\$1,828
MR				23	2	2	981	\$0	\$72		NA	\$1.86	\$1,828	\$42,044	\$42,044	\$1,828	\$2	NA	\$1,828	\$1.86	\$1,828
TC 50%	\$1,434	LH/50%	\$1,434	1	3	2	1,164	\$1,434	\$89	\$1,345	\$0	\$1.16	\$1,345	\$1,345	\$1,345	\$1,345	\$1	\$0	\$1,828	\$1.57	\$1,828
TC 60%	\$1,721	HH/60%	\$1,830	3	3	2	1,164	\$1,721	\$89	\$1,632	\$0	\$1.40	\$1,632	\$4,896	\$4,896	\$1,632	\$1	\$0	\$2,282	\$1.96	\$2,282
TC 60%	\$1,721	Match		1	3	2	1,164	\$1,721	\$89	\$1,632	\$0	\$1.40	\$1,632	\$1,632	\$1,632	\$1,632	\$1	\$0	\$2,282	\$1.96	\$2,282
MR				10	3	2	1,164	\$0	\$89		NA	\$1.96	\$2,282	\$22,820	\$22,820	\$2,282	\$2	NA	\$2,282	\$1.96	\$2,282
TOTALS/AVERAGES:				90			85,491				\$0	\$1.55	\$1,469	\$132,234	\$132,234	\$1,469	\$1.55	\$0	\$1,810	\$1.91	\$1,810

ANNUAL POTENTIAL GROSS RENT:			\$1,586,808	\$1,586,808
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STABILIZED PRO FORMA

305 E Round Grove Living, Lewisville, 9% HTC #23007

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				PRIOR REPORT		TDHCA			VARIANCE		
	Database	Denton / Tarant Comps	% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.55	\$1,469	\$1,586,808	\$1,448,112	\$1,448,112	\$1,586,808	\$1,469	\$1.55		0.0%	\$0
Application, Pet, Late and NSF Fees					\$15.97	\$17,244	17,244							
Laundry, Vending, Cable					\$14.03	\$15,156	9,828							
Total Secondary Income					\$30.00			27,072	\$32,400	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$1,619,208	\$1,475,184	\$1,475,184	\$1,619,208				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(121,441)	(110,639)	(110,639)	(121,441)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$1,497,767	\$1,364,545	\$1,364,545	\$1,497,767				0.0%	\$0

General & Administrative	\$45,039	\$500/Unit	\$46,114	\$512	2.76%	\$0.48	\$458	\$41,264	\$43,764	\$43,764	\$45,039	\$500	\$0.53	3.01%	-8.4%	(3,775)
Management	\$44,376	3.5% EGI	\$45,382	\$504	4.11%	\$0.72	\$684	\$61,540	\$68,227	\$68,227	\$59,911	\$666	\$0.70	4.00%	2.7%	1,629
Payroll & Payroll Tax	\$123,707	\$1,375/Unit	\$129,808	\$1,442	10.04%	\$1.76	\$1,670	\$150,339	\$156,121	\$156,121	\$150,339	\$1,670	\$1.76	10.04%	0.0%	-
Repairs & Maintenance	\$70,416	\$782/Unit	\$72,216	\$802	3.58%	\$0.63	\$596	\$53,663	\$61,663	\$58,500	\$58,500	\$650	\$0.68	3.91%	-8.3%	(4,837)
Electric/Gas	\$23,090	\$257/Unit	\$11,631	\$129	1.15%	\$0.20	\$191	\$17,222	\$17,222	\$11,631	\$11,631	\$129	\$0.14	0.78%	48.1%	5,591
Water, Sewer, & Trash	\$72,356	\$804/Unit	\$71,687	\$797	3.37%	\$0.59	\$561	\$50,524	\$50,524	\$71,687	\$71,687	\$797	\$0.84	4.79%	-29.5%	(21,163)
Property Insurance	\$51,581	\$0.60 /sf	\$61,798	\$687	3.00%	\$0.53	\$500	\$45,000	\$45,000	\$61,798	\$45,000	\$500	\$0.53	3.00%	0.0%	-
Property Tax (@ 100%) 1.8976	\$103,538	\$1,150/Unit	\$113,253	\$1,258	7.51%	\$1.32	\$1,250	\$112,500	\$112,500	\$113,253	\$113,253	\$1,258	\$1.32	7.56%	-0.7%	(753)
Reserve for Replacements					1.50%	\$0.26	\$250	\$22,500	\$22,500	\$22,500	\$22,500	\$250	\$0.26	1.50%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.15%	\$0.03	\$25	\$2,280	\$2,280	\$2,280	\$2,280	\$25	\$0.03	0.15%	0.0%	-
TOTAL EXPENSES					37.18%	\$6.51	\$6,187	\$556,832	\$579,801	\$609,761	\$580,140	\$6,446	\$6.79	38.73%	-4.0%	\$ (23,308)
NET OPERATING INCOME ("NOI")					62.82%	\$11.01	\$10,455	\$940,935	\$784,744	\$754,784	\$917,628	\$10,196	\$10.73	61.27%	2.5%	\$ 23,308

CONTROLLABLE EXPENSES							\$3,478/Unit						\$3,747/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

305 E Round Grove Living, Lewisville, 9% HTC #23007

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
	ADJUSTED BASIS	\$0	\$24,331,019	\$0
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$24,331,019	\$0	\$24,304,020
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$31,630,325	\$0	\$31,595,226
Applicable Fraction	59.99%	59.99%	60%	60%
TOTAL QUALIFIED BASIS	\$0	\$18,975,753	\$0	\$18,954,697
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$1,707,818	\$0	\$1,705,923
CREDITS ON QUALIFIED BASIS	\$1,707,818		\$1,705,923	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price	Variance to Request	
			\$0.8899	Credits	Proceeds
Eligible Basis	\$1,707,818	\$15,198,058	----	----	----
Needed to Fill Gap	\$1,590,608	\$14,154,998	----	----	----
Applicant Request	\$1,500,000	\$13,348,665	\$1,500,000	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	85,491 SF	\$109.14	9,330,066
Adjustments				
Exterior Wall Finish	2.80%		3.06	\$261,242
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.35%		3.66	312,557
Roof Adjustment(s)			(0.25)	(21,373)
Subfloor			0.23	19,877
Floor Cover			2.82	241,085
Enclosed Corridors	\$100.69	19,771	23.28	1,990,644
Balconies	\$31.05	6,963	2.53	216,189
Plumbing Fixtures	\$1,090	198	2.52	215,820
Rough-ins	\$535	180	1.13	96,300
Built-In Appliances	\$1,880	90	1.98	169,200
Exterior Stairs	\$3,275	9	0.34	29,475
Heating/Cooling			2.37	202,614
Storage Space	\$100.69	0	0.00	0
Carports	\$16.05	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$119.60	6,168	8.63	737,673
Elevators	\$366,765	1	4.29	366,765
Other:			0.00	0
Fire Sprinklers	\$3.65	111,430	4.76	406,720
SUBTOTAL			170.48	\$14,574,853
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			170.48	\$14,574,853
Plans, specs, survey, bldg permits	3.30%		(5.63)	(\$480,970)
Contractor's OH & Profit	11.50%		(19.61)	(1,676,108)
NET BUILDING COSTS		\$137,975/unit	\$145.25/sf	\$12,417,775

Long-Term Pro Forma

305 E Round Grove Living, Lewisville, 9% HTC #23007

	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%	\$1,497,767	\$1,527,723	\$1,558,277	\$1,589,443	\$1,621,232	\$1,789,971	\$1,976,272	\$2,181,964	\$2,409,065	\$2,659,802	\$2,936,637	\$3,242,284
TOTAL EXPENSES	3.00%	\$556,832	\$572,922	\$589,481	\$606,526	\$624,068	\$719,790	\$830,374	\$958,150	\$1,105,810	\$1,276,474	\$1,473,751	\$1,701,822
NET OPERATING INCOME ("NOI")		\$940,935	\$954,801	\$968,796	\$982,917	\$997,163	\$1,070,181	\$1,145,898	\$1,223,815	\$1,303,255	\$1,383,329	\$1,462,886	\$1,540,463
EXPENSE/INCOME RATIO		37.2%	37.5%	37.8%	38.2%	38.5%	40.2%	42.0%	43.9%	45.9%	48.0%	50.2%	52.5%
MUST -PAY DEBT SERVICE													
PNC FHA 221(d)4 Loan		\$760,800	\$760,621	\$760,432	\$760,231	\$760,017	\$758,741	\$757,027	\$754,728	\$751,641	\$747,499	\$741,939	\$734,476
Adjustment to Debt Per §11.302(c)(2)		(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)	(\$26,400)
TDHCA MFDL 2024-2		\$161,306	\$161,306	\$161,306	\$161,306	\$161,306	\$161,306	\$161,306	\$161,306	\$161,306	\$161,306	\$161,306	\$161,306
TOTAL DEBT SERVICE		\$895,706	\$895,528	\$895,338	\$895,137	\$894,924	\$893,647	\$891,934	\$889,634	\$886,548	\$882,405	\$876,845	\$869,383
DEBT COVERAGE RATIO		1.00	1.01	1.02	1.04	1.05	1.11	1.18	1.24	1.31	1.39	1.46	1.54
ANNUAL CASH FLOW		\$45,229	\$59,273	\$73,458	\$87,780	\$102,239	\$176,534	\$253,964	\$334,180	\$416,707	\$500,924	\$586,041	\$671,080
Deferred Developer Fee Balance		\$761,104	\$701,831	\$628,373	\$540,593	\$438,354	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$294,416	\$1,408,183	\$2,917,624	\$4,835,295	\$7,170,950	\$9,930,740	\$13,116,314



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

RE: 24511_23007 305 E Round Grove Living – 40-60 Set-Aside Material Amendment

To Whom it May Concern,

The purpose of this letter is to request approval to change the minimum set-aside election from an Average Income election to a 40-60 election. This change will greatly benefit the project.

The Reason the Change is Necessary & Good Cause for the Change

Since initial application in March 2023, Total Development Costs for this project have increased from \$26.6 million to \$30.1 million. In addition to this, interest rates since March 2023 have continued to increase. These factors resulted in a need to fill a funding gap, which we have worked to fill through MFDL funding of \$4,438,911 as well as fee waivers through the City of Lewisville in the amount of \$657,600 through an Economic Incentive Agreement. Both of these are material and necessary to successfully close the deal. One of the major factors in the City of Lewisville granting this incentive to the development is due to the number of market units (36.7% of total units) being provided to the community. If the number of market units is decreased, then the City of Lewisville will remove the fee waiver incentive. Per 10 TAC 13.3(d)(2)(a), if average income is elected, no more than 15% of total units can be designated Market Rate and still remain eligible for MFDL funds. With a change to the 40-60 set-aside, the number of Market Rate units can remain the same, the development can be eligible for MFDL funds, and receive the fee waivers from the City of Lewisville.

Updated Financial Exhibits

Please see attached updated financial exhibits under Exhibit A following this letter. Acknowledgement from the Lender and Equity Syndicator are forthcoming.

An explanation of whether the necessity of the amendment was reasonably foreseeable at the time of Application

Since initial application in March 2023, Total Development Costs for this project have increased from \$26.6 million to \$30.1 million. It was not reasonably foreseeable at initial application that this project would need both MFDL funds and fee waivers in order to remain financially feasible.



We have also sent the required application fee via FedEx with check number 539 paid by Riva Switzerland, Inc.

We request that this amendment be approved. If you have any questions, please do not hesitate to contact me via email at chunt@rivaswitzerland.com.

Best Regards,

A handwritten signature in blue ink, appearing to read "Cody Hunt", with a stylized flourish at the end.

Cody Hunt
Authorized Representative



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 762

Agenda Date: 10/10/2024

Agenda #: 4.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and an order proposing new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, the Ending Homelessness Fund (EH Fund) is authorized by Tex. Transp. Code §502.415, which requires the Department to adopt rules governing application for grants from the EH fund and issuance of those grants;

WHEREAS, the Department is proposing to repeal all current sections of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund and proposing all new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, to maintain compliance with state requirements while increasing flexibility related to administration of the EH Fund; and

WHEREAS, upon Board approval, the proposed new rule will be submitted to the *Texas Register* to be published for public comment, which will be accepted from October 25, 2024, to November 29, 2024;

NOW, therefore, it is hereby

RESOLVED, that the proposed repeal of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund are approved for publication in the *Texas Register* for public comment; and

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the proposed repeal of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund 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.

BACKGROUND

The Ending Homelessness Fund (EH Fund) rules at 10 TAC Chapter 7, Subchapter D, provide the administrative framework for the EH Fund.

The purpose of repealing the EH Fund rule and proposing a new rule is to provide greater flexibility in administration of the EH Fund, while ensuring that the statutory requirements of Tex. Transp. Code §502.415 are met.

Staff recommends these changes to the rule so that program policy and direction would come through submission of a biennial EH Fund Plan to the Board for review and approval. This plan, similar to the Texas Housing Trust Fund Plan, would outline the eligible activities under the EH Fund, as well as selection criteria for subrecipients of the EH Fund.

The EH Fund is a unique fund source to the Department. Authorized by Tex. Transp. Code §502.415, the EH Fund is a donation-based fund held in trust outside of the state treasury. Donations to the fund are solicited through a request when a person registers or renews their registration for a motor vehicle. The EH Fund was created by the 85th Texas Legislature, to be effective September 1, 2017. Annual contributions to the EH Fund have been evaluated and an average of \$216,269.22 was contributed annually from SFY 2018-2023, with an existing balance available for use of \$332,944.63.

Since the EH Fund is a small fund source, staff recommends a funding plan created biennially that can carefully target specific projects or uses that would make the highest and best use of these flexible funds. An EH Fund Plan would be presented to the Board for approval, and published on the Department's website. Funds would then be made available in accordance with the approved plan.

Specific changes to the EH Fund rule are included in the attachments. A black line version with all changes will be available on the Department's website during the public comment period. The rule change implements the EH Fund Plan, which will include the eligible activities and award process.

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

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund. The purpose of the repeal is to eliminate an outdated rule, while adopting a new updated rule under separate action.

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

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

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

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

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

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

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

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

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

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

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

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

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed repeal does not contemplate or authorize a 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 proposed repeal as to its possible effects on local economies and has determined that for the first five years the proposed repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

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

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 25, 2024, to November 29, 2024, to receive input on the proposed repealed chapter. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Rosy Falcon, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email HomelessPrograms@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central Time, November 29, 2024.

STATUTORY AUTHORITY. The proposed repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules, and pursuant to Tex. Transp. Code §512.402(g), which requires the Department to issue rules governing the Ending Homelessness Fund. Except as described herein the proposed repealed chapter affects no other code, article, or statute.

10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund

§7.61 Purpose and Use of Funds

§7.62 EH Fund Subrecipient Application and Selection

§7.63 Availability of Funds

§7.64 Application Review Process

§7.65 Contract Term and Limitations

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

The Texas Department of Housing and Community Affairs (the Department) proposes new Subchapter D, Ending Homelessness Fund. The purpose of the proposed new sections is to comply with the requirements of Tex. Transp. Code §502.415 while increasing flexibility for the use of the Ending Homelessness Fund.

Tex. Gov't Code §2001.0045(b) does not apply to the 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 proposed new rule would be in effect:

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

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

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

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

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

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

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 25, 2024, to November 29, 2024, to receive input on the proposed new rule. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Rosy Falcon, Rule Comments, P.O. Box 13941, Austin, Texas 8711-3941, or email to HomelessPrograms@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Central Time, November 29, 2024.

STATUTORY AUTHORITY. The new chapter is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules, and pursuant to Tex. Transp. Code §512.402(g), which requires the Department to issue rules governing the Ending Homelessness Fund. Except as described herein the proposed new rule affects no other code, article, or statute.

CHAPTER 7 HOMELESSNESS PROGRAMS

SUBCHAPTER D ENDING HOMELESSNESS FUND

§7.61 Purpose and Use of Funds

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

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

(~~b~~c) Permitted EH Fund eligible activities include any activity determined to ~~be eligible under Subchapter B of this Chapter, Homeless Housing and Services Program (HHSP), and as otherwise described in this subchapter and Subchapter A of this chapter~~ provide local programs to prevent and eliminate homelessness. Such activities may include any activity eligible under Subchapter B of this Chapter, Homeless Housing and Services Program (HHSP). The EH Fund Plan may further limit eligible activities.

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

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

§7.62 EH Fund Subrecipient Application and Selection

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

~~(b) Funds will be available to Applicants determined to be eligible for the EH Fund under §7.63(b)(1) of this subchapter, or as specified in a NOFA as defined in and under §7.63(b)(2) of this subchapter (relating to Availability of Funds), as applicable as further described in the EH Fund Plan.~~

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

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

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

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

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

~~(5) Activity descriptions, including selection of administration under Subchapter B of this chapter (related to Homeless Housing and Services Program (HHSP)), as further described in the EH Fund Plan.~~

~~(d) Applications submitted by existing ESG or HHSP Subrecipients or awarded Applicants for ESG or HHSP, eligible activities are limited to those activities in HHSP.~~

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

~~§7.63 Availability of Funds~~

~~(a) Funds available under the EH Fund will be made available at least once per state fiscal year to eligible Applicants dependent on the amount of funding made available.~~

~~(b) The balance of the EH Fund will determine the distribution method.~~

~~(1) For an annual, uncommitted balance that does not exceed \$1,000,000 as of the end of the state fiscal year, the total of available EH funds will be distributed equally, up to the amount requested, among the total number of entities satisfying all of the following requirements:~~

~~(A) Are Subrecipients or awarded Applicants of ESG or HHSP;~~

~~(B) Are counties or municipalities;~~

~~(C) Have indicated that they wish to participate in the EH Fund; and~~

~~(D) Have identified the minimum amount of funds they would accept and the maximum amount of funds they would be able to expend during the Contract Term.~~

~~(2) For an annual, uncommitted fund balance that exceeds \$1,000,000 as of the end of the state fiscal year, the total of available EH Funds may be made available through a NOFA, which may include being made available to counties and municipalities that are not existing ESG or HHSP Subrecipients or awarded Applicants. If the amount of uncommitted funds in the EH Fund is greater than \$1,000,000, an award made available through a NOFA shall not exceed \$250,000 per Applicant per state fiscal year, unless there are no other eligible Applicants.~~

§7.6463 Application Review Process

(a) Review of Applications. When ~~not using a NOFA,~~ an Application is received in response to solicitation by the Department, it will be assigned a "Received Date" and processed as noted below. An Application will be prioritized for review based on its "Received Date." All Applications received by the deadline described in §7.62(e) of this subchapter will be reviewed by the Department for completeness and administrative deficiencies to prepare for Board action and potential funding.

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

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

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

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

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

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

§7.6564 Contract Term and Limitations

~~(a) For EH Fund Applicants that do not have a current ESG or HHSP Contract, and have not been awarded ESG or HHSP funds, †The Department requires evidence in the form of a certification or resolution adopted by the governing body of the Applicant specifying who is authorized to enter into a Contract on behalf of the Applicant. This certification or resolution is due to the Department no later than 90 calendar days after the award has been approved by the Board, must be received prior to Contract execution of any Contract for EH funds, and must include:~~

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

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

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

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

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

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 766

Agenda Date: 10/10/2024

Agenda #: 5.

Presentation, discussion, and possible action on the proposed Section 8 Program 2025 Streamlined Annual Public Housing Agency Plan for the Housing Choice Voucher Program

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) operates as a Public Housing Authority (PHA); and

WHEREAS, 42 U.S.C §1437(c-1) (a) and (b) requires PHAs to submit an annual PHA Plan that has been made available for public comment;

NOW, therefore, it is hereby

RESOLVED, that the Department's 2025 Annual PHA Plan is hereby approved in the form presented to this meeting to be made available for public comment;

FURTHER RESOLVED, that if there are not substantive public comments received requiring reconsideration of the plan, staff is authorized and directed to file the plan as final with the U.S. Department of Housing and Urban Development (HUD) with no further Board review; and

FURTHER RESOLVED, that if there are material public comments, staff is directed to bring the plan, with such comments and any recommended revisions, back to this Board for reconsideration.

BACKGROUND

Section 511 of the Quality Housing and Work Responsibility Act of 1998 created the requirement for submission of PHA plans. The PHA Plan is a brief guide to PHA policies, programs, and strategies for meeting local housing needs and goals for the upcoming fiscal year. The Annual Plan, which is prepared and submitted to HUD every year, provides information about the program operations and services for the upcoming fiscal year.

The 2025 Annual Plan will not be adopting any additional preferences for Project Access, Housing Choice Voucher, or Emergency Housing Voucher Programs. The Department focus its efforts expanding supply of quality affordable units; implementing HUDs revised guidance on inspection of dwelling units for initial inspections, improving partnerships, and increasing access to housing choice.

The Department's PHA is designated as an HCV-Only PHA, and is also designated as a high-performing PHA, which allows submission of the Streamlined Annual PHA Plan. Some sections of the Annual Plan are not required to be completed as shown in the instructions included in

pages 9-11 of the attachment.

To ensure public participation, the Department will appoint annually a Resident Advisory Board, which will consist of all tenants with active Section 8 contracts through TDHCA, to review and comment on the proposed 2025 Annual Plan. The Plan will also be available at 221 East 11th Street, Austin, TX 78701, for review at the Department's Administrative Office on weekdays between 8:00 am and 5:00 pm Central Time; and the Department's website at: www.tdhca.texas.gov. Those who are not able to speak, read, write or understand the English language may call 512-475-3800 or toll free 800-525-0657 to request translation assistance with documents, events or other information from the Texas Department of Housing and Community Affairs.

Upon Board approval, the Department will publish a notice 45 days prior to scheduling a public hearing to receive public comment on the Plan, and details will be provided on the Department's Public Comment Center at <https://www.tdhca.texas.gov/tdhca-public-comment-center>. If there are no substantive comments, the Plan will be submitted as approved today to HUD. If substantive comments are received, the Plan will be resubmitted to the Board for final approval.

Streamlined Annual PHA Plan <i>(HCV Only PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 03/31/2024
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA’s operations, programs, and services, including changes to these policies, and informs HUD, families served by the PHA, and members of the public of the PHA’s mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. The Form HUD-50075-HCV is to be completed annually by **HCV-Only PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, High Performer PHA, Small PHA, or Qualified PHA do not need to submit this form. Where applicable, separate Annual PHA Plan forms are available for each of these types of PHAs.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS and SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

A.	PHA Information.				
A.1	<p>PHA Name: <u>Texas Department of Housing and Community Affairs</u></p> <p>PHA Code: <u>TX901</u></p> <p>PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>09/2024</u></p> <p>PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)</p> <p>Number of Housing Choice Vouchers (HCVs) <u>2,506</u></p> <p>PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at the main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website.</p> <p><input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below)</p>				
	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program
	Lead HA:				

B. Plan Elements.

B.1 Revision of Existing PHA Plan Elements.

a) Have the following PHA Plan elements been revised by the PHA since its last Annual Plan submission?

Y N

- Statement of Housing Needs and Strategy for Addressing Housing Needs.
- Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
- Financial Resources.
- Rent Determination.
- Operation and Management.
- Informal Review and Hearing Procedures.
- Homeownership Programs.
- Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements.
- Substantial Deviation.
- Significant Amendment/Modification.

(b) If the PHA answered yes for any element, describe the revisions for each element(s):

Housing Needs.
Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, the Department makes a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA. This includes elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.

Housing Need Analysis- Section 8
When analyzing local housing markets and developing strategies for meeting housing challenges, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of housing and whether or not the household is overcrowded.

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer.

The measure of physical inadequacy is the number of units lacking complete kitchen and/ or plumbing facilities. While this is not a complete measures of physical inadequacy, the lack of plumbing and/ or kitchen facilities can serve as a strong indication of one type of housing inadequacy.

Overcrowded housing conditions may occur when a residence accommodates more than one person per each room in the dwelling. Overcrowding may indicate a general lack of affordable housing in a community either where

	<p>households have been forced to share space, because other housing units are not available or because the units are too expensive.</p> <p>The following table estimates the number of low-income households with housing needs for the 34 counties that comprise TDHCAs Section 8 service area.</p> <p>Total Population = 4,426,265 Total Population below Poverty = 496,003 Total Renter Overcrowded Households = 32,297 Total Renter Cost Burdened Households = 205,572</p> <p>All these data points are from the 2018-2022 5-year ACS data</p> <p>Total Households in Substandard Housing = 6,779</p> <p>This point comes from 2016-2020 HUD CHAS data, which gives total households in substandard housing (lacking Kitchen OR Plumbing), while ACS data would provide overlapping data causing the number to be much higher.</p> <p>The TDHCA waiting list is approximately 497 applications. The waiting list figure is a composite of our 34 county jurisdictional waiting lists, as well as the Project Access statewide and VASH waiting lists.</p>
<p>B.2</p>	<p>New Activities. – Not Applicable</p>
<p>B.3</p>	<p>Progress Report.</p> <p>Provide a description of the PHA’s progress in meeting its Mission and Goals described in its 5-Year PHA Plan.</p> <p>Expanding supply of affordable units [24 CFR 982.503]</p> <p>The Department will continue to set payment standards between 90% and 110%, with higher percentages in areas where market rents are elevated for the Housing Choice Voucher program within the 34-county jurisdiction. In regions with high rental demand, voucher holders often face challenges in finding available units. Adequate payment standards will assist in areas where voucher holders struggle to find acceptable or affordable units in more desirable locations. Higher Fair Market Rents (FMRs) provide tenants with additional choices and opportunities in competitive rental markets. In areas with higher market rents, poverty levels are lower, schools are better, and there are more employment opportunities. Ensuring that a household’s voucher provides sufficient assistance to house them is balanced with avoiding over-subsidization.</p> <p>The Department oversees a HUD Veterans Assistance Supportive Housing (HUD-VASH) program, which is currently active in two areas of the state. In Kerr County, the Project-Based HUD-VASH is administered at Freedom’s Path in Kerrville, with a subsidy standard set at 100% of the Kerr County Fair Market Rent (FMR). In Fort Bend and Galveston counties, the Department runs a Tenant-Based HUD-VASH program, adopting a payment standard of 120% of the Small Area Fair Market Rent (SAFMR) for HUD-VASH families. Following Notice PIH 2024-18, HUD-VASH Registration of Interest Notice, the Department registered interest for twenty additional vouchers. Currently, the Department is assisting with 55 HUD-VASH vouchers.</p> <p>The Department also manages an Emergency Housing Voucher (EHV) program, which supports individuals experiencing homelessness, those at risk of homelessness, and those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking. It also aids those who are recently homeless and for whom rental assistance will prevent a return to homelessness, as well as those at high risk of housing instability. Unlike other Housing Choice Voucher (HCV) programs, EHV is available statewide. The Department will apply a payment standard of 120% of the HUD Fair Market Rent (FMR) or Small Area Fair Market Rent (SAFMR), as applicable, for Zip codes across the state, assisting 798 individuals experiencing homelessness. As of today, the Department has assisted 805 voucher holders.</p>

HUD has adjusted the effective date for the Payment Standard to January 1st each year, or within three months of the FMR effective date, whichever comes first. This change applies to both HUD-mandated and discretionary revisions.

Improve Performance and Processes

To improve performance and processes, the Department will continue to innovate and train both new and existing staff on the latest housing policies and procedures. In order to maintain its high performing PHA status, the Department's goal is to ensure that monthly Housing Assistance Payments (HAP) and expenses equal at least 98% of the Annual Contributions Contract amount. For calendar year 2024, the Department has achieved an overall utilization rate of 99.7%.

Additional efforts are being made to increase voucher utilization for non-specialty vouchers, Near Elderly Disabled (NED), Mainstream (MS5) voucher holders, Veteran Assistance Supportive Housing (VASH), and Emergency Housing Vouchers (EHV), and the Department is now also seeking Foster Youth to Independence (FYI) Vouchers. These initiatives are part of a broader strategy to enhance efficiency and effectiveness in service delivery.

Improve the quality of assisted housing

To improve the quality of assisted housing, the Department will continue to enhance its housing assessments by utilizing HUD's Enterprise Income Verification (EIV). This system collects data through agreements with the Social Security Administration (SSA) and the Department of Health and Human Services (HHS), providing a comprehensive analysis of income and benefits. As well as streamlines the income verification process, making it easier for PHAs to manage and verify resident information Income Information and Verification Reports, including the Multiple Subsidy Report, Identity Verification Report, Immigration Report, and Income Validation Tool Report. These reports are monitored and reviewed monthly, with staff required to correct and resubmit any necessary adjustments for further review.

Improve and continue to build partnership with Centers for Independent Living, Veteran Support Services, coordinating Centers of Care, Continuum of Care, and Victim Service Providers

The Department will continue to strengthen and expand its partnerships with Centers for Independent Living, Veteran Support Services, coordinating Centers of Care, Continuum of Care, and Victim Service Providers.

Areas for Improvement and Continued Partnership Building: The Department is focused on enhancing communication and collaboration with its external partners and stakeholders. This involves meeting on an as-needed basis and clear communication channels to ensure all partners remain aligned and informed about ongoing initiatives and challenges.

Innovation of Technology: The Department has updated the software used to administer the program. The new software enhances services provided through an efficient online portal database that offers real-time services for providers, voucher holders, and the public, while also addressing common challenges with sending out mail or receiving mail, completing applications, or possibly the mobility outside the home. The portal is mobile device compatible, to assist users that do not have access to a web-connected PC or accessories readily available.

Increase assisted housing choices

Annual Briefings: The Department will continue to provide annual briefings on the latest HUD policies and changes to both voucher holders and property owners. This ensures everyone is informed and up-to-date on important regulations and opportunities.

Housing Databases and Websites: The Department will continue to refer clients to its database, affordable housing websites, and other property unit registries. These resources help voucher holders locate property owners who offer decent, safe, and affordable housing options.

The Department, in addition to being a PHA, issues LIHTCs and other funds for development of affordable housing. Units that are developed using TDHCA funds must accept vouchers issued by TDHCA or other PHAs for occupancy. TDHCA's Vacancy Clearinghouse shows available units as reported by the owners of these properties, and may be searched by either city or county.

Partnerships and Outreach: The Department will continue to work to strengthen partnerships with local housing providers, community organizations, and service agencies to expand the network of available housing options.

Incentives for Property Owners: The Department will offer incentives to property owners to participate in the voucher program, such as expedited inspection processes, financial incentives, or support services, as permitted by the program. Recently, the Department instituted a pilot program to leverage its HOME funding to provide security deposits for voucher holders, which is paid directly to the property owner.

Tenant Education: The Department provides education and resources to voucher holders on how to search for housing, understand their rights and responsibilities, and effectively communicate with property owners. This is provided in group instruction during the briefing process, and through interaction with the voucher holder's assigned Regional Coordinator.

National Standards for the Physical Inspection of Real Estate (NSPIRE-V)

Initially, HUD required Public Housing Authorities (PHAs) to implement the National Standards for the Physical Inspection of Real Estate - Voucher (NSPIRE-V) by October 1, 2024. However, after further consideration, HUD has extended the implementation date to be effective October 1, 2025. This new standard will replace the existing Housing Quality Standards (HQS) for the Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) programs. NSPIRE-V aims to enhance the quality and safety of housing by introducing more comprehensive and consistent inspection criteria. PHAs are encouraged to prepare for this transition to ensure compliance and improve housing conditions for all participants. The extended timeline will allow PHAs to allocate resources more effectively and ensure a smoother transition.

Implementing the NSPIRE-V standard offers several benefits:

- **Enhanced Quality and Safety:** The new inspection criteria are more comprehensive and consistent, ensuring higher standards of living for residents.
- **Extended Preparation Time:** The extended deadline to October 1, 2025, allows PHAs more time to allocate resources effectively and ensure a smoother transition.
- **Improved Compliance:** With clear guidelines and additional time, PHAs can better prepare to meet the new standards, reducing the risk of non-compliance.
- **Resource Optimization:** The extended timeline provides an opportunity for PHAs to plan and implement changes without rushing, leading to more efficient use of resources.
- **Better Housing Conditions:** Ultimately, the goal is to improve housing conditions for all participants, leading to healthier and safer living environments.

These benefits collectively aim to enhance the overall effectiveness and impact of housing programs under the PHA.

The changes for the 2025 Annual Public Housing Agency (PHA) Plan contain significant revisions to the Department's administrative Plan as a result of upcoming changes to the federal regulations enacted under the Housing Opportunity Through Modernization Act of 2016 (HOTMA).

Background

HOTMA was signed into law on July 29, 2016 (Public Law 114–201, 130 Stat. 782). The HOTMA statute consists of 14 sections of law that affect the Housing Choice Voucher Program. On September 17, 2019, HUD issued a proposed rule to update its regulations according to HOTMA's statutory mandate. The proposed rule may be found at 84 FR 48820 (September 17, 2019).

Sections 102 and 104 of HOTMA make sweeping changes to the United States Housing Act of 1937 (1937 Act), particularly those affecting income calculations and reviews. Section 102 changes requirements related to income reviews for Public Housing and Section 8 programs. Section 104 sets maximum asset limits for Public Housing and Section 8 applicants and participants.

Highlights of the Final Rule Implementing Sections 102 and 104 of HOTMA

Section 102: Income Reviews

Fewer Interim Reexaminations: HOTMA creates a 10% adjusted income increase/decrease threshold for conducting Interim Reexaminations, and in most cases requires that increases in earned income are not processed until the next

Annual Reexamination, allowing families to keep more of their earnings before receiving a rent increase. The new requirements should lead to fewer Interim Reexaminations overall, alleviating burden for both participants and PHAs.

Streamlined Verifications: Several provisions will streamline the verification process for housing providers.

Adults Only Need to Sign Consent Form Once: HOTMA revises the required consent form that all adult household members sign, allowing them to sign the form only once instead of annually.

Use of Income Determinations from Other Programs: HOTMA allows PHAs to use income determinations made under other federal benefits programs for reexaminations.

Review of Enterprise Income Verification (EIV) Not Required at Interim Reexamination:

HOTMA eliminates the requirement for PHAs to use EIV to verify tenant employment and income information during an interim reexamination, significantly reducing administrative burden.

Increased Standard Deduction for Elderly/Disabled Households: HOTMA increases standard deductions for families with a head, co-head, or spouse who is elderly or a person with a disability from \$400 to \$525.

Additional Income Exclusions:

The rule codifies additional income and asset exclusions, including:

- Amounts received from Medicaid or other state/local programs meant to keep a family member with a disability living at home or Veterans' aide and attendant care.
- Distributions of principal from non-revocable trusts, including Special Needs Trusts.

Threshold for Claiming Medical/Disability Expenses Increased:

HOTMA increases the allowance for unreimbursed health and medical care expenses from 3% of annual income to 10%, phased-in over two years.

Higher Threshold for Imputing Asset Income:

HOTMA raises the imputed asset threshold from \$5,000 to \$50,000, incentivizing families to build wealth without imputing income on those assets.

Hardship Relief:

HOTMA provides hardship relief for expense deductions, lessening the impact of the increased threshold for medical expenses. HOTMA permits PHAs to grant hardship relief to families unable to pay rent because of unanticipated medical/disability expenses and families who are no longer eligible for the childcare expense deduction.

Section 104: Asset Limits

Asset Limitation:

HOTMA imposes a \$100,000 asset limit for eligibility and continued assistance.

Families are also ineligible for assistance if they own real property suitable for occupancy. PHAs have the option of delaying enforcement/termination for up to six months if the family is over the asset threshold at the time of annual reexamination.

Exclusion of Retirement and Educational Savings Accounts:

Retirement accounts and educational savings accounts will not be considered a net family asset. This is a major benefit to families, incentivizing savings for important life milestones and opportunities. This will also provide significant administrative relief to PHAs by allowing them to stop verifying and calculating these assets altogether.

Self-Certification of Assets under \$50,000:

HOTMA allows self-certification of net assets if estimated to be at or below \$50,000. This will be a time-savings for families and lower administrative burden for PHAs recertifying income.

Effective Date, Compliance, and Updates to PHA Policies

The Department of Housing and Urban Development (HUD) requires that the Department have their plan and policies updated with HOTMA regulations effective January 1, 2025.

	<p>Further, since the changes under HOTMA will most likely constitute a significant amendment to the Department's Administrative Plan.</p> <p>The Department's compliance date will be determined when HUD's new Housing Information Portal (HIP) is accepting certifications, and the Department's software vendor indicates that the PHA may begin submitting certification to HIP. The Department's is currently awaiting more information from HUD on its HIP conversion date to establish the effective date of the Administrative Plan changes. Until then, the currently effective Administrative Plan will remain in place.</p>
B.4	Capital Improvements. – Not Applicable
B.5	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N N/A <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe:</p>
C.	Other Document and/or Certification Requirements.
C.1	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) have comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input type="checkbox"/> A public hearing will be held to solicit comment from the RAB during the public comment period.</p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>
C.2	<p>Certification by State or Local Officials.</p> <p>Form HUD 50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.3	<p>Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.</p> <p>Form HUD-50077-ST-HCV-HP, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.4	<p>Challenged Elements. If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.</p> <p>(a) Did the public challenge any elements of the Plan?</p> <p>Y N <input type="checkbox"/> <input type="checkbox"/> Challenges will be accepted until the expiration of the public comment period.</p> <p>If yes, include Challenged Elements.</p>

D.	Affirmatively Furthering Fair Housing (AFFH).						
D.1	<p>Affirmatively Furthering Fair Housing (AFFH).</p> <p>Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.</p> <table border="1" data-bbox="191 556 1466 871"> <tr> <td data-bbox="191 556 1466 588">Fair Housing Goal:</td> </tr> <tr> <td data-bbox="191 588 1466 871"><u>Describe fair housing strategies and actions to achieve the goal</u></td> </tr> </table> <table border="1" data-bbox="191 903 1466 1165"> <tr> <td data-bbox="191 903 1466 934">Fair Housing Goal:</td> </tr> <tr> <td data-bbox="191 934 1466 1165"><u>Describe fair housing strategies and actions to achieve the goal</u></td> </tr> </table> <table border="1" data-bbox="191 1197 1466 1428"> <tr> <td data-bbox="191 1197 1466 1228">Fair Housing Goal:</td> </tr> <tr> <td data-bbox="191 1228 1466 1428"><u>Describe fair housing strategies and actions to achieve the goal</u></td> </tr> </table>	Fair Housing Goal:	<u>Describe fair housing strategies and actions to achieve the goal</u>	Fair Housing Goal:	<u>Describe fair housing strategies and actions to achieve the goal</u>	Fair Housing Goal:	<u>Describe fair housing strategies and actions to achieve the goal</u>
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**Instructions for Preparation of Form HUD-50075-HCV
Annual PHA Plan for HCV-Only PHAs**

A. PHA Information. All PHAs must complete this section. (24 CFR §903.4)

A.1 Include the full **PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning** (MM/YYYY), **Number of Housing Choice Vouchers (HCVs), PHA Plan Submission Type,** and the **Availability of Information,** specific location(s) of all information relevant to the public hearing and proposed PHA Plan.

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. ([24 CFR §943.128\(a\)](#))

B. Plan Elements. All PHAs must complete this section. ([24 CFR §903.11\(c\)\(3\)](#))

B.1 Revision of Existing PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.”

Statement of Housing Needs and Strategy for Addressing Housing Needs. Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists. The statement of housing needs shall be based on information provided by the applicable Consolidated Plan, information provided by HUD, and generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Once the PHA has submitted an Assessment of Fair Housing (AFH), which includes an assessment of disproportionate housing needs in accordance with 24 CFR 5.154(d)(2)(iv), information on households with individuals with disabilities and households of various races and ethnic groups residing in the jurisdiction or on the waiting lists no longer needs to be included in the Statement of Housing Needs and Strategy for Addressing Housing Needs. (24 CFR § 903.7(a)).

The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. ([24 CFR §903.7\(a\)\(2\)\(i\)](#)) Provide a description of the ways in which the PHA intends, to the maximum extent practicable, to address those housing needs in the upcoming year and the PHA’s reasons for choosing its strategy. ([24 CFR §903.7\(a\)\(2\)\(ii\)](#))

Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for HCV. ([24 CFR §903.7\(b\)](#))

Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA’s anticipated resources, such as PHA HCV funding and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. ([24 CFR §903.7\(c\)](#))

Rent Determination. A statement of the policies of the PHA governing rental contributions of families receiving tenant-based assistance, discretionary minimum tenant rents, and payment standard policies. ([24 CFR §903.7\(d\)](#))

Operation and Management. A statement that includes a description of PHA management organization, and a listing of the programs administered by the PHA. ([24 CFR §903.7\(e\)](#)).

Informal Review and Hearing Procedures. A description of the informal hearing and review procedures that the PHA makes available to its applicants. ([24 CFR §903.7\(f\)](#))

Homeownership Programs. A statement describing any homeownership programs (including project number and unit count) administered by the agency under section 8 of the 1937 Act, or for which the PHA has applied or will apply for approval. ([24 CFR §903.7\(k\)](#))

Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements. A description of any PHA programs relating to services and amenities coordinated, promoted, or provided by the PHA for assisted families, including those resulting from the PHA's partnership with other entities, for the enhancement of the economic and social self-sufficiency of assisted families, including programs provided or offered as a result of the PHA's partnerships with other entities, and activities subject to Section 3 of the Housing and Community Development Act of 1968 (24 CFR Part 135) and under requirements for the Family Self-Sufficiency Program and others. Include the program's size (including required and actual size of the FSS program) and means of allocating assistance to households. ([24 CFR §903.7\(1\)\(i\)](#)) Describe how the PHA will comply with the requirements of section 12(c) and (d) of the 1937 Act that relate to treatment of income changes resulting from welfare program requirements. ([24 CFR §903.7\(1\)\(iii\)](#)).

Substantial Deviation. PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. ([24 CFR §903.7\(r\)\(2\)\(i\)](#))

Significant Amendment/Modification. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan.

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activities. This section refers to new capital activities which is not applicable for HCV-Only PHAs.

B.3 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. ([24 CFR §903.11\(c\)\(3\)](#), [24 CFR §903.7\(r\)\(1\)](#))

B.4 Capital Improvements. This section refers to PHAs that receive funding from the Capital Fund Program (CFP) which is not applicable for HCV-Only PHAs

B.5 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. ([24 CFR §903.7\(p\)](#))

C. Other Document and/or Certification Requirements.

C.1 Resident Advisory Board (RAB) comments. If the RAB had comments on the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. ([24 CFR §903.13\(c\)](#), [24 CFR §903.19](#))

C.2 Certification by State of Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. ([24 CFR §903.15](#)). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

C.3 Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan. Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed*. Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed* must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA fulfills the requirements of §§ 903.7(o)(1) and 903.15(d) and: (i) examines its programs or proposed programs; (ii) identifies any fair housing issues and contributing factors within those programs, in accordance with 24 CFR 5.154; or 24 CFR 5.160(a)(3) as applicable (iii) specifies actions and strategies designed to address contributing factors, related fair housing issues, and goals in the applicable Assessment of Fair Housing consistent with 24 CFR 5.154 in a reasonable manner in view of the resources available; (iv) works with jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; (v) operates programs in a manner consistent with any applicable consolidated plan under 24 CFR part 91, and with any order or agreement, to comply with the authorities specified in

paragraph (o)(1) of this section; (vi) complies with any contribution or consultation requirement with respect to any applicable AFH, in accordance with 24 CFR 5.150 through 5.180; (vii) maintains records reflecting these analyses, actions, and the results of these actions; and (viii) takes steps acceptable to HUD to remedy known fair housing or civil rights violations. impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o)).

C.4 Challenged Elements. If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.

D. Affirmatively Furthering Fair Housing (AFFH).

D.1 Affirmatively Furthering Fair Housing. The PHA will use the answer blocks in item D.1 to provide a statement of its strategies and actions to implement each fair housing goal outlined in its accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5) that states, in relevant part: "To implement goals and priorities in an AFH, strategies and actions shall be included in program participants' ... PHA Plans (including any plans incorporated therein) Strategies and actions must affirmatively further fair housing" Use the chart provided to specify each fair housing goal from the PHA's AFH for which the PHA is the responsible program participant – whether the AFH was prepared solely by the PHA, jointly with one or more other PHAs, or in collaboration with a state or local jurisdiction – and specify the fair housing strategies and actions to be implemented by the PHA during the period covered by this PHA Plan. If there are more than three fair housing goals, add answer blocks as necessary.

Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D., nevertheless, the PHA will address its obligation to affirmatively further fair housing in part by fulfilling the requirements at 24 CFR 903.7(o)(3) enacted prior to August 17, 2015, which means that it examines its own programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintain records reflecting these analyses and actions. Furthermore, under Section 5A(d)(15) of the U.S. Housing Act of 1937, as amended, a PHA must submit a civil rights certification with its Annual PHA Plan, which is described at 24 CFR 903.7(o)(1) except for qualified PHAs who submit the Form HUD-50077-CR as a standalone document.

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the Annual PHA Plan. The Annual PHA Plan provides a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 6.02 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 771

Agenda Date: 10/10/2024

Agenda #: 6.

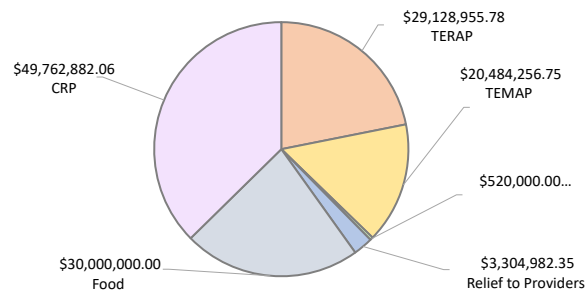
Report on TDHCA One-Time or Temporary Allocations - Pandemic Response and Other Initiatives



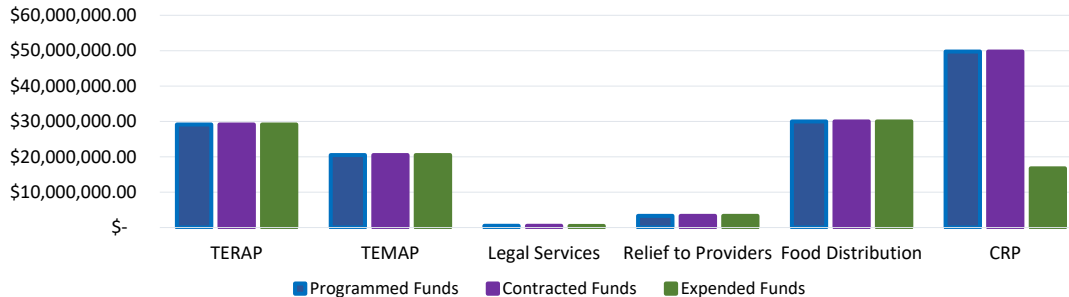
Texas Department of Housing and Community Affairs CDBG CARES (Coronavirus Aid, Relief, and Economic Security) Act Programs

Texas Emergency Rental Assistance Program (TERAP)	Texas Emergency Mortgage Assistance Program (TEMAP)	Legal Services to Persons with Disabilities	Relief to Service Providers for Persons with Disabilities	Food Distribution	Community Resiliency Program
COMPLETED Rental assistance (up to six months, including arrears) to income-eligible households impacted by COVID-19 to help provide housing stability during the pandemic. Funds can also be used for eviction diversion, which provides rental assistance to tenants who have been sued for eviction. TERAP was initially funded for \$33,981,073.89, however small amounts of funds have been unused or deobligated*.	COMPLETED Mortgage assistance (up to six months, including arrears) to income-eligible homeowners who have been economically impacted by COVID-19 to help provide housing stability during the pandemic.	COMPLETED Legal services assistance for persons with disabilities to obtain or retain housing as a result of COVID-19. Legal services include legal advice and legal representation by licensed attorneys in good standing with the State Bar of Texas.	COMPLETED Assistance to help providers continue serving residential persons with disabilities during the pandemic by reimbursing for allowable expenses undertaken to prevent, prepare for, or respond to COVID-19. Assistance was initially programmed for \$5,000,000, but \$1,695,017.65 was unused and deobligated by the administrator*.	COMPLETED Assistance to eligible food bank providers that have been economically impacted by COVID-19. Funds will be utilized to reimburse food banks for bulk food purchases to be distributed statewide.	Assistance to low- and moderate-income persons, and rural and small metro communities, to create, expand or enhance public facilities that provide medical care, social services, and/or emergency housing to prevent the transmission of COVID-19 and allow for adequate social distancing or remote access.
Start Date: January 15, 2021 Persons Assisted: 16,606	Start Date: June 15, 2021 Persons Assisted to Date: 11,777	Start Date: April 1, 2021 Persons Assisted: 750	Start Date: April 15, 2021 Persons Assisted: 3,592 Providers Assisted: 50	Start Date: October 1, 2021 Persons Assisted: 3,501,117	Start Date: May 2022
Program Administrators: 42 entitlement city and county governments throughout Texas	Program Administrators: 48 cities, counties and other local and regional service providers	Program Administrator: Disability Rights Texas	Program Administrator: My Health My Resources of Tarrant County	Program Administrator: Feeding Texas, a network of 21 member food banks	Program Administrators: 18 Non-Entitlement Communities throughout Texas
Service Area: 42 entitlement cities and counties	Service area: Statewide - All 254 counties in Texas	Service area: Statewide - All 254 counties in Texas	Service area: Statewide - All 254 counties in Texas	Service area: Statewide - All 254 counties in Texas	Service Area: 18 Non-Entitlement communities in Texas
Programmed Funds: \$29,128,955.78	Programmed Funds: \$20,484,256.75	Programmed Funds: \$520,000.00	Programmed Funds: \$3,304,982.35	Programmed Funds: \$30,000,000.00	Programmed Funds: \$49,762,882.06
Contracted Funds: \$29,128,955.78	Contracted Funds: \$20,484,256.75	Contracted Funds: \$520,000.00	Contracted Funds: \$3,304,982.35	Contracted Funds: \$30,000,000.00	Contracted Funds: \$49,762,882.06
Expended Funds: \$29,128,955.78	Expended Funds: \$20,484,256.75	Expended Funds: \$445,000.00	Expended Funds: \$3,304,982.35	Expended Funds: \$30,000,000.00	Expended Funds: \$16,732,473.73

CDBG CARES Funds by Program



CDBG CARES Program Funds by Status



* In the case of funds unused by administrators or deobligated, funds will be reprogrammed and used for awards under the Community Resiliency Program or another existing program.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**TDHCA One-Time or Temporary Allocations – Pandemic Response and Other Initiatives
Report for October 10, 2024**

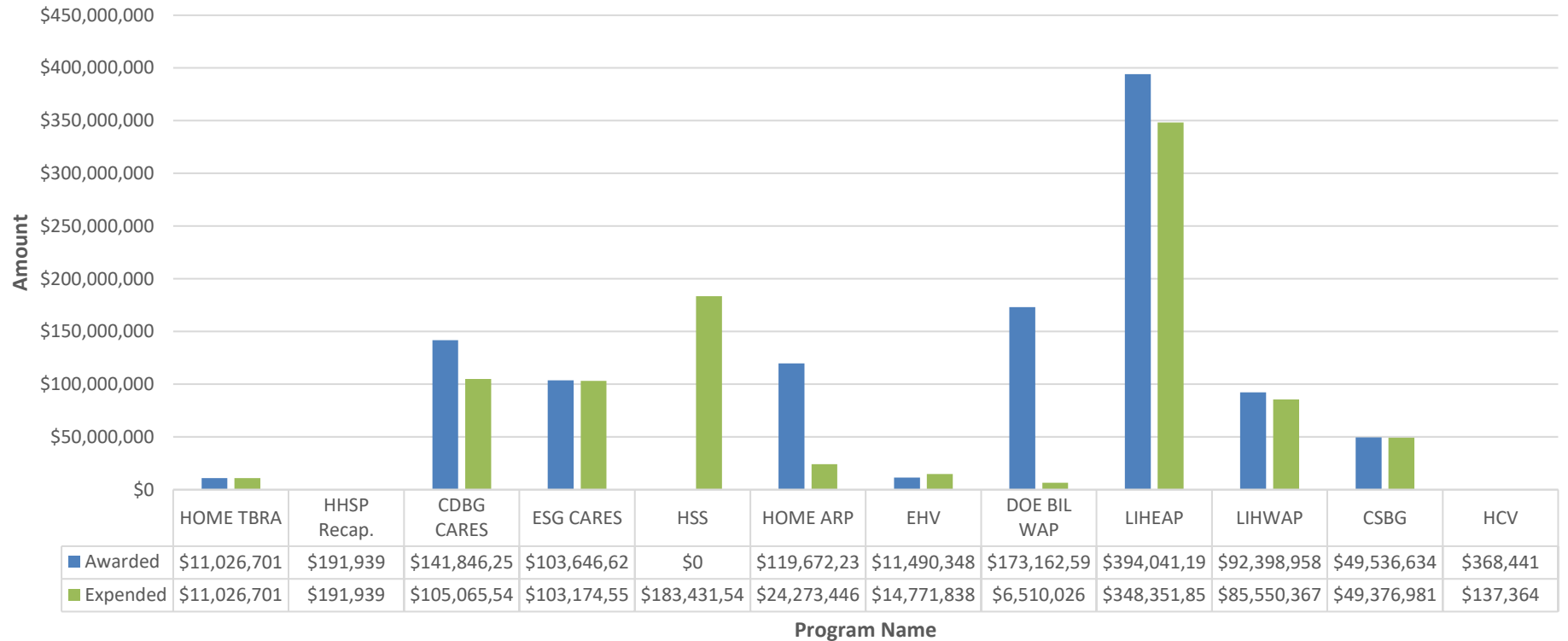
This report reflects one-time or temporary federally awarded allocations of funds, in addition to those funds focused specifically on the programs TDHCA has targeted to assist with Texas’ response to COVID-19. Programs reflected include those that were reprogramming of existing funds and those awarded through the administration of federal bills. All completed programs are reported at the end of the report.

PERFORMANCE TO DATE ACROSS ALL OPEN AND CLOSED PROGRAMS

Cumulative Performance to Date Across All Programs Reported			
Total of All Funding	Total Funds Obligated^{1,2}	Total Funds Spent¹	Total Served to Date^{3,4,5,6}
\$4,629,321,498	\$4,432,520,433 (95.75%)	\$4,225,153,890 (91.27%)	512,910 households 4,739,613 persons 371 units committed

1. May include administrative funds obligated and expended. 2. For TRR and HAF, funds are only considered ‘Obligated’ when they are expended. 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. For comparability purposes, if the average Texas household size of 2.85 is applied to the number of households served and converted to an estimate of individuals, that estimate would be 1,461,794; when combined with the 4,739,613 of individuals reported that would result in an estimated 6,201,407 individuals assisted with these programs. 5. An additional 805,719 meals have been served through the HSS Program that are not otherwise reflected in either the count of households or persons served. 6. Units committed are from HOME-ARP (308 units) and ERA Multifamily development funds (63 units).

TDHCA COVID-19 Programs: Total Funds Awarded vs. Expended (exc. TRR and HAF)



■ Awarded ■ Expended

OPEN PROGRAMS

Pram	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CARES ACT							
CDBG CARES – Phases I, II and III	<p>Board approved general use of the funds for CDBG Phase I in April 2020 and Plan Amendments in October 2020, January 2021, and July 2021 (all approved). HUD agreement executed November 2020.</p> <p>Funds must be expended by November 3, 2026</p> <p>90-day closeout period</p>	<p>Completed Activities: rental assistance in 42 cities/counties; mortgage payment assistance in all 254 counties; legal services for persons with disabilities; assistance for providers of persons with disabilities; and food expenses. Pending remaining activity: community resiliency program (CRP). <i>See Also Attached Report.</i></p> <p><i>Geography:</i> Varies by activity type. <i>Income Eligibility:</i> For persons at or below 80% of AMI or Area Benefit for locations where at least 51% of residents are at or below 80% of AMI</p>	<p><i>See Attached Report.</i></p> <p>In April 2023 HUD removed the requirement that 80% of funds must be expended by November 3, 2023. Program is on target to expend all funds by the November 2026 deadline.</p>	<p>8 positions filled.</p> <p>All FTEs are Art. IX</p> <p>Up to 7% admin and TA budget (\$9,484,238)</p>	<p>3,533,842 Persons**</p>	<p>1st allocation: \$40,000,886 2nd Allocation: \$63,546,200 3rd Allocation: \$38,299,172</p> <p>Total: \$141,846,258</p> <p>\$141,846,258* 100%</p> <p>\$105,065,549* 74.07%</p>	<p>* Figure includes TDHCA admin funds. ** CRP activities are for area benefit and therefore individual households assisted is not readily captured.</p>
Housing Stability Services (HSS) Program (funded by ERA1 and 2)	<p>These funds are a subset of the ERA funds in the row above. A portion of the funds from ERA1 and ERA2 are authorized for housing stability.</p> <p>ERA1: All program funds were expended by the December 29, 2022, deadline and the final report was submitted to Treasury on April 27, 2023.</p> <p>ERA2: Must expend funds by September 30, 2025</p>	<p>Program provides funds to local communities or nonprofits for them to provide eligible Texans with a variety of services that help household maintain or obtain stable housing including legal services, outreach services, shelter services, community services, and services offered at permanent supportive housing properties.</p> <p><i>Geography:</i> Available where Subrecipients are located. <i>Income Eligibility:</i> For households at or below 80% AMI.</p> <p>Any ERA1 and ERA2 funds reallocated by Treasury (as noted by TRR above) and allocated to HSS will be reflected in this row.</p>	<p><u>ERA1:</u> 28 contracts completed and closed.</p> <p><u>ERA2:</u> 47 contracts (19 of which are closed as of 9/19/24); MOU with TVC completed for SFY 2023-24.</p> <p>18 Subrecipients were awarded both ERA1 and ERA2 contracts.</p> <p>Program is on target to expend all funds by the deadline.</p>	<p>3 Art. IX FTEs plus support of 2 staff at TVC</p> <p>ERA1: \$798,506</p> <p>ERA2: \$3,415,582</p>	<p><u>ERA 1</u> 583,247 meals served</p> <p><u>ERA 1</u> 43,051 households</p> <p><u>ERA 2</u> 222,472 meals served</p> <p><u>ERA 2</u> 74,804 households</p>	<p>Total* \$213,345,630</p> <p><u>HSS ERA1</u> Obligated and Expended \$63,295,298 100%</p> <p><u>HSS ERA2</u> Obligated: \$150,050,332 100%</p> <p>Expended*: \$120,136,242 80.06%</p>	<p>*figure includes TDHCA Admin funds</p>

Program	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Texas Rent Relief (TRR) Program (Funded with ERA1 and ERA2)	<p>The program dedicated funds through Treasury specifically for rental and utility assistance.</p> <p>The first allocation (Consolidated Appropriations Act) was ERA1. The second allocation (American Rescue Plan Act, Section 3201) was ERA2.</p> <p>ERA1: All direct assistance was obligated by program deadline of December 29, 2022. Final report was submitted to Treasury in April, 2023.</p> <p>ERA2: Required to obligate all funds by September 30, 2025.</p>	<p>Program provided up to 18 months of rental and utility assistance including arrears. Households could reapply every 3 months. Established a 10% set-aside for eviction diversion; households facing eviction were prioritized for processing.</p> <p>A portion of ERA funds are for Housing Stability Services (see following row). \$11.5M of ERA2 funds were designated by the Board for other affordable rental housing which is being administered by TDHCA's Multifamily Direct Loans (MFDL) program.</p> <p><u>Treasury Reallocation:</u> TRR received \$299.1M in reallocated funds from the Treasury and local/county programs in Texas.</p> <p><u>Geography:</u> Statewide. <u>Income Eligibility:</u> For households at or <80% AMI.</p>	<p>Program closing announcement made July 7, 2023. Final payments to approved households made as of October 6, 2023.</p> <p>Now that all direct assistance funds have been distributed, TRR staff continues working on reconciliation, audit, reporting, and closeout.</p> <p>The Board has approved the first two ERA awards for affordable rental housing, which are administered by the MFDL program. \$1.55M has been obligated for Freedom's Path at Waco, and \$4.3M has been obligated for Inn Town Lofts in Lubbock.</p>	<p>TRR Positions filled include Director, 8 staff positions, and 1 part-time temporary staff position. Staffing also includes a separate team for the Housing Stability Services activity (see below).</p> <p>All FTEs are Art. IX</p> <p><i>Admin Allowed (All ERA):</i> 10% ERA1 15% ERA2 \$330,898,385</p>	<p>323,124 households served*</p> <p>To date, 63 rental units approved by Board</p>	<p><u>Total ERA Budget:</u> \$2,689,725,564</p> <p><u>TRR Direct Assistance Expended*:</u> \$2,221,318,459</p> <p><u>TRR Admin:</u> Total Available: \$243,561,484 Obligated: \$243,561,484 100% Expended**: \$237,765,529 97.62%</p> <p><u>Other ERA:</u> HSS: \$213,345,621 (see row below) MFDL: \$11,500,000</p>	<p>* Per internal report 08/15/24. Subject to some payment adjustments as staff continues to work on reconciliation and closeout.</p> <p>** Per internal report as of 09/24/24. Expended admin funds are a subset of obligated admin funds.</p>
AMERICAN RESCUE PLAN (ARPA) – Public Law 117-2							
HOME ARP Program	<p>Section 3205 of the American Rescue Plan. Funded by HUD for typical HOME activities as well as homeless services and non-congregate shelter</p> <p>Must expend funds by September 30, 2030</p>	<p>Funds are programmed for development of rental housing, development of non-congregate shelter, and operating costs/capacity building for eligible nonprofit organizations. The previous waiver from the Governor relating to limits on using the funds in rural areas allowed the funds to assist homeless persons in urban and rural areas.</p> <p><u>Geography:</u> Statewide for rental; high needs areas for non-congregate shelter. <u>Households Eligibility:</u> (See Other Notes)</p>	<p>Awarded \$57.6 M in rental development. Awarded \$3.2M in nonprofit capacity building/operating. Non-congregate shelter Invitation to Apply released for approx. \$56M.</p> <p>Funds obligated reflect executed contracts.</p>	<p>6 Art. IX FTEs</p> <p>10% for admin/planning</p> <p>\$13,296,915</p>	<p>308 rental units obligated</p>	<p>*\$119,672,232</p> <p>\$51,675,816 43%</p> <p>\$24,273,446 20%</p>	<p>*Excludes admin.</p> <p>Eligibility: homeless, at risk of homelessness, those fleeing Domestic Violence, populations with housing instability</p>

Program	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Homeowner Assistance Fund (HAF)	<p>Passed as section 3206 of the American Rescue Plan, dedicates funds through Treasury specifically for preventing mortgage delinquencies, defaults, foreclosures, loss of utilities and displacement.</p> <p>Must expend funds by September 30, 2026</p>	<p>The HAF Program avoids displacement through giving assistance payments up to \$65,000 per qualified household for: 1) Mortgage payments and mortgage reinstatement assistance including up to three months of full monthly payment assistance to qualified homeowners; 2) payments to resolve delinquent property charges, including past due property taxes, insurance premiums, condo and homeowner association fees, and cooperative maintenance or common charges; and 3) up to \$10,000 in utility payment assistance (within the \$65,000 cap).</p> <p>Treasury approved the HAF Plan on January 28, 2022. Subsequent plan and budget amendments have been submitted and approval received.</p> <p><i>Geography:</i> Statewide <i>Income Eligibility:</i> Household income at or below greater of 100% AMI or 100% of national median income.</p>	<p>The program became available statewide on March 2, 2022. Closure of the program to new applications occurred October 10, 2023.</p> <p>Some refunds continue to be received, therefore property tax applications that were previously denied due to grant funds being exhausted are being paid as refunds continue to be received. HAF staff will continue working on reconciliation, audit, reporting, and closeout.</p>	<p>5.31 Art. IX FTEs remaining</p> <p>Up to 11.11% (\$93,585,797) for admin</p> <p>Reduction in some program staff began in December 2023.</p> <p>HAF Subrecipient staff merged with HAF Team in April 2024.</p>	<p>58,514 hholds</p>	<p><u>Total HAF Budget:</u> \$842,214,006</p> <p><u>HAF Direct Assistance Expended:</u> \$739,288,442* 99.99%</p> <p><u>HAF Admin:</u> Total Available: \$86,915,110 Expended: \$79,019,774 90.92%</p> <p><u>Other HAF Expended:</u> Subrecipients: \$15,899,524 (see row below)</p>	<p>*Total Available for Direct Assistance is \$739,344,907</p> <p>\$9.9B nationally.</p>
HAF Subrecipient Activities	<p>Program was originally funded for \$30.5 million. \$14.5 million has been returned to be used for HAF assistance to households, leaving current funding at \$15.9 million.</p> <p>Must expend funds by September 30, 2026.</p>	<p>Program provides funds to local communities or nonprofits for them to provide one or more of three eligible types of assistance: 1) serve as an Intake Center to assist households in applying for HAF funds, 2) provide Housing Counseling Services, and/or 3) provide Legal Services related to Homeownership.</p> <p><i>Geography:</i> Available where Subrecipients are located. <i>Income Eligibility:</i> Household income at or below greater of 100% AMI or 100% of national median income.</p>	<p>Final contract close out was complete June 30, 2024.</p>	<p>There are no remaining HAF Subrecipient Division staff dedicated only to that area; the remaining activities left have now been absorbed by the HAF Team.</p>	<p><u>Unduplicated Hholds Served:</u> 9,132</p> <p><u>Outreach Events:</u> 1,676</p>	<p>Total \$15,953,990</p> <p>Obligated: 15,899,524 99.66%</p> <p>Expended: \$15,899,524 99.66%</p>	<p>Served: <u>Intake</u> 4,479 <u>Legal Services</u> 1,418 <u>Housing Counsel</u> 3,235 Foreclosures Prevented* 242 (intake) 164 (legal and housing) *potential overlap</p>

Program	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
<p align="center">Emergency Housing Vouchers (EHV)</p>	<p>Passed as Section 3202 of the American Rescue Plan, dedicates vouchers through HUD for emergency rental assistance.</p> <p>EHV appropriation will be available for obligation until September 30, 2030, and will be cancelled September 30, 2035. This indicates that any funds not spent by this time will no longer be available and will be returned to Treasury.</p>	<p>TDHCA was allocated 798 vouchers by HUD. The award includes funds for the vouchers (\$7,933,560) plus funds to provide services (\$2,793,000) and funds for admin (\$763,788). 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. TDHCA was able to maximize the use of waivers, assisting households that normally would not be offered a voucher.</p> <p>HUD awarded supplemental Housing Assistance Payment (HAP) funds. Due to the surge in lease-ups and an increase in cost-per-unit, there has been an escalation in average subsidy. An amendment or supplement notice from HUD is anticipated.</p> <p><i>Geography:</i> Balance of State Continuum of Care counties underserved by an EHV-awarded PHA, Heart of Texas Homeless Coalition service area and Tarrant County Homeless Coalition (TCHC) service areas.</p> <p><i>Income Eligibility:</i> Not to exceed 50% AMI</p>	<p>CoC partner contracts are in final stages.</p> <p>Vouchers Issued: 953 Vouchers on the Street: 2 Housed: 805 Vouchers Declined after issuance: 89</p> <p>Note that with rental assistance programs, funds expend fairly slowly as rent for the eligible household is paid monthly.</p>	<p>Program being administered by Section 8 area.</p> <p>4 Art. IX positions created using EHV/CSBG administrative funds.</p>	<p>807 of 798 Housed 101.13 %</p>	<p>Total \$11,490,348</p> <p>Rent Payments Avail: \$7,933,560</p> <p>HAP Obligated: \$12,465,902 157.13%</p> <p>HAP Expended: \$12,473,402 157.22%</p> <p>Service Contracts Avail: \$2,793,000</p> <p>Obligated: \$2,793,000 100%</p> <p>Expended: \$2,298,436.03 82.29%</p>	<p>\$5 billion allocated nationally.</p> <p>\$3,500 per unit service fee included, separate from rental assistance payment. The fee total is not tied to each voucher, but is a combined total of funds for services.</p>

Program	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
OTHER ONE-TIME FEDERAL FUND ALLOCATIONS							
LIHEAP IJJA*	<p>Passed as Section 501 of the Infrastructure Investment and Jobs Act (PL 117-58), dedicates funds through HHS for home energy costs.</p> <p>Must expend funds by: September 30, 2026</p>	<p>Funds nationally to be released in annual increments of \$100 million each year for the next 5 years. These funds will be made available to each state as part of its annual LIHEAP allocation; the Department therefore will handle these as part of our annual allocation.</p> <p><i>Geography:</i> Available statewide <i>Income Eligibility:</i> 150% of poverty</p>	<p>On March 1, 2022, flexibilities were granted. The statewide provider has been the recipient of these funds to date. That provider closed its portal on September 15, 2023. Note that the funds will only become available annually, therefore expenditure will be reflected slowly over 5 Years.</p> <p>To date, three annual allocations have been received in the amounts of \$7,532,384 and \$9,627,413 and \$8,394,348</p>	FTEs noted under CARES LIHEAP will be utilized for both allocations.	21,580 persons	<p><u>Estimated 5-Year Total*:</u> \$37,661,920</p> <p><u>Received by TDHCA:</u> \$25,554,145</p> <p><u>Obligated:</u> \$25,554,145 Of Rcvd: 100% Of 5-Year: 68%</p> <p>Expended: \$18,200,113 Of Rcvd: 72.22% Of 5-Year: 48.32%</p>	\$500 million nationally
BIL WAP (Bipartisan Infrastructure Law Weatherization Assistance Program)	<p>Passed as Section 40551 of the Infrastructure Investment and Jobs Act (Public Law 117-58), dedicates funds through Department of Energy for home weatherization.</p> <p>DOE strongly recommends activities be completed within 5 years of receipt of the funds.</p>	<p>Single family and multifamily weatherization of units. Additional restrictions added to the program through the bill beyond typical DOE WAP include Davis-Bacon, Buy American, NEPA, etc. In addition, DOE has applied several Administration priorities, including a focus on workforce development and Diversity in delivering funds.</p> <p>Because this award amount is more than 20 times the typical annual DOE award, Board granted authority in December 2021 to procure a statewide DOE WAP vendor to augment the work of the network.</p> <p><i>Geography:</i> Available statewide <i>Income Eligibility:</i> 200% of poverty</p>	<p>In September 2022 DOE directed TDHCA to proceed with release of its 5-Year Plan for public comment. Staff had obtained Board authority to do so in May 2022. The Plan has now been approved.</p> <p>Statewide subrecipient Request for Applications has been released. Awards are being made at this June 2024 Board meeting. Network subrecipient contracts for the first half of funds are now executed.</p>	4 Current FTE's \$11,349,839 6.55% Admin	692 units	<p>\$173,162,598*</p> <p>Obligated: \$56,153,409 32.43%</p> <p>Expended: \$6,510,026 3.76%</p>	<p>*\$142,944,233 for Program and \$30,218,365 for Training and TA</p> <p>15% of grant made available initially As of March 23, 2023 50% of the grant is available</p>

Program	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
LIHEAP (23CR) Supplemental Funding	<p>Passed as an additional contribution to the 2023 LIHEAP allocation through the <i>Continuing Appropriations Act (CR), 2023</i> (Public Law 117-180), dedicates funds through HHS for home energy costs.</p> <p>Must expend funds by: September 30, 2024</p>	<p>Funds nationally of an additional \$1 billion added to the annual 2023 allocation.</p> <p><i>Geography:</i> Available statewide <i>Income Eligibility:</i> 150% of poverty</p>	<p>On March 1, 2022, flexibilities were granted. A statewide provider to provide LIHEAP was selected in May 2022 and made funds available in July 2022. That statewide provider has been used for these funds as well. That provider closed its portal on September 15, 2023.</p>	<p>FTEs noted under CARES LIHEAP, and regular non-temporary LIHEAP, will be utilized.</p>	<p>193,639 persons</p>	<p>Total \$84,732,886</p> <p>\$82,190,900 97%</p> <p>\$81,325,095 95.98%</p>	<p>\$1 billion nationally</p>
LIHEAP (23CR) Supplemental Disaster Funding	<p>Passed as an additional contribution to the 2023 LIHEAP allocation through the <i>Continuing Appropriations Act (CR), 2023</i> (Public Law 117-180), dedicates funds through HHS for home energy costs.</p> <p>Must expend funds by: September 30, 2024</p>	<p><i>Geography:</i> Available statewide <i>Income Eligibility:</i> 150% of poverty</p>	<p>On March 1, 2022, flexibilities were granted. A statewide provider to provide LIHEAP was selected in May 2022 and made funds available in July 2022. That statewide provider has been used for these funds as well. That provider closed its portal on September 15, 2023. Now seeking several subrecipients to expend the funds remaining - refunds and unused funds.</p>	<p>FTEs noted under CARES LIHEAP, and regular non-temporary LIHEAP, will be utilized.</p>	<p>79,701 persons</p>	<p>Total \$55,322,964</p> <p>55,322,964 100%</p> <p>\$52,869,816 95.57%</p>	<p>\$1 billion nationally</p>

CLOSED /COMPLETED PROGRAMS

Program	Timelines / Contract Periods	Activities Performed	Notes on Program Completion	Staffing Admin Funds	Total Served	Total Program Funding Obligated (%) Drawn (%)
EARLY REPROGRAMMING OF EXISTING TDHCA PROGRAM FUNDS						
HOME Program Tenant Based Rental Assistance (TBRA) for COVID-19 DR	NA: Reservation Agreements	Program provided 3-6 months of rental assistance through existing or new HOME subrecipients. All necessary waivers were authorized by the OOG and HUD. <i>Geography:</i> Was available where subrecipients applied. 23 administrators covered 120 counties <i>Income Eligibility:</i> Households at or below 80% AMFI	COMPLETED 100% expended (* Total Program Funding was first authorized up to \$11,290,076. Ultimately 97.7% of that (\$11,026,701) was obligated and utilized.)	No added TDHCA staffing No added admin funds	2,612 households	\$11,026,701* \$11,026,701 100% \$11,026,701 100% FINAL
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	<ul style="list-style-type: none"> Board approval March 2020 Recipients contracts were effective March 26, 2020 Expenditure Deadline was August 31, 2020 	Used the existing network of 38 Community Action Agencies to provide direct client assistance to low income households economically impacted by COVID-19. <i>Geography:</i> Available statewide (excluding CWCCP and CSI) <i>Income Eligibility:</i> 200% poverty (normally is 125%)	COMPLETED 100% expended	No added TDHCA staffing No added admin funds	9,468 persons	\$1,434,352 1,434,352 100% \$1,434,352 100% FINAL
Recaptured 2018/2019 HHSP	<ul style="list-style-type: none"> Board approval March 2020 2018 had to be spent by August 31, 2020; 2019 had to be spent by December 31, 2020 	Allowed the 9 subrecipients to perform HHSP eligible activities in addressing homelessness and those at risk of homelessness. <i>Geography:</i> Available 9 largest metro areas <i>Income Eligibility:</i> Generally 30% AMFI if applicable	COMPLETED 100% expended	No added TDHCA staffing No added admin funds	462 persons	\$191,939.53 \$191,939.53 100% \$191,939.53 100% FINAL

Program	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)
CARES ACT FUNDS						
LIHEAP CARES	<ul style="list-style-type: none"> Board approved April 2020 Expend deadline was Sept. 30, 2021 45 day closeout period 	99% to CEAP subs for households affected by COVID-19; 1% for state admin (no weatherization). <i>Geography:</i> Available statewide <i>Income Eligibility:</i> 150% of poverty	COMPLETED (An estimated \$29,676,554 was not expended by subrecipients by the deadline. Unused funds were returned to HHS.)	1 Art. IX FTE for CEAP TA/capacity <i>No Longer Filled</i> 1% admin (\$892,670)	181,215 persons	\$94,023,896 \$93,483,658 99% \$63,898,418 68% FINAL
Housing Choice Voucher Program Admin	Expend deadline was Dec. 31, 2021 <ul style="list-style-type: none"> 1st Award: \$117,268 2nd Award: \$140,871 	<ul style="list-style-type: none"> Software upgrades with Housing Pro to allow more efficient remote interface Landlord incentive payments Ordered 3 tablets for inspections October 2020 Board approved use of funds for retention payments to existing owners to ensure their ongoing participation in the program 	COMPLETED (\$174,439 of admin was returned to HUD. Funds were not allowed to be used for direct household assistance nor were there higher admin expenses.)	No added TDHCA staffing.	142 Land-lord renewals 17 new landlords added	\$258,139 \$83,700 32.42% \$83,700 32.42% FINAL
Housing Choice Voucher Program MVP	Had to issue vouchers by December 31, 2021. Orig. Allocation: \$105,034*	15 additional MVP vouchers consistent with our award of MVP, which for TDHCA is for Project Access households. Received award from HUD. Issued the 15 vouchers on May 22, 2020. All 15 were leased.	COMPLETED 100% of vouchers utilized (Effective Dec. 31, 2021, the funding authority for the 15 housed families was rolled into TDHCA's regular yearly HAP authority.)	No added TDHCA staffing. No added admin funds.	15 families	\$110,302 <u>HAP Paid*</u> \$53,664 48.65% FINAL

Program	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)
CSBG CARES	<ul style="list-style-type: none"> Board approved April 2020 Must expend 90% by August 31, 2022 45 day closeout period 	<p>90% went to 40 CAAs using regular CSBG formula for households affected by COVID-19; 2% (\$949,120) to Texas Homeless Network (THN); 7% for an eviction diversion pilot program; 1% for state admin.</p> <p><i>Geography:</i> Available statewide <i>Income Eligibility:</i> 200% of poverty</p>	<p>COMPLETED</p> <p>(*Expenditure was not 100% because of refunds received after program close-out.)</p>	<p>1 Art. IX FTE for CSBG reporting <i>No Longer Filled</i></p> <p>1% admin (\$474,560)</p>	<p>146,462 persons</p>	<p>\$48,102,282</p> <p>\$48,102,282 100%</p> <p>\$47,942,629 99.67% FINAL*</p>
ESG CARES: Phase 1 & 2	<ul style="list-style-type: none"> ESG1 awards made July 23, 2020 and ESG2 awards made January 14, 2021 Deadline to expend 80% by March 31, 2022 was removed by HUD; new benchmark for June 2022 was met Met September 30, 2023 ESG2 expenditure deadline Expended reallocated ESG3 funds received March 2023 (\$5,854,004) by June 30, 2024 	<ul style="list-style-type: none"> ESG1: Existing subs were offered funds. ESG Coordinators decided via local process for their CoC; in three areas without ESG Coordinators awards offered to CoC awardees (also used for Legal/ HMIS) ESG2: Funding provided for Homelessness Prevention, Rapid Rehousing, HMIS, Street Outreach & Emergency Shelter <i>Geography:</i> Locations of all funded grantees <p><i>Income Eligibility:</i> 50% AMI for homeless prevention</p>	<p>COMPLETED</p> <p>160 contracts</p> <p>(* All project funds expended. Expenditure was not 100% because some unused administrative funds remained.)</p>	<p>2 1 Art. IX FTE <i>No Longer Filled</i></p> <p>Up to 5 % admin (\$5,187,681)</p>	<p>98,805 persons</p>	<p>\$103,646,620</p> <p>\$103,646,620* 100%</p> <p>\$103,174,553* 99.54% FINAL*</p>
Low-Income Household Water Assistance Program (LIHWAP1)	<p>HHS approved TDHCA's LIHWAP Plan on October 22, 2021</p> <p>Must obligate and expend funds by: March 31, 2024. This is an extension from the original deadline of September 30, 2023.</p>	<p>Program provided funds to assist low-income households with water and wastewater bills. Funds are directed through the LIHEAP network of subs and a statewide program called Texas Utility Help operated by a vendor.</p> <p><i>Geography:</i> Statewide <i>Income Eligibility:</i> 150% federal poverty level</p>	<p>COMPLETED</p> <p>(*Significant refunds have been received, which made it a challenge for subrecipients to keep funds fully expended. Refunds have continued to come in after the federal program deadline.)</p>	<p>3 Art. IX FTEs <i>No Longer Filled</i></p> <p>Admin 15%</p> <p>Any FTES will be Art. IX</p>	<p>183,687 persons</p>	<p>\$51,801,876</p> <p>\$47,557,420 91.81%</p> <p>\$47,557,420 91.81% FINAL*</p>

Program	Timelines / Contract Periods	Planned Activities	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)
AMERICAN RESCUE PLAN (ARPA) – Public Law 117-2						
LIHEAP ARP	<p>Passed as Section 2911 of the American Rescue Plan, dedicates funds through HHS for home energy costs.</p> <p>Must expend funds by: September 30, 2023</p>	<p>99% of funds were programmed in April 2021 to CEAP subs using a modified formula; 1% for state admin. A statewide provider to provide CEAP ARP was selected in May 2022 and made funds available in July 2022; that provider closed its portal on September 15, 2023.</p> <p><i>Geography:</i> Available statewide <i>Income Eligibility:</i> 150% of federal poverty level</p>	<p>COMPLETED</p> <p>(While all funds were initially expended, refunds received by the program after close out were returned to HHS.)</p>	<p>FTEs noted under CARES LIHEAP were utilized for both allocations</p> <p>.13% admin \$181,532</p>	<p>194,061 persons</p>	<p>\$134,407,308</p> <p>\$134,407,308 100%</p> <p>\$132,058,416 98.25% FINAL*</p>
LIHWAP2	<p>Passed as Section 2912 of the American Rescue Plan, dedicates funds through HHS for home water costs</p> <p>Must obligate and expend funds by: March 31, 2024. This is an extension from the original deadline of September 30, 2023</p>	<p>See LIHWAP1 above. This allocation of funds was directed to the statewide provider.</p> <p>Executed agreement for funds on April 22, 2021. HHS approved TDHCA's LIHWAP Plan on October 22, 2021.</p> <p><i>Geography:</i> Statewide <i>Income Eligibility:</i> TBD</p>	<p>COMPLETED</p> <p>(*Significant refunds have been received, which made it a challenge for the vendor to keep funds fully expended. Refunds have continued to come in after the federal program deadline.)</p>	<p>No additional FTEs other than those noted in LIHWAP1.</p> <p>Admin: currently 14.43%</p>	<p>96,691 Persons</p>	<p>\$40,597,082</p> <p>\$40,597,082 100%</p> <p>\$37,992,947 93.41% FINAL*</p>



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 782

Agenda Date: 10/10/2024

Agenda #: 7.

Media Analysis and Outreach Report, August 2024

Report follows this page.



TDHCA Outreach and Media Analysis, August 2024

A compilation of TDHCA media analysis designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public, and outreach activities, such as trainings and webinars. The following is an analysis of print, online and broadcast news, and social media reporting for the time period of August 1-31, 2024 (news articles that specifically mentioned TDHCA generally or along with Department programs).

Total number of articles referencing TDHCA: 48

Breakdown by Medium:¹

- Print: 7 (Editorials/Columnists = 0)
- Broadcast: 17
- Trade, Government or Internet-Based Publications: 24

Figure 1 News Tone

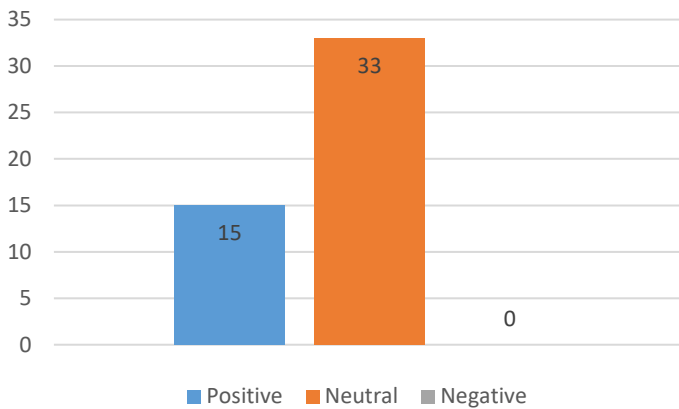
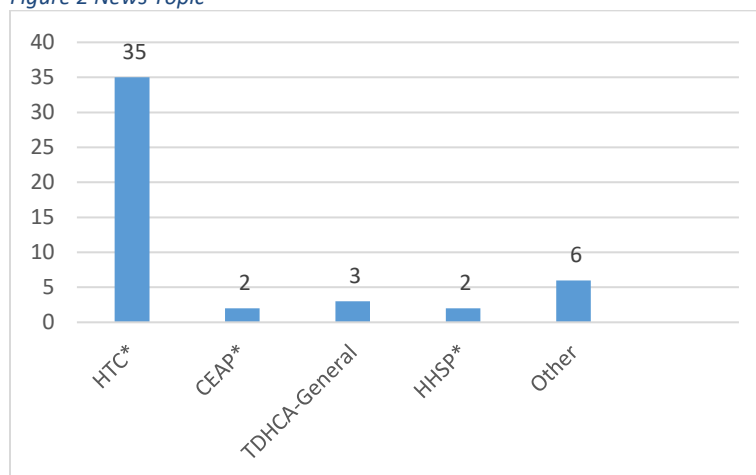
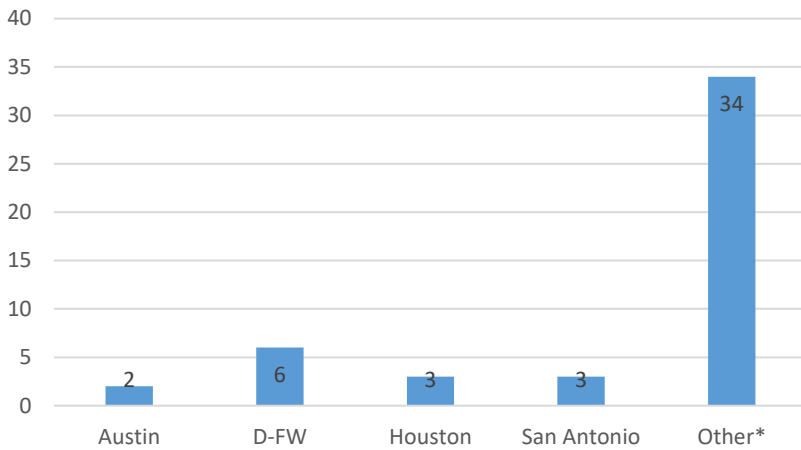


Figure 2 News Topic²



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

Figure 3 Media Market



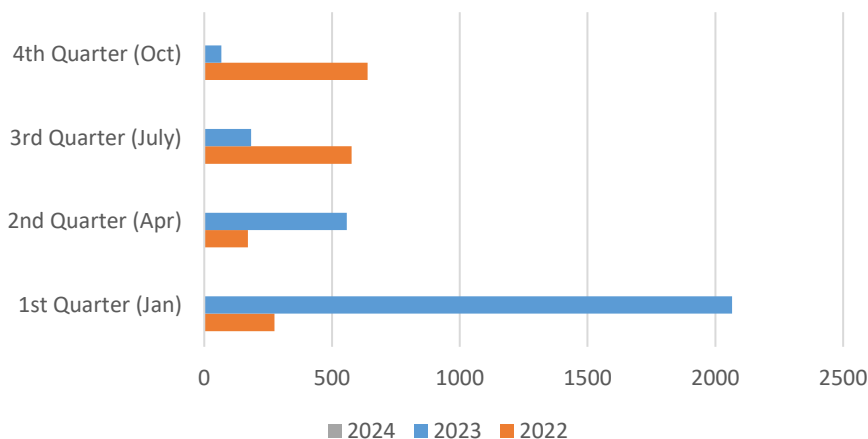
Summary:

Reporting on TDHCA activities by the news media totaled 48 references in August 2024. References related to development projects around the state that were financed using TDHCA’s Housing Tax Credit Programs dominated the news cycle.

News mentions during the month were slightly lower than August 2023 (60 total). The Texas Utility Help Program dominated the news cycle last year as warmer temperatures caused higher utility costs for Texas households.


The following table illustrates the number of news mentions during each month or quarter of 2024 compared to 2023 and 2022. Through the beginning of the third quarter of 2024 (July-September), total news mentions are tracking lower (286 total) compared to the number of mentions during the same timeframe of 2023 (2,715 total) and 2022 (921 total). Please note, some pandemic-related programs for which TDHCA had oversight were still operating and accepting applications the previous two years.

TDHCA News Trends




Social media:

Through August 2024, TDHCA has more than 3,600 followers to its X (formerly known as Twitter) account and 7,617 fans to its Facebook page. TDHCA’s YouTube channel had 7,395 views in August. The following is a summary analysis of TDHCA’s efforts to inform stakeholders and the public on federal and state resources, initiatives, and programs.

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

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post including shares, comments and reactions.

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

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

 **YouTube**
















Month	Views	Watch time (hours)	Avg. view duration	Avg. % viewed	Unique viewers
January 2024	9,988	909.4	5:27	14.9%	8,076
February 2024	7,234	572.3	4:44	14.8%	5,849
March 2024	6,733	490.1	4:22	13.4%	5,598
April 2024	6,058	500.4	4:57	16.0%	5,047











May 2024	5,720	440.5	4:37	14.1%	4,700
June 2024	5,426	439.5	4:51	15.1%	4,415
July 2024	5,754	470.1	4:54	16.3%	4,798
August 2024	7,395	664.9	5:23	17.4%	6,095

Understanding the YouTube Analytics

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

Top 25 videos for August 2024

Content	Views ↓	Watch time (hours)	Average view duration	Average percentage viewed	Unique viewers
<input type="checkbox"/> Total	7,395	664.9	5:23	17.4%	6,095
<input type="checkbox"/>  Help for Texans (English)	4,692 63.5%	125.9 18.9%	1:36	47.4%	4,338 71.2%
<input type="checkbox"/>  Texas Homebuyer Program introduction	741 10.0%	9.2 1.4%	0:44	86.3%	701 11.5%
<input type="checkbox"/>  Income Determination Training Webinar - Jan. 4, 2024	142 1.9%	72.3 10.9%	30:32	8.9%	93 1.5%
<input type="checkbox"/>  How to apply: Texas Homeowners Assistance Fund	141 1.9%	1.8 0.3%	0:44	55.3%	121 2.0%
<input type="checkbox"/>  Assets and the Changes from HOTMA	108 1.5%	38.6 5.8%	21:26	20.0%	88 1.4%
<input type="checkbox"/>  Students: Eligibility and Income	78 1.1%	18.8 2.8%	14:27	8.5%	59 1.0%
<input type="checkbox"/>  Utility Allowance Webinar/Office Hours	63 0.9%	18.3 2.8%	17:27	16.6%	45 0.7%
<input type="checkbox"/>  Updated HOTMA Training - Oct. 13, 2023	60 0.8%	29.1 4.4%	29:03	18.3%	46 0.8%
<input type="checkbox"/>  Frequently Asked Questions about Utility Allowances	58 0.8%	5.4 0.8%	5:34	8.6%	56 0.9%
<input type="checkbox"/>  2024 Emergency Solutions Grants (ESG) Application S...	58 0.8%	3.5 0.5%	3:40	5.5%	45 0.7%
<input type="checkbox"/>  Fair Housing Special Topics: How to Create an Affirmat...	51 0.7%	6.8 1.0%	7:58	11.1%	33 0.5%
<input type="checkbox"/>  Multifamily Income Determination Training	47 0.6%	47.2 7.1%	1:00:12	17.1%	22 0.4%
<input type="checkbox"/>  Multifamily Compliance: Online Reporting, USR and AO...	46 0.6%	11.7 1.8%	15:19	12.9%	34 0.6%
<input type="checkbox"/>  Reasonable Accommodations and Accessibility – Fair ...	42 0.6%	4.2 0.6%	5:58	5.8%	39 0.6%
<input type="checkbox"/>  Utility Allowance Training - July 6, 2023	42 0.6%	4.5 0.7%	6:29	6.5%	38 0.6%

<input type="checkbox"/>	 3:06 Fair Housing in Texas	41 0.6%	1.1 0.2%	1:32	49.9%	41 0.7%
<input type="checkbox"/>	 3:49 Help for Texans in Spanish	40 0.5%	1.1 0.2%	1:42	45.0%	38 0.6%
<input type="checkbox"/>	 2:39:44 HOTMA Training - Sept. 8, 2023	39 0.5%	25.3 3.8%	38:59	24.4%	25 0.4%
<input type="checkbox"/>	 1:25:24 Adjusted Income Webinar - Jan. 12, 2024	38 0.5%	30.7 4.6%	48:24	56.7%	19 0.3%
<input type="checkbox"/>	 6:18 Assistance Animals in Texas	37 0.5%	1.3 0.2%	2:04	32.9%	35 0.6%
<input type="checkbox"/>	 3:21:23 811 PRA Leasing Activities Training	32 0.4%	18.9 2.8%	35:24	17.6%	22 0.4%
<input type="checkbox"/>	 1:45:18 Fair Housing 101: The Basics of Fair Housing in Texas	32 0.4%	3.1 0.5%	5:52	5.6%	28 0.5%
<input type="checkbox"/>	 3:07 Fair Housing in Texas	31 0.4%	0.6 0.1%	1:09	37.0%	25 0.4%
<input type="checkbox"/>	 1:01:15 Compliance Roundtable - May 17, 2024	31 0.4%	6.4 1.0%	12:18	20.1%	25 0.4%
<input type="checkbox"/>	 5:18:57 TDHCA Training: Section 811 Project Rental Assistanc...	29 0.4%	4.3 0.7%	8:55	2.8%	26 0.4%

TDHCA Outreach August 2024

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

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Compliance	Aug. 1	Virtual Income Determination Training	149
TX Homeownership Program	Aug. 7	Lender Lunch and Learn	183
TX Homeownership Program	Aug. 8	DPA Specialist Designation Training	47
Compliance	Aug. 9	Office Hours- Utility Allowances	122
Community Affairs/CEAP	Aug. 13	Virtual Training Session/4 subs	15
SF and Homeless Programs	Aug. 14	HRA+HANC Program training/Tracy Andrus Foundation	11
SF and Homeless Programs	Aug. 15	HRA+HANC Program training/Tracy Andrus Foundation	11
SF and Homeless Programs	Aug. 19	HOME Program Construction Costs Roundtable	38
Community Affairs/WAP	Aug. 19	Energy OutWest Conference	50

Compliance	Aug. 20	NCSHA conference/ panelists Cara Pollei and Manuel Pena	135/144
Community Affairs/CSBG	Aug. 20	Virtual Training Session/4 subs	15
Community Affairs/WAP	Aug 20	Energy OutWest Conference	50
Community Affairs/WAP	Aug. 21	Energy OutWest Conference	50
Community Affairs/WAP	Aug. 22	Energy OutWest Conference	50
Compliance	Aug. 29	Income Determination with TAA	38



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 769

Agenda Date: 10/10/2024

Agenda #: 8.

Executive Director's Report

ORAL PRESENTATION



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 790

Agenda Date: 10/10/2024

Agenda #: 9.

Report regarding a Request for Proposal issued by the Texas Department of Housing and Community Affairs for Servicer Oversight Provider and selection thereof

BACKGROUND

TDHCA has utilized Idaho Housing Finance Authority (IHFA) as primary servicer of both bond-funded and TBA mortgage loans since 2016. IHFA is currently servicing \$8.6 billion of TDHCA loans. The current IHFA servicing agreement is a "retained servicing" model whereby TDHCA receives some portion of servicing income throughout the life of the loans. As the agreement is drafted, TDHCA also retains exposure to how the servicer manages the portfolio.

The Department has an obligation to ensure TDHCA-originated loans are serviced according to HUD and HFA guidelines. Additionally, as the Department retains risk on the servicing portfolio enhanced oversight is prudent. Audit and review of servicer activities is an industry best practice.

Servicer oversight activities will include a review of IHFA's historic performance in servicing the Department's loans, compliance with HUD and HFA guidelines, compliance with internal policies and procedures, and adherence with industry best practices related to timely loan processing, loss mitigation, delinquency management, foreclosures, loan modifications, and second lien recovery.

On April 10, 2024, the Department issued a Request for Proposals (RFP) for firms interested in serving as Servicer Oversight Provider. The RFP had a submission deadline of May 9, 2024. Three proposals were received. A review team of Department staff evaluated the responses, and selected CohnReznick to serve as Servicer Oversight Provider to the Department.

The term of the award is one year, with the ability to renew and extend for one year per renewal, for a maximum of two consecutive renewal years.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 794

Agenda Date: 10/10/2024

Agenda #: 10.

Presentation from nonprofit and community stakeholders on matters concerning housing policy

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-001

Agenda Date: 10/10/2024

Agenda #: 11.

Presentation, discussion, and possible action on Resolution No. 25-001 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

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

Exhibit A to the attached resolution is the Report prepared by Stifel, dated August 8, 2024, which concludes that compliance with the requirements of Tex. Gov't Code §2306.142(l) remains unfeasible and could damage the financial condition of the Department. Staff requests that the Board accept this Report and authorize the submission of a request to BRB for a Waiver for all single family mortgage revenue bonds issued by the Department in calendar year 2025.

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

RESOLUTION NO. 25-001

RESOLUTION AUTHORIZING REQUEST TO TEXAS BOND REVIEW BOARD FOR ANNUAL WAIVER OF SINGLE-FAMILY MORTGAGE REVENUE BOND SET-ASIDE REQUIREMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the “State”); (b) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, Section 2306.142 of the Act requires the Department to evaluate the feasibility of a single-family mortgage revenue bond program designed to meet the credit needs of the underserved economic and geographic submarkets of the State, including those submarkets served disproportionately by subprime lenders; and

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

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

the Section 2306.142(l) Requirements; and

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

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

WHEREAS, for each succeeding calendar year following the 2017 Waiver, in reliance on an updated report of its financial advisor, the Board has authorized submission of a request to the Bond Review Board for a waiver of the Section 2306.142(l) Requirements for all single-family mortgage revenue bonds issued by the Department in such calendar year, and the Bond Review Board has granted each such request, including most recently on October 26, 2023, for the 2024 calendar year; and

WHEREAS, the Board desires to accept and rely on the updated report of Stifel Nicolaus & Company, as successor to GKB as financial advisor to the Department, dated August 8, 2024 (the “Updated Report”), regarding the Section 2306.142(l) Requirements attached hereto as Exhibit A; and

WHEREAS, in reliance on the Updated Report, the Board now desires to authorize submission to the Bond Review Board of a request for a waiver of the Section 2306.142(l) Requirements for all single-family mortgage revenue bonds issued by the Department in calendar year 2025;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

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

Section 1.2 Request for Waiver of Section 2306.142(l) Requirements. In reliance on the Updated Report, the Board hereby determines, in accordance with Section 2306.142(m), that the Section 2306.142(l) Requirements are unfeasible or would damage the financial condition of the Department for calendar year 2025 and hereby approves and authorizes submission of a

request for a waiver of the Section 2306.142(l) Requirements for all single-family mortgage revenue bonds issued by the Department in calendar year 2025.

Section 1.3 Execution and Delivery of Documents. The Authorized Representatives are each hereby authorized to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

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

ARTICLE 2

GENERAL PROVISIONS

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

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of October, 2024.

Exhibit A

[continues next page]

August 8, 2024

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

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

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

Background

Section 2306.142(l) of the Texas Government Code requires that single family mortgage revenue bonds issued by the Department contain specific set-asides or reservations of funds for mortgage loans, including subprime mortgage loans⁽¹⁾, to be originated in underserved economic and geographic submarkets in the state. Specifically, Section 2306.142(l) states:

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

As permitted under Section 2306.142(m) and prior to the first annual waiver granted by the BRB on July 20, 2017, the Department requested and received from the BRB a waiver of this provision for every new origination single family mortgage revenue bond issue closed by the Department since 2002. The BRB began issuing annual waivers based, in part, on the Board’s acceptance, approval and submission to the

⁽¹⁾ Section 2306.142 contains multiple references to the inclusion of subprime borrowers as part of underserved economic and geographic submarkets. The complete text of Section 2306.142 is attached.

BRB of Stifel/George K. Baum's report. These waivers were granted on the basis that compliance with Section 2306.142(l) is unfeasible and could damage the financial condition of the Department.

Feasibility and Economic Impact

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

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

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

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

- 2) Master Servicers have minimum credit requirements. The Department uses a Master Servicer to purchase, pool, and service mortgage loans originated through its single family mortgage programs. The Master Servicer typically has minimum credit requirements for eligible borrowers. The Department's Master Servicer, Idaho Housing and Finance Authority ("IHFA"),

has a minimum FICO score requirement of 620. Therefore, the Department cannot originate loans for credits below 620 FICO due to the Master Servicer's credit requirements. Of the Master Servicers that have responded to RFPs issued by the Department in recent years, IHFA accepts the lowest FICO loans among its peers.

- 3) The 40% set-aside requirement creates significant interest rate risk in the form of rate buy-down and/or unexpended proceeds call risk. Because the bond rate is set at closing, the Department is subject to interest rate risk on set-aside amounts. If the market interest rate for mortgage loans drops, the Department's mortgage rate may be unattractive. For short periods of time or for relatively small amounts, this is manageable; however, a 40% set-aside could be quite costly. The Department would be faced with a choice: a) contribute its own funds to "buy down" the mortgage rate, or b) invoke a non-origination call on the bonds, potentially damaging the Department's reputation among bond purchasers and possibly increasing its borrowing cost in the future. Once again, compliance with Section 2306.142(l) is not feasible and could damage the financial condition of the Department.

- 4) Excessive cost of negative arbitrage to meet the 40% set aside requirement. Negative arbitrage is the cost that results when the interest rate paid on the bonds exceeds the interest rate earned on bond proceeds. When bond proceeds are required to be set aside, the required amount is deposited and invested until used; concurrently, the bonds accrue and pay interest at a higher rate than that earned on the set-aside amounts. For the last ten years or so, interest rates on 30-year housing bonds have greatly exceeded the short-term investment rates at which bond proceeds can be invested.

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

While a small amount of negative arbitrage might be absorbed by a financing structure, the amount of negative arbitrage associated with setting aside 40% of the bond proceeds would be cost prohibitive. For example, the Department would need to set-aside more than \$400 million in loans annually to fulfill a 40% set aside requirement on nearly \$1 billion total loan volume (expected total for 2024). In the current environment, the cost of negative arbitrage associated with reserving \$400 million of loans annually (40% of \$1 billion) is near the lowest it has been since the 1980's at approximately \$750,000 per year assuming the Department's current issue structure incorporating taxable bonds due to yield curve inversion; however, current market conditions are unlikely to persist. Moreover, as mentioned above, the department takes on interest rate risk on bond proceeds not invested in fixed-rate MBS.

Historically, the vast majority of funds set aside for targeted areas (required by the IRS to meet tax law) and similar requirements are not used, remain idle, and may incur negative arbitrage for the entire one-year set-aside period.

If the Department chose to fund the negative arbitrage by increasing the rate charged to the homebuyers, the resulting rate would be (i) too high to comply with Internal Revenue Service requirements related to the permissible spread between bond yield and mortgage yield for tax exempt bond issues, and (ii) potentially too high to be attractive/competitive, making origination unlikely and exacerbating the cost of the negative arbitrage.

Serving the Needs of Borrowers in Underserved Economic and Geographic Submarkets

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

- TMP-79 is currently the only statewide down payment assistance program that offers financing to borrowers with FICO scores as low as 620 without charging a penalty at loan closing (considered by the industry to be non-prime).
- Since October 2012, the Department has financed and purchased over \$12.3 billion in first lien mortgage loans and provided over \$460 million in associated down payment and closing cost assistance (in the form of a 30-year term, 0% interest, due on sale or refinance, second mortgage loans).
 - Of the \$12.3 Billion approximately 47% or \$5.7 billion of those loans went to borrowers with FICO scores under 660 (As of June 30, 2024)
- Approximately 67% of program borrowers earn less than 80% of Area Median Income (“AMI”).
- The Department offers free online Homebuyer Education training. Since the launch in March 2016 there have been 100,236 individuals that have completed the online training and 8,676 of those individuals fulfilled the training in 2024. This tool educates first-time homebuyers regarding the complex process of purchasing a home and is one of the requirements for participation in one of the Department’s single family loan programs.
- The Department is responsible for the Texas Statewide Homebuyer Education Program, which is offered through third party providers. This program provides training to housing counselors with respect to the content and techniques for providing comprehensive pre- and post-purchase homebuyer education that is used to provide quality homebuyer education throughout the state.

Conclusion

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

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

Use of the Report

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

Sincerely,



Gary Machak
Managing Director
Stifel Public Finance



Joshua Karar
Vice President
Stifel Public Finance



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-004

Agenda Date: 10/10/2024

Agenda #: 12.

Presentation, discussion, and possible action regarding Resolution No. 25-004 authorizing the issuance, sale and delivery of Texas Department of Housing and Community Affairs single family mortgage revenue bonds or residential mortgage revenue bonds, in one or more series and installments; approving the form and substance of related documents; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt Resolution No. 25-004.

BACKGROUND

On September 7, 2023, the Board approved Resolution 24-002, which authorized the issuance during the Department's fiscal year ending in 2024 of single-family mortgage revenue bonds in a maximum aggregate amount not to exceed \$1,100,000,000 in various series from time to time, under one of the Department's single family bond indentures. Such resolution delegated final approval for the sale of any individual issue of bonds to an Authorized Representative of the Department, subject to a determination by the Authorized Representative that the issue was in the best interests of the Department and in compliance with the parameters outlined in the resolution.

With this item, the Department seeks Board approval of Resolution 25-004 ("Resolution") to authorize the issuance during FYE 2025 of single-family mortgage revenue bonds ("Bonds") in a maximum amount not to exceed \$1,100,000,000 in various series from time to time. Proceeds of the Bonds will be used to purchase Ginnie Mae mortgage-backed securities (MBS) backed by tax-exempt eligible mortgage loans, to pay all or a portion of the costs of issuance related to the Bonds, and to finance a portion of the down payment assistance, lender compensation, and second loan servicing fees related to the underlying mortgage loans and/ or to refund other outstanding bonds of the Department issued under the indentures. Depending on market conditions, proceeds of the Bonds may be invested in a Guaranteed Investment Contract (GIC) until expended.

As with Resolution 24-002, the Resolution delegates final approval by an Authorized Representative of the Department, subject to a determination by the Authorized Representative that the issue is in the best interests of the Department and in compliance with the parameters outlined in the Resolution. Such parameters will require that (i) the total amount of all Bonds issued not exceed \$1.1 billion; (ii) the maturity date of any series of Bonds not exceed 40 years from their date of delivery; (iii) the net effective interest rate on any series of Bonds not exceed the maximum allowable under state law (currently 12%); and (iv) that the purchase price of the Bonds not exceed 108% or be less than 95% of the principal amount. Additionally, any refunding shall require a showing of at least 3% savings compared to the debt service requirements of the refunded bonds. The Authorized Representative may also determine whether to issue the Bonds as fixed rate or variable rate.

Demand for mortgage loans funded by TDHCA is expected to remain reasonably strong over the next twelve months. Over the past two years, the Department has issued \$1.67 billion across seven tax-exempt deals totaling \$1.27 Billion and five taxable deals totaling \$400 million.

The Federal Reserve Board (the Fed) recently cut the Fed Funds Rate by 50 basis points and is projected to continue easing for the foreseeable future. The yield curve remains inverted, which has historically portended a recessionary economic environment. However, as 10-Year US Treasury Rates have fallen off of recent highs, they still remain at their highest levels since December 2009. Economic growth remains fairly strong, the unemployment remains low, and inflation appears to be waning. As the Fed works to maneuver lower staff and the Department's financial advisor anticipate increased interest rate volatility. As a result, the proposed course of action is smaller bond deals issued more frequently, which is facilitated by the flexibility provided through the Board's approval of the Resolution.

The \$1.1 billion maximum bond amount represents the Department's expectation of FYE 2025 issuance, projected at around \$800 million in Tax Exempt, \$250 million in Taxable, and \$50 million in recycling/refunding related tax-exempt issuance.

This annual "not to exceed" issuance approval provides several benefits to the Department, including:

- Increased flexibility on timing of issuance to take advantage of market opportunities and changes in interest rates.
- Enable the Department to better manage market risk and non-issuance exposure.
- Enhance availability of 'bond funded' mortgage loans.

DEPARTMENT CONTRIBUTION

The contribution by the Department for any series of bonds issued under the Resolution will not exceed \$10 million, which will be used to fund a portion of the down payment and closing cost assistance and costs related to the acquisition of qualifying mortgage loans (including the payment of lender compensation and servicing fees for second mortgage loans) and to pay all or a portion of the costs of issuance of the Bonds. The contribution will be funded from amounts on deposit in the respective indenture. The Resolution will additionally authorize capitalized interest of up to \$10 million that may be paid from the respective indenture, as necessary. As with prior transactions, these amounts are maximums; the actual contribution and capitalized interest expense are expected to be less than that approved in the Resolution.

SUMMARY

Staff will continue to work with the Department's financing team to ensure the economic viability of the Bonds. Depending on market conditions and other factors, the actual amount of Bonds issued may be less than the maximum approved by the Board.

RESOLUTION NO. 25-004

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS SINGLE FAMILY MORTGAGE REVENUE BONDS OR RESIDENTIAL MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES AND INSTALLMENTS; PROVIDING FOR HEDGE AGREEMENTS; APPROVING THE FORM AND SUBSTANCE OF RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (“Chapter 2306”), for the purpose of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income (as described in Chapter 2306 as determined by the Governing Board of the Department (the “Board”) from time to time) at prices they can afford; and

WHEREAS, Chapter 2306 authorizes the Department: (a) to issue revenue bonds, to provide money to (i) make and acquire mortgage loans or participations therein, (ii) fund or increase the Department’s reserves or funds (iii) pay the costs and expenses of issuing the bonds and (iv) pay interest on the bonds; and (b) to pledge all or part of the revenues, income or resources of the Department, including the revenues to be received by the Department from the mortgage loans or participations therein, to secure the payment of the principal, interest or redemption premium on the bonds; and

WHEREAS, the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the “RMRB Trustee”), have executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (as amended and supplemented from time to time, the “RMRB Indenture”), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds; and

WHEREAS, the Department, the RMRB Trustee and the Comptroller of Public Accounts of the State of Texas, acting by and through the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (together with its successors in such capacity, the “Trust Company”) have entered into that certain Second Amended and Restated Depository Agreement, dated as of November 1, 1998 (as amended and supplemented from time to time, the “RMRB Depository Agreement”), relating to the Department’s Residential Mortgage Revenue Bonds; and

WHEREAS, the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the “SFMRB Trustee”, and collectively with the RMRB Trustee, the “Trustee”), have executed and delivered that certain Amended and Restated Single Family Mortgage Revenue

Bond Trust Indenture dated as of June 1, 2017 (as amended and supplemented from time to time, the “Single Family Indenture”, and collectively with the RMRB Indenture, the “Indentures”), providing for the issuance from time to time by the Department of one or more series of its Single Family Mortgage Revenue Bonds (collectively with the Residential Mortgage Revenue Bonds, the “Bonds”); and

WHEREAS, the Department, the SFMRB Trustee and the Trust Company have entered into that certain Amended and Restated Depository Agreement, dated as of August 1, 1991 (as amended and supplemented from time to time, the “SFMRB Depository Agreement” and together with the RMRB Depository Agreement, the “Depository Agreements”), relating to the Department’s Single Family Mortgage Revenue Bonds; and

WHEREAS, the Department has a single family mortgage purchase program (the “Program”) to fund all or a portion of the Department’s single family loan production; and

WHEREAS, Article III of the RMRB Indenture and Article III of the SFMRB Indenture each authorize the issuance of additional Bonds under the respective Indenture for the purposes of making or acquiring mortgage loans to be originated under the Program (the “Mortgage Loans”) or participations therein, payment of costs of issuance, funding of reserves, payments of certain Department expenses and refunding Bonds; and

WHEREAS, the Board has determined to authorize the issuance of Bonds from time to time in one or more series or subseries and installments on a taxable or tax-exempt basis pursuant to the RMRB Indenture or the SFMRB Indenture for the purpose of providing funds to make and acquire qualifying Mortgage Loans or participations therein through the purchase of mortgage backed securities (“Mortgage Certificates”), to provide down payment and closing cost assistance, to pay lender compensation related to Mortgage Loans, to pay capitalized interest on the Bonds, to pay or repay the Department’s operation and maintenance expenses incurred in connection with administration of the Program, to fund, increase, or restore any depletions of any reserve fund established or required under the Indentures, and to pay a portion of the costs of issuance related thereto (“Eligible Project Costs”); and

WHEREAS, with respect to each issue of Bonds pursuant to this Resolution, the Board desires to authorize the execution and delivery of a separate Supplemental Residential Mortgage Revenue Bond Trust Indenture or Supplemental Single Family Mortgage Revenue Bond Trust Indenture, as appropriate (each, a “Supplemental Indenture” and, collectively, “Supplemental Indentures”), in substantially the forms attached hereto as exhibits; and

WHEREAS, the Board has determined to authorize the investment of all or a portion of the proceeds of the Bonds and any other amounts held under the Indentures with respect to the Bonds in one or more guaranteed investment contracts (collectively, “GICs”) on or after the closing date or in such other investments as the authorized representatives named herein may approve; and

WHEREAS, pursuant to Section 2306.351(b), Texas Government Code, as amended, in connection with or incidental to issuing and selling its bonds, the Department may enter into contracts (collectively, "Contracts") that the Board considers necessary or appropriate for the Department's obligation, as represented by the bonds and incidental contracts, to be placed, in whole or in part, on the basis desired by the Board, and on the terms and conditions approved by the Board; and

WHEREAS, the types of Contracts permitted under Section 2306.351(b) include, without limitation, contracts (i) commonly known as interest rate swap agreements, currency swap agreements, or forward payment conversion agreements; (ii) providing for payments based on levels of or changes in interest rates or currency exchange rates; (iii) to exchange cash flows or a series of payments; (iv) that include options, puts or calls to hedge payment, currency, rate, spread, or similar exposure (such Contracts are defined collectively as, "Hedge Agreements"); and

WHEREAS, the Board has determined that Hedge Agreements can be necessary or appropriate to manage potential payment and/or spread exposure relating to interest rate risk on Mortgage Loans to be originated or Mortgage Certificates to be acquired with proceeds of the Bonds issued under this Resolution and desires to approve the execution of one or more Hedge Agreements with the counterparty named therein in accordance with the terms and conditions set forth in this Resolution or in a Supplemental Indenture; and

WHEREAS, the Board desires to approve the use of an amount not to exceed for any series of Bonds \$10,000,000 of Department funds for any purpose authorized under Chapter 2306 and the Indentures, including to provide down payment and closing cost assistance, to make and acquire qualifying Mortgage Loans, including payment of lender compensation, through the purchase of Mortgage Certificates and to pay a portion of the costs of issuance; and

WHEREAS, the Board desires to authorize the use of an amount not to exceed for any series of Bonds \$10,000,000 of funds on deposit under the Indentures to fund capitalized interest on any series of Bonds issued hereunder; and

WHEREAS, Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorize the Department to take certain actions described in this Resolution related to the issuance of the Bonds; and

WHEREAS, the Board desires to approve the form of the Supplemental Indentures, and finds the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to further its programs in accordance with such documents by authorizing the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution;

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

ARTICLE 1
DEFINITIONS, INTERPRETATION AND FINDINGS

Section 1.1 Definitions. Unless expressly provided otherwise herein or unless the context shall indicate a contrary meaning or intent, the terms and expressions defined below, when used in this Resolution, shall have the meanings set forth below for all purposes of this Resolution, except as modified in a respective Supplemental Indenture.

“Acts” means, collectively, Chapter 1207, Chapter 1371, and Chapter 2306.

“Additional Parity Bonds and Notes” means the additional parity bonds and the additional parity notes permitted to be issued pursuant to this Resolution and the Indentures.

“Approved Swap Agreement” means each agreement authorized by the Department constituting a “credit agreement” under Chapter 1371 in relation to the payment or exchange of payments on Outstanding Parity Bonds.

“Assumed Rate” means, with respect to any Refunded Bonds that bear interest at a Variable Rate, the average interest rate on such Refunded Bonds for the most recently completed sixty (60) month period or the period such Refunded Bonds have been outstanding if it is less than sixty (60) months; provided, that if the Department has entered into an Approved Swap Agreement with respect to all or a portion of any such Refunded Bonds pursuant to which the Board is obligated to make payments calculated at a fixed interest rate on the notional amount of such Approved Swap Agreement, the fixed interest rate used to calculate the amounts payable by the Department under the Approved Swap Agreement shall be assumed to be the interest rate on such Refunded Bonds outstanding during the term of the Approved Swap Agreement if the notional amount under the Approved Swap Agreement is equal to or greater than the outstanding principal amount of such Refunded Bonds.

“Attorney General” means the Attorney General of the State.

“Authorized Representative” has the meaning given to such term in Section 2.14 of this Resolution.

“Bond” or *“Bonds”* means any one or more, as the case may be, of the bonds of each Series authorized by this Resolution, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Resolution.

“Bond Counsel” means Bracewell LLP or any other attorney or firm of attorneys nationally recognized as experienced in the field of bonds of governmental issuers and appointed by the Board.

“Bond Purchase Contract” means the Board’s agreement with Underwriters providing for the sale of a Series of Bonds, as authorized by Section 2.4 hereof; provided that two or more Series of Bonds may be sold to the same Underwriters pursuant to the terms of a single Bond Purchase Contract.

“Chapter 1207” has the meaning given to such term in the recitals to this Resolution.

“Chapter 1371” has the meaning given to such term in the recitals to this Resolution.

“Chapter 2306” has the meaning given to such term in the recitals to this Resolution.

“Counterparty” shall mean a counterparty to a Hedge Agreement.

“Depository Agreements” has the meaning given to such term in the recitals to this Resolution.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Eligible Project Costs” has the meaning ascribed to it in the recitals to this Resolution.

“Escrow Agent” means each Escrow Agent selected pursuant to Section 2.5 hereof or any successor thereto.

“Escrow Agreement” means each Escrow Agreement between the Board and an Escrow Agent, as authorized by Section 2.5 hereof, as each such agreement may be amended from time to time in accordance with the terms thereof.

“FHLB Advances” means any advance pursuant to the Advances and Security Agreement, dated November 1, 2016, between the Department and Federal Home Loan Bank of Dallas, as amended, and the side letters executed pursuant thereto.

“Fixed Rate” means a rate of interest on a Bond that is fixed for the remaining term of the Bond.

“Fixed Rate Bonds” means the Bonds of a Series bearing interest at a Fixed Rate.

“Hedge Agreement” has the meaning ascribed to it in the recitals to this Resolution. To the extent permitted by law, the Department may enter into one or more Hedge Agreements in anticipation of, simultaneously with, or subsequent to the authorization and issuance of any Bonds benefiting from such Hedge Agreements.

“Hedge Agreement Payment Obligation” shall mean the obligation of the Department pursuant to a Hedge Agreement to make payments to a Counterparty under a Hedge Agreement. The term does not include collateral postings, termination payments or similar payments and does not include fees or expenses under the Hedge Agreement.

“Indentures” has the meaning given to such term in the recitals to this Resolution.

“Issuance Date” means the date of initial delivery of any Series of Bonds in exchange for the purchase price thereof.

“Maximum Rate” means the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended, or such other maximum interest rate permitted to be borne by Bonds by then applicable law.

“Mortgage Certificates” has the meaning given to such term in the recitals to this Resolution.

“Outstanding Parity Bonds” means, collectively, the Outstanding RMRB Parity Bonds and the Outstanding SFMRB Parity Bonds.

“Outstanding RMRB Parity Bonds” means the Department’s Residential Mortgage Revenue Bonds, Series 2019A, Residential Mortgage Revenue Bonds, Series 2021A (Social Bonds), Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable), Residential Mortgage Revenue Bonds, Series 2022A (Social Bonds), Residential Mortgage Revenue Bonds, Series 2022B (Social Bonds), Residential Mortgage Revenue Bonds, Series 2023A, Residential Mortgage Revenue Bonds, Series 2023B, Residential Mortgage Revenue Bonds, Taxable Series 2023C, Residential Mortgage Revenue Bonds, Series 2024A, Residential Mortgage Revenue Bonds, Taxable Series 2024B, Residential Mortgage Revenue Bonds, Series 2024C, and Residential Mortgage Revenue Bonds, Taxable Series 2024D.

“Outstanding SFMRB Parity Bonds” means the Department’s Single Family Mortgage Revenue Bonds, 2005 Series A, Single Family Mortgage Revenue Bonds, 2007 Series A, Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable), Single Family Mortgage Revenue Bonds, 2015 Series B, Single Family Mortgage Revenue Bonds, 2016 Series A, Single Family Mortgage Revenue Refunding Bonds, 2016 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2017 Series A, Single Family Mortgage Revenue Refunding Bonds, 2017 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2017 Series C (Taxable), Single Family Mortgage Revenue Bonds, 2018 Series A, Single Family Mortgage Revenue Bonds, 2019 Series A, Single Family Mortgage Revenue Bonds, 2020 Series A, Single Family Mortgage Revenue Refunding Bonds, 2020 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2021 Series A (Social Bonds), Single Family Mortgage Revenue Refunding Bonds, 2021 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2022 Series A (Social Bonds), Single Family Mortgage Revenue Bonds, 2022 Series B, Single Family Mortgage Revenue Bonds, 2023 Series A, Single Family Mortgage Revenue Bonds, 2023 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2023 Series C and Single Family Mortgage Revenue Bonds, 2023 Series D (Taxable).

“Pricing Certificate” means the certificate executed by the Authorized Representative in connection with each Series of Bonds that establishes the terms of such Series of Bonds pursuant to Section 2.4 hereof in connection with the initial issuance and delivery thereof. Each Pricing Certificate is hereby incorporated in and made a part of this Resolution and shall be filed in the minutes of the Board as a part of this Resolution.

“Refunded Bonds” means the particular Outstanding Parity Bonds that an Authorized Representative, acting for and on behalf of the Board pursuant to Sections 2.4 and 2.5 hereof,

determines shall be refunded by a Series of Bonds. The Refunded Bonds shall be specified in the Pricing Certificate.

“Repaid FHLB Advances” means the particular FHLB Advances that the Authorized Representative, acting for and on behalf of the Board, pursuant to Sections 2.4 and 2.5 hereof, determines shall be repaid from proceeds of a Series of Bonds. The Repaid FHLB Advances shall be specified in the Pricing Certificate.

“Resolution” means this resolution authorizing the Bonds, as the same may be amended from time to time in accordance with the terms hereof.

“Series” means any designated series of Bonds issued pursuant to this Resolution.

“Supplemental Indenture” or *“Supplemental Indentures”* has the meaning given to such term in the recitals to this Resolution.

“Tax-Exempt Bond” shall mean any Bond, the interest on which is excludable from gross income for federal income tax purposes.

“Taxable Bond” shall mean any Bond, the interest on which is not excludable from gross income for federal income tax purposes.

“Trustee” has the meaning given to such term in the recitals to this Resolution.

“Trust Company” has the meaning given to such term in the recitals to this Resolution.

“Underwriters” means the investment banking firm or firms that contract to purchase the Bonds of a Series, pursuant to a Bond Purchase Contract in accordance with Section 2.4 of this Resolution; provided that the same Underwriters may contract to purchase two or more Series of such Bonds pursuant to a single Bond Purchase Contract.

“Variable Rate” means a rate of interest that is not fixed, but is variable or adjustable by any formula, agreement or otherwise.

“Variable Rate Bonds” means Bonds that bear interest at Variable Rate, as set forth in the Pricing Certificate or Bond Purchase Contract for such Bonds.

ARTICLE 2 AUTHORIZATION AND TERMS OF THE BONDS

Section 2.1 Authorization and Authorized Amount. Pursuant to authority conferred by and in accordance with the provisions of the laws of the State, particularly the Acts, the Bonds are hereby authorized to be issued, in the maximum aggregate principal amount (calculated without regard to premium or discount affecting the sale price) of \$1,100,000,000 in one or more Series (as Tax-Exempt Bonds, Taxable Bonds, or any combination thereof) from time to time for the purpose of obtaining funds to refund the Refunded Bonds, to repay the FHLB Advances and

to finance Eligible Project Costs, all in accordance with and subject to the terms, conditions and limitations contained herein; provided that, the authority conferred by this Resolution to (i) act on behalf of the Board in connection with the initial sale of any Series of Bonds and (ii) execute one or more Bond Purchase Contracts(s) pursuant to this Resolution shall expire at 11:59 p.m. Austin, Texas time on October 9, 2025. Any Series of Bonds sold pursuant to a Bond Purchase Contract executed on or before the date and time specified in the immediately preceding sentence may be issued and delivered after such date. The Bonds are Additional Parity Bonds permitted to be issued under the Indentures and this Resolution on a parity and in all respects of equal dignity with the applicable Outstanding Parity Bonds.

The Bonds herein authorized, unless otherwise indicated, may be issued in the form of Fixed Rate Bonds or Variable Rate Bonds, all as provided in Section 2.2 hereof, the Pricing Certificate and in the Supplemental Indenture.

Section 2.2 Issuance, Designation, Execution and Delivery of the Bonds. The issuance of the Bonds from time to time in one or more series or subseries and on a taxable or tax-exempt basis is hereby authorized, all under and in accordance with the applicable Indenture; that such Bonds are to be designated as Residential Mortgage Revenue Bonds, Series 202[4][5] _____, or Single Family Mortgage Revenue Bonds, 202[4][5] Series _____ with such appropriate insertion or modification to differentiate separate series or subseries of Bonds, as determined by an Authorized Representative and referenced in the applicable Supplemental Indenture; and that, upon execution and delivery of the applicable Supplemental Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds, which signatures and seal may be manual or facsimile, and to deliver the Bonds to the Attorney General of Texas (the "Attorney General") for approval, the Comptroller of Public Accounts of the State of Texas (the "Comptroller") for registration and the Trustee for authentication, and thereafter to deliver the Bonds to or upon the order of the Underwriters.

Section 2.3 Maturity; Redemption Prior to Maturity. (a) The Bonds of each Series shall mature on the dates and in the amounts set forth in the Pricing Certificate; provided that, the final maturity of the Bonds of a Series shall not be later than 40 years from their Issuance Date as set forth in the Pricing Certificate executed in connection with the initial issuance and delivery thereof.

(b) Subject to the notice provisions set forth in the Indentures and in the Supplemental Indentures, each Series of Bonds shall be subject to redemption by the Board prior to maturity as provided in the related Supplemental Indenture, which may be modified in the related Pricing Certificate.

Section 2.4 Issuance and Sale of Bonds; Delegation of Authority. (a) The Authorized Representatives are hereby severally authorized to act for and on behalf of the Board in connection with the issuance and sale of the Bonds. In that capacity, the Authorized Representative, acting for and on behalf of the Board, shall determine: the dated date of such Bonds and the Issuance Date thereof; the principal amount of Bonds of such Series to be issued

and sold; whether the Bonds shall be issued as Tax-Exempt Bonds or Taxable Bonds; the Series designation for such Bonds and any additional or different designation or title by which the Bonds of each Series shall be known; the authorized denominations applicable for the Bonds; the price at which the Bonds of such Series shall be sold; the principal amortization schedule for such Bonds; the redemption features of such Bonds; the rate or rates of interest to be borne by each maturity of such Bonds, or for Variable Rate Bonds the manner of determining such rate or rates; the Interest Payment Dates for such Bonds; the particular Outstanding Parity Bonds to be refunded, or Repaid FHLB Advances to be repaid, as appropriate, by any series of Bonds and the redemption date(s) thereof, as appropriate, the Eligible Project Costs to be financed by any Series of Bonds; and all other matters relating to the issuance, sale and delivery of the Bonds of each Series and the refunding of the Refunded Bonds or repayment of the Repaid FHLB Advances, as appropriate; all of which shall be specified in each Pricing Certificate; provided that (i) the aggregate principal amount of Bonds issued hereunder shall not exceed the amount authorized in Section 2.1 of this Resolution, (ii) the maturity date of any Series of Bonds shall not exceed the maximum maturity set forth in Section 2.3 of this Resolution, and (iii) each Series of Bonds must be sold on terms that produce (A) interest rates that do not exceed the Maximum Rate and (B) a sales price for the Bonds of such Series to the initial purchaser(s) thereof of not less than 95 percent and not more than 108 percent of the par amount thereof (plus accrued interest from the dated date of such Bonds to the Issuance Date). Interest on Variable Rate Bonds shall be computed as set forth in the related Bond Purchase Contract or Pricing Certificate. In addition, each Series of Bonds issued to refund Refunded Bonds must be sold on terms that produce a present value savings when the scheduled debt service payable on such Bonds during each Bond Year is subtracted from the scheduled debt service payable on the Refunded Bonds during the same Bond Year and the remainder is discounted to the scheduled date of delivery of the Bonds of such Series set forth in the Pricing Certificate at a discount factor equal to the yield on such Bonds determined in accordance with section 148 of the Code. Notwithstanding the foregoing and any other provision of this Resolution to the contrary, a Series of Bonds issued to refund Refunded Bonds may be sold on terms that do not satisfy the present value savings requirement set forth in the immediately preceding sentence if an Authorized Representative determines that such refunding of Refunded Bonds is in the best interest of the Department; provided that the maximum amount by which the aggregate amount of payments to be made under such Series of Bonds may not exceed 3 percent of the aggregate amount of payments that would have been made under the terms of the Refunded Bonds being refunded thereby. For purposes of performing the foregoing calculations, if the Refunded Bonds bear interest at a Variable Rate, then such Refunded Bonds shall be deemed to bear interest at all times to their maturity or due date at the Assumed Rate.

All Bonds sold to refund or refinance Refunded Bonds are hereby deemed to be "refunding bonds" and therefore may be sold in the manner deemed by an Authorized Representative to be most economically advantageous to the Board. If an Authorized Representative determines that any Series of Bonds shall be sold on a negotiated basis, such Authorized Representative is authorized to approve, execute and deliver a Bond Purchase Contract with the Underwriters of each such Series of Bonds. Notwithstanding the foregoing, the Authorized Representative may determine to sell two or more Series of such Bonds to the same

Underwriters pursuant to the terms of a single Bond Purchase Contract. The Authorized Representative's approval of a Bond Purchase Contract shall be conclusively evidenced by said Authorized Representative's execution thereof. The Authorized Representative, acting for and on behalf of the Board, may designate the senior managing Underwriter for each such Series of Bonds to be sold on a negotiated basis. It is further provided, however, that notwithstanding the foregoing provisions, the Bonds of any Series issued under this Section 2.4 to finance Eligible Project Costs shall not be delivered unless prior to delivery, such Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations for Bonds as required by Chapter 1371.

(b) The Authorized Representatives, acting for and on behalf of the Board, are severally authorized and directed to provide for and oversee the preparation of a preliminary official statement to be prepared for distribution (which may be made electronically) and to be used in the offering and sale of Bonds. The Authorized Representatives, acting for and on behalf of the Board, are hereby severally authorized to approve the form of the preliminary official statement and to deem the preliminary official statement to be final as of its date, except for such omissions as are permitted by Rule 15c2-12. The Authorized Representatives, acting for and on behalf of the Board, are hereby severally directed to cause a final official statement to be prepared and provided in compliance with Rule 15c2-12. Notwithstanding the foregoing, the Authorized Representatives may prepare one preliminary official statement and one final official statement with respect to multiple Series of Bonds so sold.

(c) Following the execution of each Pricing Certificate in connection with the initial issuance and delivery of a Series of Bonds, the Authorized Representative shall notify the Trustee in writing of the identity of the respective initial purchasers and of the following terms for the related Series of Bonds: Series designation; dated date and Issuance Date; principal amount; purchase price; maturities; redemption provisions; initial rate or rates of interest; and the Interest Payment Dates. The Authorized Representative shall deliver the Initial Bonds of such Series to the respective initial purchasers against payment therefore; provided that delivery of any Bond shall be expressly conditioned upon satisfaction of all applicable requirements in Section 302 of the Single Family Indenture or Section 302 of the RMRB Indenture, as applicable, and in the Supplemental Indenture related to the particular Series of Bonds.

Section 2.5 Refunding of Refunded Bonds; Escrow Agreements. (a) As provided in Section 2.4 above, the Authorized Representatives shall determine the particular Outstanding Parity Bonds to be refunded by a Series of Bonds subject, in the case of the related Refunded Bonds, to the requirements of Section 2.4.

(b) Subject to the execution of an Pricing Certificate and the determination by an Authorized Representative of the Refunded Bonds to be refunded by a Series of Bonds, the Board irrevocably calls the particular Outstanding Parity Bonds constituting Refunded Bonds for redemption prior to maturity on the first optional redemption date following delivery of the Bonds of such Series, for which all of the notice requirements for redemption can reasonably be met, at a redemption price of par (plus accrued interest to the date fixed for redemption).

Upon execution of the respective Pricing Certificate, the Authorized Representatives, acting for and on behalf of the Board, shall provide for notice of such redemption to be given in accordance with the supplemental indenture authorizing the Refunded Bonds.

(c) Concurrently with the delivery of each Series of Bonds issued for the purpose of refunding Refunded Bonds, the Authorized Representatives, acting for and on behalf of the Board, are hereby authorized to designate one or more escrow agents (each, an “Escrow Agent”) in connection therewith, to approve the form and substance of an escrow agreement (each, an “Escrow Agreement”) in connection therewith cause to be deposited from the proceeds from the sale of the Bonds of such Series, together with the other legally available funds with the appropriate Escrow Agent, in an amount sufficient to provide for the refunding of the Refunded Bonds in accordance with Chapter 1207. The discharge and defeasance of the Refunded Bonds shall be effected pursuant to the terms and provisions of the respective Escrow Agreement with the respective Escrow Agent. Notwithstanding anything to the contrary contained in this Section 2.5, the Authorized Representatives, acting for and on behalf of the Board, may (i) determine to approve, execute and deliver for and on behalf of the Board a single Escrow Agreement with the same Escrow Agent for Refunded Bonds, and (ii) accomplish the refunding thereof without executing an Escrow Agreement by making a deposit directly with the paying agent therefor.

(d) If an Authorized Representative determines to execute an Escrow Agreement relating to the Refunded Bonds, to assure the purchase of the “Escrowed Securities” referred to in the Escrow Agreement for the Refunded Bonds, such Authorized Representative, acting for and on behalf of the Board, is hereby authorized to subscribe for, agree to purchase and purchase “Government Obligations,” as defined in the supplemental indenture authorizing the Refunding Bonds, in such amounts and maturities and bearing interest at such rates as may be provided for in such Escrow Agreement, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and is authorized to create and fund the “Escrow Fund” contemplated by such Escrow Agreement through the use of the proceeds of the Series of Bonds issued to refund the Refunded Bonds, the moneys and investments held in the fund securing the Refunded Bonds, and other lawfully available moneys of the Board.

(e) To satisfy in a timely manner all of the Board’s obligations under this Resolution and the Escrow Agreement(s), the Authorized Representatives and all other appropriate officers and agents of the Board are hereby severally authorized and directed for and on behalf of the Board to take all other actions that are reasonably necessary to provide for the refunding of the Refunded Bonds, including, without limitation, executing and delivering for and on behalf of the Board all certificates, consents, receipts, requests and other documents as may be reasonably necessary to satisfy the Board’s obligations under the Escrow Agreement(s) and this Resolution and to direct the transfer and application of funds of the Board consistent with the provisions of such Escrow Agreement(s) and this Resolution.

(f) It is hereby found and determined that (i) the refunding of the Refunded Bonds is advisable and necessary in order to restructure the debt service requirements of the Department

and (ii) the manner in which the refunding of the Refunded Bonds is being executed does not make it practicable to make the determination required by Section 1207.008(a)(2) of the Government Code.

Section 2.6 Application of Bond Proceeds. Proceeds from the sale of the Bonds of each Series shall, promptly upon receipt thereof, be applied by the Authorized Representative as provided in the respective Indenture and the Supplemental Indenture with respect to the particular Series of Bonds.

Section 2.7 Indenture Funds. The Authorized Representatives are further authorized and directed to apply and there is hereby appropriated such moneys on deposit under the applicable Indenture as are necessary (i) to pay the costs of issuance of the Bonds incurred in connection with the issuance of the Bonds and the refunding of the Refunded Bonds (including the redemption or purchase for cancellation of Refunded Bonds, to the extent not paid from Bond proceeds); (ii) to make the deposits described in the applicable Indenture in amounts sufficient, together with the proceeds of the Bonds, to provide for the defeasance of the Refunded Bonds and the repayment of the Repaid FHLB Advances, as appropriate, on the date of delivery of the Bonds.

Section 2.8 Additional Agreements. The Authorized Representatives are hereby authorized and directed to execute any supplemental document with the Trustee or DTC as may be necessary to consummate the transactions contemplated by this Resolution, any such document to be subject to the approval of each of the foregoing parties.

Section 2.9 Further Procedures. Each Authorized Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, attest, affix the Department's seal to and deliver, in the name and under the seal and on behalf of the Board, all such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, and to take such other acts, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Indentures, the Depository Agreements, the Bonds, the preliminary official statement and the official statement for any Bonds, any continuing disclosure agreement, any Escrow Agreement, any Bond Purchase Contract or any Supplemental Indenture.

In addition, the Authorized Representatives, the General Counsel to the Board and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by any bond rating agency as a condition to the granting of a rating on any Series of Bonds, as may be required by the office of the Texas Attorney General as a condition to the approval of the Bonds and as may be required to assist Underwriters in complying with Rule 15c2-12.

Section 2.10 Approval, Execution and Delivery of the Supplemental Indentures. That the form and substance of the Supplemental Indentures are hereby approved and that the Authorized Representatives are hereby severally authorized to execute, and if requested, attest and affix the Department's seal to each applicable Supplemental Indenture and to deliver such Supplemental Indenture to the Trustee.

Section 2.11 Approval of GIC Broker; Approval of Investment in GICs. That the Authorized Representatives are each hereby authorized to select a GIC broker, if any, and that the investment of funds held under the Indentures in connection with the Bonds in GICs is hereby approved and that the Authorized Representatives are hereby authorized to complete arrangements for such investment in GICs or such other investments as the Authorized Representatives may approve.

Section 2.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, or in the opinion of Bond Counsel, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 2.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit A-1 – Tax-Exempt Supplemental Indenture (SFMRB)
- Exhibit A-2 – Taxable Supplemental Indenture (SFMRB)
- Exhibit B-1 – Tax-Exempt Supplemental Indenture (RMRB)
- Exhibit B-2 – Taxable Supplemental Indenture (RMRB)

Section 2.14 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Resolution: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 2.15 Department Contribution. That the contribution of Department funds in an amount not to exceed \$10,000,000 per Series of Bonds to be used for any purpose authorized under Chapter 2306 and the applicable Indenture, including to provide down payment and closing cost assistance, to make and acquire qualifying Mortgage Loans, including payment of

lender compensation, through the purchase of Mortgage Certificates and to pay all or a portion of the costs of issuance of the Bonds is hereby authorized.

Section 2.16 Use of Indenture Funds. That the use of an amount not to exceed \$10,000,000 per Series of Bonds of funds on deposit under the applicable Indenture to fund capitalized interest on the Bonds is hereby authorized.

ARTICLE 3 AUTHORIZATION AND TERMS OF HEDGE AGREEMENTS

Section 3.1 Authorization of Hedge Agreements. Pursuant to authority conferred by and in accordance with the provisions of the laws of the State, particularly Section 2306.351, Texas Government Code, the Department reserves and shall have the right and authority to execute and deliver Hedge Agreements (subject to Section 3.2 below) with respect to any or all of the Bonds for any purpose authorized by law pursuant to the provisions of this Resolution and any Supplemental Indenture on the terms conditions set forth in Article III of this Resolution; provided that, the authority conferred by this Resolution to execute any such Hedge Agreement shall expire at 11:59 p.m. Austin, Texas time on October 9, 2025.

Section 3.2 Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Department in accepting and executing a Hedge Agreement when, in such person's judgment, the execution of such Hedge Agreement is consistent with this Resolution and the Department's Interest Rate Swap Policy and Investment Policy, to the extent applicable, and the transaction is in the best interests of the Department given the market conditions at that time.

- (a) Determination as Hedge Agreement. The Board hereby determines that any such Hedge Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Department's obligations with respect to its outstanding Bonds or Bonds anticipated to be issued in the future, and any Mortgage Loans or Mortgage Certificates, on the interest rate, currency, cash flow or other basis set forth in such Hedge Agreement as approved and executed on behalf of the Department by an Authorized Representative. Each Hedge Agreement constitutes a "contract" under Section 2306.351(b) of Chapter 2306.
- (b) Maximum Term. The maximum term of each Hedge Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related Bonds or the related Bonds anticipated to be issued in the future, as applicable.
- (c) Notional Amount. The notional amount of any Hedge Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related Bonds or related Bonds

anticipated to be issued in the future, as applicable; provided that the aggregate notional amount of multiple Hedge Agreements relating to the same Bonds may exceed the principal amount of the related Bonds if such Hedge Agreements are for different purposes, as evidenced for example by different rates for calculating payments owed, and the aggregate notional amount of any such Hedge Agreements for the same purpose otherwise satisfies the foregoing requirements.

- (d) Early Termination. No Hedge Agreement entered into pursuant to this Resolution shall contain early termination provisions at the option of the Counterparty except upon the occurrence of an event of default or a termination event, as prescribed in the applicable Hedge Agreement. In addition to subsections (a) and (b) of Section 3 hereof, each Authorized Representative is hereby severally authorized to terminate any Hedge Agreement in whole or in part when, in such person's judgment, such termination is in the best interests of the Department given the market conditions at that time.
- (e) Maximum Rate. No Hedge Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.
- (f) Source of Payment. Hedge Agreement Payment Obligations may be made from lawfully available funds of the Department, including (i) with respect to a Hedge Agreement executed in connection with Single Family Mortgage Revenue Bonds, funds available for such purpose and on deposit in the Surplus Revenues Account held under the Single Family Indenture, or (ii) with respect to a Hedge Agreement executed in connection with Residential Mortgage Revenue Bonds, funds available for such purpose and on deposit in the Residual Revenues Fund held under the RMRB Indenture.

ARTICLE 4

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 4.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of an application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of each series of Bonds in accordance with Chapter 1231, Texas Government Code.

Section 4.2 Submission to the Attorney General of Texas. That the Board hereby approves the submission by Bond Counsel to the Attorney General of Texas, for his approval, of a transcript of the legal proceedings relating to the issuance, sale and delivery of each Series of Bonds, and as applicable, execution of a Hedge Agreement.

Section 4.3 Engagement of Other Professionals. That the Authorized Representatives are each authorized to engage an accounting firm or firms to perform such functions, audits, yield calculations, verifications and subsequent investigations as necessary or appropriate to comply with a Bond Purchase Contract and the requirements of the purchasers of the Bonds and Bond Counsel, provided such engagement is done in accordance with applicable State law.

Section 4.4 Certification of the Minutes and Records. That the Secretary and any Assistant Secretary to the Board are hereby authorized to certify and authenticate minutes and other records on behalf of the Department for the Program, the issuance of the Bonds and all other Department activities.

Section 4.5 Approval of Requests for Rating from Rating Agencies. That the Authorized Representatives and the Department's consultants are authorized to seek ratings from Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global Inc.

Section 4.6 Ratifying Other Actions. That all other actions taken or to be taken by the Authorized Representatives and the Department's staff in connection with the issuance of the Bonds are hereby ratified and confirmed.

Section 4.7 Authorized to Invest Funds. That pursuant to Section 1371.102, Texas Government Code, and Chapter 2306, the Authorized Representatives are each hereby authorized to undertake all appropriate actions required under the applicable Indenture and the Depository Agreements and to provide for investment and reinvestment of all funds held under each Indenture in accordance with such Indenture.

Section 4.8 No Gain Allowed. That, in accordance with Section 2306.498, Texas Government Code, no member of the Board or employee of the Department may purchase the Notes in the secondary open market for municipal securities.

ARTICLE 5 CERTAIN FINDINGS AND DETERMINATIONS

Section 5.1 Purpose of Bonds. That the Board hereby determines that the purpose for which the Department may issue the Bonds constitutes "public works" as contemplated by Chapter 1371.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1 Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate pledged under each Indenture to secure payment of the bonds issued under such Indenture and payment of the Department's costs and expenses for its single family mortgage revenue bond program thereunder and under such Indenture, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 6.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State.

Section 6.3 Purposes of Resolution. That the Board has expressly determined and hereby confirms that the issuance of the Bonds and the furtherance of the purposes contemplated by this Resolution accomplish a valid public purpose of the Department by providing for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State.

Section 6.4 Notice of Meeting. That this Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 6.5 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of October, 2024.

EXHIBITS

ALL DOCUMENTS REFERRED TO IN THE FOREGOING RESOLUTION ARE ATTACHED TO THE ORIGINAL COPY OF SAID RESOLUTION, WHICH IS ON FILE IN THE OFFICIAL RECORDS OF THE DEPARTMENT, AND EXECUTED COUNTERPARTS OF SUCH EXHIBITS ARE INCLUDED IN THE OFFICIAL TRANSCRIPT OF PROCEEDINGS RELATING TO THE BONDS.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL SINGLE FAMILY MORTGAGE
REVENUE BOND TRUST INDENTURE

AUTHORIZING

\$(PRINCIPAL)
SINGLE FAMILY MORTGAGE REVENUE [REFUNDING] BONDS
202[4][5] SERIES [__]

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
AS TRUSTEE

Dated as of [DOC DATE]

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[NUMBER] SUPPLEMENTAL SINGLE FAMILY
MORTGAGE REVENUE BOND TRUST INDENTURE

AUTHORIZING

\$(PRINCIPAL]
SINGLE FAMILY MORTGAGE REVENUE [REFUNDING] BONDS
202[4][5] SERIES [__]

THIS [NUMBER] SUPPLEMENTAL SINGLE FAMILY MORTGAGE REVENUE BOND TRUST INDENTURE dated as of [DOC DATE] (this “202[4][5] [__] Supplemental Indenture”), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (together with any successor to its rights, duties, and obligations hereunder, the “Department”), a public and official agency duly created, organized and existing under the laws of the State of Texas, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (together with any successor trustee hereunder, the “Trustee”), a national banking association.

RECITALS

WHEREAS, the Department and the Trustee have executed and delivered that certain Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, as amended and supplemented from time to time (the “Indenture”), providing for the issuance from time to time by the Department of one or more series of its Single Family Mortgage Revenue Bonds (collectively, the “Bonds”); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the “State”) applicable to the Department, the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

[WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and]

[WHEREAS, the Department is authorized under the Act and Chapter 1207, Texas Government Code, as amended, to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, authorizes the Department to issue refunding bonds to refund all or any part of the Department’s outstanding bonds, notes or other general or special obligations; and]

WHEREAS, Sections 1001 and 1002 of the Indenture authorize the Department to adopt and file with the Trustee, a supplemental indenture, authorizing Bonds of a Series and, among other things, to include any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture, to add to the covenants and agreements of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Single Family Mortgage Revenue [Refunding]

Bonds, 202[4][5] Series [] (the “Series 202[4][5] [] Bonds”) in an aggregate principal amount of \$[PRINCIPAL] pursuant to the Indenture and this 202[4][5] [] Supplemental Indenture for the purpose of [refunding its Outstanding Single Family Mortgage Revenue Bonds, [] ([collectively,] the “Refunded Bonds”)] [obtaining funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State and occupied by persons and families of low and very low income and families of moderate income, providing down payment and closing cost assistance with respect to Assisted Mortgage Loans (as hereinafter defined), paying lender compensation related to the 202[4][5] [] Mortgage Loans and paying costs of issuance of the Series 202[4][5] [] Bonds], all under and in accordance with the Constitution and laws of the State; and

[WHEREAS, concurrently with the execution of this 202[4][5] [] Series Supplement, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the “202[4][5] [] Series Supplement”) by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[4][5] [] (the “Series 2024D Bonds”, and together with the Series 202[4][5] [] Bonds, the “Series 202[4][5][] Bonds”) for the purposes described in the 202[4][5] [] Series Supplement; and]

WHEREAS, the execution and delivery of this 202[4][5] [] Supplemental Indenture and the issuance of the Series 202[4][5] [] Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 202[4][5] [] Supplemental Indenture and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 202[4][5] [] Supplemental Indenture have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[4][5] [] Supplemental Indenture, a valid, binding and legal instrument for the security of the Series 202[4][5] [] Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 202[4][5] [] Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 202[4][5] [] Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit (except to the extent that such benefit is not equal and proportionate pursuant to the terms of the Indenture and any supplemental indenture thereunder) of the respective holders from time to time of the Bonds, including the Series 202[4][5] [] Bonds as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1 Supplemental Indenture. This 202[4][5] [] Supplemental Indenture is supplemental to, and is adopted in accordance with, Articles III and X of the Indenture.

Section 1.2 Definitions.

(a) Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture, shall have the same meanings in this 202[4][5] [] Supplemental Indenture (other than in the form of Series 202[4][5] [] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

(b) As used in this 202[4][5] [] Supplemental Indenture (other than in the form of Series 202[4][5] [] Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the special trust accounts pertaining to the Series 202[4][5] [] Bonds created and established in Section 502 of the Indenture and Section 2.12 hereof.

“Assisted Mortgage Loans” shall mean 202[4][5] [] Mortgage Loans that include a related DPA Loan to provide down payment and closing cost assistance.

“Authorized Denomination” shall mean \$[5,000] principal amount or any integral multiples thereof.

“Authorized Representative of the Department” shall mean the [Chair or Vice Chair of the Board of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Board] or any officer or employee of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

“Board” shall mean the Governing Board of the Department.

“Bond Counsel” shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bond Depository” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 2.11 hereof.

“Business Day” shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

“Certificate Accrued Interest” shall mean the amount of interest received in the month following the month of the purchase of a 202[4][5] [] Mortgage Certificate which represents the number of days of interest on such 202[4][5] [] Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

“Certificate Purchase Date” shall mean, with respect to a 202[4][5] [] Mortgage Certificate, the date of

purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

“Certificate Purchase Period” shall mean the period from the Issuance Date to and including [____], but which may be extended to a date no later than [____], in accordance with Section 2.17 of this 202[4][5] [__] Supplemental Indenture.

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

“Compliance Agent” shall mean Hilltop Securities Inc., and its successors and assigns.

“Compliance Agreement” shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Computation Date” shall mean each Installment Computation Date and the Final Computation Date.

“Contract for Deed Exception” shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(1)(C) of the Code.

“Costs of Issuance” shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Counsel’s Opinion” shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

“Department” shall mean the Texas Department of Housing and Community Affairs, a public and official agency of the State, and its successors and assigns.

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any successor depository appointed pursuant to Section 601 of the Indenture.

“Depository Agreement” shall mean the Amended and Restated Depository Agreement dated as of August 1, 1991, among the Department, the Trustee and the Depository, relating to the Bonds, together with any amendments or supplements thereto.

“Depository Participant” shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

“DPA Loan” means a subordinated, no stated interest loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to a 202[4][5] [__] Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are due on sale, refinance, or repayment of the first mortgage and have a thirty year term. DPA Loans are not considered Mortgage Loans.

“Favorable Opinion of Bond Counsel” shall mean, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Series 202[4][5] [] Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Series 202[4][5] [] Bonds or other customary exceptions acceptable to the recipient thereof).

“Final Computation Date” shall mean the date on which final payment in full of the Series 202[4][5] [] Bonds is made.

“Ginnie Mae” shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

“Ginnie Mae Certificate Purchase Price” shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 202[4][5] [] Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

“Ginnie Mae Guaranty Agreement” shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

“Gross Proceeds” shall mean any Proceeds and any Replacement Proceeds.

“IHFA” means the Idaho Housing and Finance Association, an Idaho independent public body corporate and politic.

“Indenture” shall mean, the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, between the Department and the Trustee as supplemented and amended from time to time.

“Initial Bond” means the Series 202[4][5] [] Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

“Installment Computation Date” shall mean the last day of the fifth Tax Bond Year and each succeeding fifth Tax Bond Year.

[NEW MONEY]“Interest Payment Date” shall mean, with respect to the Series 202[4][5] [] Bonds, each March 1 and September 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [] Bonds are subject to redemption.

[REFUNDING]“Interest Payment Date” shall mean, with respect to the Series 202[4][5] [] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [] Bonds are subject to redemption.

“Investment Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

“Issuance Date” shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 202[4][5] [] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of such Series 202[4][5] [] Bonds.

“Letter of Instructions” shall mean, with respect to the Series 202[4][5] [] Bonds, a written directive and

authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

“Letter of Representations” shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

“Mortgage Loan Principal Payments” shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 202[4][5] [] [Transferred] Mortgage Certificates.

“Mortgage Origination Agreement” shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

“Mortgage Pool” shall have the meaning assigned to the term “Pool” in the Servicing Agreement.

“Net Proceeds” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement.

“Nonpurpose Investment” shall mean any “investment property,” within the meaning of Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Series 202[4][5] [] Bonds.

“Optional Redemption Date” shall mean [OPTIONAL REDEMPTION DATE].

“Other Obligated Person” shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

“Pass-Through Rate” shall mean, the Pass-Through Rates for each 202[4][5] [] Mortgage Certificate, which will equal the mortgage rate of the 202[4][5] [] Mortgage Loans backing the 202[4][5] [] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

“Paying Agent” shall mean the Trustee.

“Proceeds” shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds.

“Program” shall mean the Department’s Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

“Program Agreement” shall mean the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

“Program Guidelines” shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters, providing for the purchase of the Series 202[4][5] [] Bonds by the Underwriters.

“Rating Agency” shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody’s Investors Service, Inc. and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

“Rebate Amount” has the meaning set forth in Section 1.148-3(b) of the Regulations and generally means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with Section 1.148-3 of the Regulations.

“Rebate Analyst” shall mean a person that is (a) qualified and experienced in the calculation of rebate payments under Section 148 of the Code, (b) chosen by the Department, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

“Record Date” means the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding such Interest Payment Date.

“Redemption Price” shall mean, with respect to any Series 202[4][5] [] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[4][5] [] Bond or the Indentures.

[“Refunded Bonds” shall mean all of the Outstanding [] Bonds.]

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Replacement Proceeds” has the meaning set forth in Section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

“Representative” shall mean [REPRESENTATIVE].

“Revenues” shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 202[4][5] [] Mortgage Certificates, including any payments received from Ginnie Mae pursuant to its guaranty of the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 202[4][5] [] Mortgage Certificates and all other net proceeds of such 202[4][5] [] Mortgage Certificates.

“Sale Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in Section 1.148-4(b)(4) of the Regulations.

“Series 202[4][5] [] Bonds” shall mean the Department’s Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [] to be issued under the Indenture and this 202[4][5] [] Supplemental Indenture.

“Servicer” shall mean (i) IHFA, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

“Servicing Agreement” shall mean (i) with respect to IHFA, the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 1, 2021, by and between the Department and IHFA, as amended pursuant to that certain First Addendum to Mortgage Acquisition, Pooling and Servicing Agreement dated as of June 1, 2023; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

“Sinking Fund Installment” means the principal amount of the Series 202[4][5] [] Bonds subject to scheduled mandatory redemption on the respective redemption date set forth in Section 2.6(d) hereof.

“State” shall mean the State of Texas.

“Subaccount” or “Subaccounts” shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 202[4][5] [] Bonds created in certain Accounts pursuant to Section 2.12 hereof.

“Supplemental Indenture” shall mean this [NUMBER] Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of [DOC DATE], by and between the Department and the Trustee, together with any amendments hereto.

“Tax Bond Year” shall mean each one-year period that ends at the close of business on the day selected by the Department. The first and last Tax Bond Years may be short periods. If no day is selected by the Department before the earlier of the date the last Series 202[4][5] [] Bond is discharged or the date that is five years after the Issuance Date, Tax Bond Years end on each anniversary of the Issuance Date and on the date the last Series 202[4][5] [] Bond is discharged.

“Transferred Proceeds” shall mean the amounts described in Section 1.148-9 of the Regulations.

“202[4][5] [] Administrative Subaccount” shall mean the 202[4][5] [] Administrative Subaccount within the 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.12 hereof.

“202[4][5] [] Capitalized Interest Subaccount” shall mean the 202[4][5] [] Capitalized Interest Subaccount within the 202[4][5] [] Revenue Account established pursuant to Section 2.12 hereof.

“202[4][5] [] Costs of Issuance Account” shall mean the 202[4][5] [] Costs of Issuance Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Down Payment Assistance Subaccount” shall mean the 202[4][5] [] Down Payment Assistance Subaccount within the 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.12 hereof.

“202[4][5] [] Interest Subaccount” shall mean the 202[4][5] [] Subaccount within the Interest Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Mortgage Certificates” shall mean Mortgage Certificates that are purchased by the Trustee on the Issuance Date and on any future date from the proceeds of the Series 202[4][5] [] Bonds and pledged by the Department to the Trustee pursuant to the Indenture and this 202[4][5] [] Supplemental Indenture as described in any Letter of Instructions to the Trustee described in Section 2.17(a) hereof.

“202[4][5] [] Mortgage Loans” shall mean the Mortgage Loans allocated to Proceeds of the Series 202[4][5] [] Bonds.

“202[4][5] [] Mortgage Loan Account” shall mean the 202[4][5] [] Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Principal Subaccount” shall mean the 202[4][5] [] Subaccount within the Principal Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Proceeds Account” shall mean the 202[4][5] [] Proceeds Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Rebate Account” shall mean the 202[4][5] [] Rebate Account of the Expense Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Redemption Subaccount” shall mean the 202[4][5] [] Subaccount within the Redemption Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Revenue Account” shall mean the 202[4][5] [] Account of the Revenue Fund established pursuant to Section 2.12 hereof.

“Underwriters” shall mean the Representative, and the other underwriters named on the schedule attached to the Purchase Agreement.

“Yield” shall mean (i) with respect to the Series 202[4][5] [] Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 202[4][5] [] Mortgage Loans, the effective rate of mortgage interest as determined in accordance with Section 143(g)(2)(B) of the Code.

Section 1.3 Authority for this 202[4][5] [] Supplemental Indenture. This 202[4][5] [] Supplemental Indenture is adopted pursuant to the provisions of the Act and the Indenture.

Section 1.4 Rules of Construction.

(a) For all purposes of this 202[4][5] [] Supplemental Indenture, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 202[4][5] [] Supplemental Indenture.

(b) Except where the context otherwise requires, terms defined in this 202[4][5] [] Supplemental Indenture to impart the singular number shall be considered to include the plural number and vice versa.

(c) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

(d) This 202[4][5] [] Supplemental Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 202[4][5] [] Supplemental Indenture and the Indenture which it supplements.

Section 1.5 Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 202[4][5] [] Supplemental Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7 Indenture to Remain in Force. Except as amended by this 202[4][5] [] Supplemental Indenture, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8 Successors and Assigns. All covenants and agreements in this 202[4][5] [] Supplemental Indenture by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9 Separability Clause. In case any provision in this 202[4][5] [] Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10 Benefits of Supplemental Indenture. Nothing in this 202[4][5] [] Supplemental Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 202[4][5] [] Supplemental Indenture.

Section 1.11 Governing Law. This 202[4][5] [] Supplemental Indenture shall be construed in accordance with and governed by the laws of the State.

Section 1.12 Miscellaneous. Every “request,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” “instruction,” or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of such other Person.

Section 1.13 Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the Holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the 202[4][5] [] Mortgage Certificates, all amounts that may be received with respect to the 202[4][5] [] Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the 202[4][5] [] Mortgage Certificates, to bring actions and proceedings under the 202[4][5] [] Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 202[4][5] [] Mortgage Certificates, and the Holders of the Bonds are by such pledge and assignment afforded a beneficial interest in the 202[4][5] [] Mortgage Certificates.

[End of Article I]

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[4][5] [] BONDS

Section 2.1 Authorization, Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 202[4][5] [] Supplemental Indenture, one Series of Single Family Mortgage Revenue [Refunding] Bonds is hereby authorized to be issued in the initial aggregate principal amount of \$[PRINCIPAL]. The Department hereby determines that the issuance of the Series 202[4][5] [] Bonds in the initial amount authorized hereby is necessary to provide funds to be used and expended for the purposes set forth in the Indenture and this 202[4][5] [] Supplemental Indenture. Each Bond of this Series of Bonds shall be entitled “Single Family Mortgage Revenue Bond, 202[4][5] Series [].” The terms of the Series 202[4][5] [] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2 Purposes. The Series 202[4][5] [] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purposes of [(i) the acquisition or refinancing of Mortgage Loans, or participations therein, through the purchase of 202[4][5] [] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[4][5] [] Series Supplement to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department’s Expenses, including paying lender compensation related to the 202[4][5] [] Mortgage Loans][the refunding of the Refunded Bonds].

Section 2.3 Registered Bonds Only; Dates, Denominations, Numbers, and Letters.

(a) The Series 202[4][5] [] Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

(b) The Series 202[4][5] [] Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if, as shown by the records of the Trustee, interest on the Series 202[4][5] [] Bonds shall be in default, the registered Series 202[4][5] [] Bonds issued in lieu of Series 202[4][5] [] Bonds surrendered for the transfer or exchange may be dated as of the date to which interest has been paid in full on the Series 202[4][5] [] Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date, the Series 202[4][5] [] Bonds shall be dated as of the Issuance Date.

(c) The Series 202[4][5] [] Bonds shall be issued in Authorized Denominations.

(d) Unless the Department shall direct otherwise, each Series 202[4][5] [] Bond within a maturity of the Series 202[4][5] [] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letter M or S depending on whether the maturity is March or September, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.4 Interest Payment Dates, Interest Rates and Maturities of the Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall bear interest from the Issuance Date until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[4][5] [] Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 202[4][5] [] Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.6 and Section 2.7 of this 202[4][5] [] Supplemental Indenture and Article IV of the Indenture.

Maturity Date

Principal Amount (\$)

Interest Rate

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.5 Conditions to Issuance of Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall be executed by the Department and, except for the Initial Bond shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

(a) A certificate of an Authorized Representative of the Department to the effect that, on the basis of all facts and estimates and circumstances (including covenants of the Department contained in the Indenture) reasonably expected to be in existence on the Issuance Date, it is not expected that the Proceeds of the Series 202[4][5] [] Bonds will be used in a manner that would cause the Series 202[4][5] [] Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code, and the applicable regulations promulgated thereunder, and such certificate shall set forth such facts, estimates, and circumstances (including covenants of the Department contained in the Indenture), which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of such Authorized Representative of the Department there are no other facts, estimates, or circumstances that would materially change such expectation;

(b) The amounts specified in this 202[4][5] [] Supplemental Indenture to be deposited in the Accounts and Subaccounts as required herein; and

(c) Written confirmation from each Rating Agency that issuance of the Series 202[4][5] [] Bonds will not cause the rating on any Outstanding Bonds (determined without regard to any bond insurance or similar credit enhancement) to be lower than Aaa by Moody's Investors Service and AA+ by S&P Global Ratings or their equivalents, as applicable.

Section 2.6 Special Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.7 Optional Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.8 Notice of Redemption; Selection of Series 202[4][5] [] Bonds to Be Redeemed.

(a) The Trustee shall give notice, in the name of the Department, of the redemption of the Series 202[4][5] [] Bonds to the holders thereof, which notice shall specify the Series 202[4][5] [] Bonds to be redeemed, the redemption date, and the place or places where amounts due upon such redemption will be payable, and if less than all of the Series 202[4][5] [] Bonds are to be redeemed, the letters and CUSIP numbers or other distinguishing marks, principal amounts, maturity dates and interest rates of such Series 202[4][5] [] Bonds to be redeemed. Such notice shall further state that on such date there shall become due and payable on each Series 202[4][5] [] Bonds to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Series 202[4][5] [] Bonds to be redeemed in part only, together with interest accrued to, but not including, the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that redemption of the Series 202[4][5] [] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

(b) The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days prior to the redemption date, nor more than 60 days to the holders of any Series 202[4][5] [] Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

(c) If the Series 202[4][5] [] Bonds are registered in the name of the nominee of the Bond Depository, the Trustee shall deliver, by overnight delivery service, facsimile or such other means as may be requested by the Bond Depository in accordance with its procedures, notice of a redemption in the manner and in substantially the form described above which will allow the Series 202[4][5] [] Bonds to be timely redeemed on the redemption date.

per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each September 1 and March 1 thereafter (each, an “Interest Payment Date”) to the date of maturity or earlier redemption, until the Department’s obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

[Insert maturity schedule from Section 2.4 of the Supplemental Indenture.]

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the “Trustee”). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.10 Paying Agent; Method and Place of Payment.

(a) The Trustee is hereby appointed as Paying Agent for the Series 202[4][5] [] Bonds and the Trustee hereby accepts such appointment. The Series 202[4][5] [] Bonds shall be payable with respect to interest and principal of and the Redemption Price in any coin or currency of the United States of America which at the time is legal tender for the payment of public and private debts. The interest on each Series 202[4][5] [] Bond shall be payable by check or draft mailed on each Interest Payment Date to the Person in whose name such Series 202[4][5] [] Bond is registered as of the Record Date, at the address of such Person as shown on the registry books of the Department kept and maintained by the Trustee. The principal, Redemption Price of and interest on the Series 202[4][5] [] Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 202[4][5] [] Bonds as permitted by the Indenture.

(b) Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive registered owner of the Series 202[4][5] [] Bonds and for owners of not less than \$1,000,000 in aggregate principal amount of the Series 202[4][5] [] Bonds, and except for the final payment of principal of the Series 202[4][5] [] Bonds at maturity the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such owners to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[4][5] [] Bonds pursuant to written instructions from the registered owner.

Section 2.11 Bond Depository; Book-Entry System.

(a) The Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[4][5] [] Bonds. In accordance with the Letter of Representations, the Department shall cause the initial Series 202[4][5] [] Bonds to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered to the Bond Depository on the Issuance Date.

(b) With respect to Series 202[4][5] [] Bonds registered in the registry books of the Department required to be maintained by the Trustee pursuant to Section 308 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 202[4][5] [] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[4][5] [] Bond as the holder and absolute owner of such Series 202[4][5] [] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[4][5] [] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[4][5] [] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[4][5] [] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the

Series 202[4][5] [] Bonds only to or upon the order of the respective registered owners of the Series 202[4][5] [] Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 202[4][5] [] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [] Bond as shown in the registry books required to be kept and maintained pursuant to Section 308 of the Indenture, of any notice with respect to the Series 202[4][5] [] Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [] Bond, of any amount with respect to any Series 202[4][5] [] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[4][5] [] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

(c) In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 202[4][5] [] Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 202[4][5] [] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[4][5] [] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[4][5] [] Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 202[4][5] [] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[4][5] [] Bonds shall be transferred on the registry books required to be kept and maintained pursuant to Section 308 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee, in writing, to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 202[4][5] [] Bonds, of the availability of Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[4][5] [] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[4][5] [] Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 202[4][5] [] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[4][5] [] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[4][5] [] Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 202[4][5] [] Bonds, all of the Series 202[4][5] [] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[4][5] [] Bonds outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(d) Notwithstanding any other provisions in Article II of this 202[4][5] [] Supplemental Indenture, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.12 Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

(a) Pursuant to the provisions of subsection 4 of Section 713 of the Indenture, there is established by this Section 2.12, for the Series 202[4][5] [] Bonds, an Account in each Fund and a Subaccount in each Account established by Section 502 of the Indenture. Each such Account and Subaccount shall be known and designated as the 202[4][5] [] Account or Subaccount followed by the appropriate reference to the Fund or the Account within the Fund to which such Account or Subaccount relates. In addition, there are hereby established for the Series 202[4][5] [] Bonds the following additional Funds, Accounts and Subaccounts:

(i) (A) within the Mortgage Loan Fund, (1) a temporary Account to be known and designated as the 202[4][5] [] Proceeds Account, and (2) a temporary Account to be known and designated as the 202[4][5] [] Costs of Issuance Account, and (B) within the 202[4][5] [] Mortgage Loan Account, (1) the 202[4][5] [] Down Payment Assistance Subaccount; and (2) the 202[4][5] [] Administrative Subaccount;

(ii) within the 202[4][5] [] Revenue Account, a 202[4][5] [] Capitalized Interest Subaccount; and

(iii) within the Expense Fund held by the Department, an additional Account designated as the 202[4][5] [] Rebate Account.

(b) Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[4][5] [] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account or Subaccount for the Series 202[4][5] [] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Loans or other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts and Subaccounts described in this Section shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts and Subaccounts as required by this Section 2.12 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

(c) The Costs of Issuance incurred by the Department in connection with the issuance of the Series 202[4][5] [] Bonds shall be payable from amounts deposited in the 202[4][5] [] Costs of Issuance Account.

(d) Deposits to and Transfers from the 202[4][5] [] Revenue Account.

(i) In accordance with Section 504 of the Indenture, all payments received with respect to the 202[4][5] [] Mortgage Certificates shall be deposited in the 202[4][5] [] Revenue Account.

(ii) Pursuant to subsection 2 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(1) First, on each Interest Payment Date or any other date for the redemption of the Series 202[4][5] [] Bonds, to the 202[4][5] [] Interest Subaccount, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 202[4][5] [] Bonds on such Interest Payment Date or redemption date;

(2) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [] Principal Subaccount, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[4][5] [] Bonds on the next Interest Payment Date; and

(3) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [] Redemption Subaccount, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[4][5] [] Bonds pursuant to Section 2.6(b) hereof.

(iii) On or after each Interest Payment Date and pursuant to a Letter of Instructions, the Trustee shall transfer to the 202[4][5] [] Redemption Subaccount from the 202[4][5] [] Revenue Account the amount in such Account after taking into account (1) the provision for payment of Debt Service on the Series 202[4][5] [] Bonds on such Interest Payment Date, (2) the required transfers of the amounts to the 202[4][5] [] Redemption Subaccount and the 202[4][5] [] Principal Subaccount pursuant to Section 2.12(d)(ii) of this 202[4][5] [] Supplemental Indenture, and (3) the payment of Department Expenses in accordance

with subsection 1 of Section 505 of the Indenture, and such excess revenues shall be used to redeem Series 202[4][5] [] Bonds in accordance with Section 2.6(c) hereof.

Section 2.13 Initial Deposits and Transfers into Accounts and Subaccounts. The proceeds of the Series 202[4][5] [] Bonds initially shall be deposited by the Trustee in the 202[4][5] [] Proceeds Account. There shall be deposited, out of the proceeds of the Series 202[4][5] [] Bonds, the amounts specified in the Letter of Instructions to the Trustee authorizing the authentication and delivery of the Series 202[4][5] [] Bonds, into the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[4][5] [] Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[4][5] [] Costs of Issuance Account shall be transferred to the Surplus Revenues Account pursuant to a Letter of Instructions.

Section 2.14 Transfer of and Representations and Covenants Relating to [] Transferred Mortgage Certificates. All [] Transferred Mortgage Certificates are hereby allocated to the [] Mortgage Loan Account. The Department represents and covenants that each of the [] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.15 202[4][5] [] Rebate Account.

(a) At the beginning of each Tax Bond Year, the Department shall calculate the estimated Rebate Amount that will be payable on the next occurring Computation Date, as set forth in Section 3.6(a)(ii) hereof. In calculating the Rebate Amount, the Department may rely upon a Counsel's Opinion or an opinion of a Rebate Analyst that the method of calculation utilized by the Department complies with the requirements of Section 148 of the Code and Section 1.148-3 of the Regulations. If, in making such calculations, the Department determines that there is an insufficient amount currently on deposit in the 202[4][5] [] Rebate Account to make the payment required by Section 3.6(a)(ii) hereof, then the Department shall (i) immediately transfer the amount of such deficiency from any other account in the Expense Fund or (ii) instruct the Trustee to transfer such amount to the 202[4][5] [] Rebate Account from the Revenue Fund and the Trustee shall transfer from the 202[4][5] [] Revenue Account to the 202[4][5] [] Rebate Account the amounts so specified, all in accordance with Section 505(1) of the Indenture. If, in making such calculations, the Department determines that there is a negative Rebate Amount, then the Department may direct the Trustee in writing to transfer from the 202[4][5] [] Rebate Account to the Revenue Fund the amount then on deposit in the 202[4][5] [] Rebate Account.

(b) All earnings resulting from the investment of amounts on deposit in the 202[4][5] [] Rebate Account shall be credited to the 202[4][5] [] Rebate Account.

(c) No later than 55 days after each Computation Date for the Series 202[4][5] [] Bonds, the Department shall deliver the items set forth in Section 3.6(a) to the Trustee. Not later than 60 days after each Computation Date for the Series 202[4][5] [] Bonds, the Trustee shall withdraw from the 202[4][5] [] Rebate Account the amounts described in Section 3.6(a)(ii) hereof and remit to the United States of America the amounts required to be paid to the United States of America in accordance with written instructions from the Department, which shall be in compliance with Sections 1.148-1 through 1.148-8 of the Regulations or any successor regulation.

(d) If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 3.6(a)(ii) hereof has not been paid to the United States of America pursuant hereto as required or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department, shall immediately transfer any amounts due as set forth in Section 3.6(b) hereof and shall deliver to the Trustee any documents required pursuant Section 3.6(b) hereof. Upon receipt of such amount and documentation relating thereto, the Trustee shall withdraw from the 202[4][5] [] Rebate Account the amounts described in Section 3.6(b) hereof and remit to the United States of America the amounts required to be paid in accordance with written instructions from the Department, which shall be in compliance with Regulations Sections 1.148-1 through 1.148-8 or any successor regulation.

(e) Each payment required to be made to the United States of America pursuant to this Section shall be submitted to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or such other address as provided

by law or regulation and shall be accompanied by Internal Revenue Service Form 8038-T properly completed by the Department with respect to the Series 202[4][5] [] Bonds.

Section 2.16 202[4][5] [] Mortgage Loan Account. The 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.12(a) hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 202[4][5] [] Mortgage Certificates. On [], unless the Certificate Purchase Period is extended in accordance with Section 2.17 hereof, unexpended Proceeds of the Series 202[4][5] [] Bonds shall be transferred from the 202[4][5] [] Mortgage Loan Account to the 202[4][5] [] Redemption Subaccount in accordance with Section 2.6(a) hereof.

Section 2.17 202[4][5] [] Mortgage Certificate Acquisition.

(a) As instructed by the Department, the Trustee shall use amounts on deposit in the 202[4][5] [] Mortgage Loan Account to acquire the 202[4][5] [] Mortgage Certificates as more particularly described in a Letter of Instructions.

(b) The purchase of the 202[4][5] [] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[4][5] [] Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 202[4][5] [] Mortgage Certificate. Following the purchase of any 202[4][5] [] Mortgage Certificate, all payments received by the Trustee with respect thereto shall be deemed to be payments of principal and interest with respect to the 202[4][5] [] Mortgage Loans included in the Mortgage Pool pertaining to such 202[4][5] [] Mortgage Certificate.

(c) On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificates Purchase Price, from amounts available in the 202[4][5] [] Mortgage Loan Account in accordance with this subsection (c) unless otherwise instructed by the Department in a Letter of Instructions.

(d) Each 202[4][5] [] Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules

(the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

Section 2.18 Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.6(a) hereof, the Trustee shall transfer the amounts set forth in such certification to the 202[4][5] [] Redemption Subaccount to redeem Series 202[4][5] [] Bonds pursuant to Section 2.6(a) hereof. Any amounts in the 202[4][5] [] Mortgage Loan Account remaining unexpended for acquisition of 202[4][5] [] Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date may be extended as provided herein, shall be transferred to the 202[4][5] [] Redemption Subaccount and applied to the redemption of Series 202[4][5] [] Bonds pursuant to Section 2.6(a) hereof. The Certificate Purchase Period for amounts in the 202[4][5] [] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, but not later than [], upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

- (a) a Favorable Opinion of Bond Counsel; and
- (b) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[4][5] [] Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

[End of Article II]

ARTICLE III

FEDERAL INCOME TAX MATTERS

Section 3.1 General Tax Covenant. The Department covenants not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the interest on the Series 202[4][5] [] Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Department covenants to comply with Section 103 and 141, 143, and 146 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Department in connection with the Series 202[4][5] [] Bonds. The Department and the Trustee may amend this 202[4][5] [] Supplemental Indenture to reflect the deletion or substitution of any such requirement specified in this Article III in the manner provided in Section 1002 of the Indenture. The Department will not be required to comply with any of the federal tax covenants set forth in this Article III if the Department has received a Favorable Opinion of Bond Counsel regarding such noncompliance.

Section 3.2 Use of Proceeds. The Department covenants that (a) all of the Proceeds of the Series 202[4][5] [] Bonds (other than amounts used to pay Costs of Issuance of the Series 202[4][5] [] Bonds) will be used to finance owner-occupied residences; (b) the Proceeds of the Series 202[4][5] [] Bonds will not be used in a way that would cause the Series 202[4][5] [] Bonds to meet the private business use tests set forth in Section 141(b) of the Code; (c) all Proceeds of the Series 202[4][5] [] Bonds that are to be used to finance owner-occupied residences (i) will be used for such purpose within the 42-month period beginning on the Issuance Date of the Series 202[4][5] [] Bonds or (ii) to the extent not so used, will be used to redeem Series 202[4][5] [] Bonds within such period; and (d) no portion of the Proceeds of the Series 202[4][5] [] Bonds will be used to finance any Mortgage Loan or acquire any Mortgage Certificate after the close of such period.

Section 3.3 Mortgage Eligibility Requirements.

(a) The Department covenants: (i) to attempt in good faith to meet, with respect to each 202[4][5] [] Mortgage Loan, before the execution thereof, the mortgage eligibility requirements of Section 143(c), (d), (e), (f) and (i) of the Code (as more fully described in subsections (b), (c), (d), (e) and (f), respectively, of this Section 3.3), by placing restrictions in the Program Agreement or other similar agreements that permit the origination and purchase of 202[4][5] [] Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including investigation by the Mortgage Lenders and the Servicer or the Department (or its agent) to determine that each 202[4][5] [] Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the Series 202[4][5] [] Bonds that are applied to the financing of 202[4][5] [] Mortgage Loans are applied to finance 202[4][5] [] Mortgage Loans that, as of the date of execution thereof, meet all such requirements; and (iii) to correct any failure to meet such requirements within a reasonable period after such failure is first discovered by causing the non-qualifying 202[4][5] [] Mortgage Loan to be accelerated or to be replaced with a 202[4][5] [] Mortgage Loan that meets such requirements if the non-qualifying 202[4][5] [] Mortgage Loan defect cannot be cured within such reasonable period. The Department covenants that each Mortgage Lender selected for participation in the Program that services Mortgage Loans under the Program shall be required to enter into an agreement or agreements containing, in addition to servicing requirements relating to the Mortgage Loans set forth in Section 710 of the Indenture, that each Mortgage Lender shall represent and warranty that it: (i) maintains an Office of Foreign Assets Control (“OFAC”) compliance program, and (ii) is responsible for and best positioned to conduct OFAC scanning of all relevant data with respect to the serviced portfolio (including borrower names/addresses) in accordance with its OFAC compliance program. As used herein, “OFAC compliance program” shall refer to those programs, policies, procedures and measures designed to ensure compliance with, and prevent violations of, all economic sanctions, laws, rules, regulations, executive orders and requirements administered by OFAC, or any other applicable authority with jurisdiction over such Mortgage Lender. Each Mortgage Lender shall agree to, among other things: (i) perform effective and timely OFAC scanning in accordance with such Mortgage Lender’s OFAC compliance program of all relevant data with respect to the portfolio of assets serviced pursuant to the Indenture; (ii) if a Borrower at any time becomes or is otherwise determined to be an OFAC sanctions target that requires blocking or rejection of a portfolio asset held by the Trustee under or in connection with the Indenture, take all actions required by OFAC regulations, including, without limitation (a) conducting all necessary investigations and communications with OFAC (including reporting) concerning the portfolio assets that such Mortgage Lender determines are subject to OFAC restrictions, (b) blocking the assets of any OFAC sanctions target in such portfolio serviced by such Mortgage Lender (including any related payments from

the same), and (c) obtain any licenses from OFAC necessary for such Mortgages Lender and the Trustee to perform their respective services under the Indenture with respect to sanctioned assets and/or borrowers; and (iii) promptly provide notice in writing to the Trustee of any portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions and consult with the Trustee on the action plan to handle those assets.

(b) The Department covenants to require, and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(c) of the Code, the residence being financed with the proceeds of such 202[4][5] [] Mortgage Loan is a single-family residence located within the State that the Borrower reasonably expects to occupy as his or her principal residence within a reasonable time (e.g., 60 days) after the financing is provided.

(c) The Department covenants to require, and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(d) of the Code, the Borrower has not had, within the three-year period ending on the date of execution of the applicable 202[4][5] [] Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 202[4][5] [] Mortgage Loans that do not satisfy the foregoing requirement, so long as such purchase does not cause less than 95% of the Net Proceeds of the Series 202[4][5] [] Bonds to have been used to finance such non-conforming loans; (ii) financings with respect to targeted area residences will be treated as meeting such requirement; (iii) financings described in the Contract For Deed Exception will be treated as meeting such requirement; and (iv) financings of any residence for any veteran (as defined in Section 101 of Title 38, United States Code), if such veteran has not previously qualified for and received financing pursuant to the exception, will be treated as meeting such requirement.

(d) The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(e) of the Code, the acquisition cost of the residence being financed with the proceeds of such 202[4][5] [] Mortgage Loan does not exceed 90% of the average area purchase price applicable to such residence (110% in the case of a targeted area residence).

(e) The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(f) of the Code, the Borrower's family income does not exceed: (i) for an individual or a family of two persons, 100% of the applicable median family income (120% in the case of a Borrower acquiring a targeted area residence); or (ii) for a family of three or more persons, 115% of the applicable median family income (140% in the case of a Borrower acquiring a targeted area residence).

(f) The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 202[4][5] [] Mortgage Loan is not made for the purpose of acquiring or replacing an existing mortgage (i.e., that the Borrower does not have an existing mortgage (whether or not paid off) on the residence securing the 202[4][5] [] Mortgage Loan at any time prior to the execution of the 202[4][5] [] Mortgage Loan), except for a mortgage falling within the Contract for Deed Exception or a mortgage securing a construction period loan, a bridge loan or other similar temporary initial financing having a term of 24 months or less. The Department further covenants not to permit the assumption of any 202[4][5] [] Mortgage Loan unless the requirements described in subsection (b), (c), (d) and (e), respectively, of this Section 3.3 are met with respect to such assumption. Borrowers described in the Contract for Deed Exception shall be treated as meeting the requirements of this paragraph (f).

(g) The Department covenants to require and the Program Agreement requires, that each 202[4][5] [] Mortgage Loan include provisions for acceleration in the event that the Department discovers that any of such mortgage eligibility requirements have not been met with respect to such 202[4][5] [] Mortgage Loan.

(h) The following terms used in this Section 3.3 shall have the respective meanings set forth in Section 143 of the Code and the Regulations promulgated thereunder: acquisition cost, applicable median family income, average area purchase price, family income, mortgage, present ownership interest, principal residence, residence, single family residence, and targeted area residence.

Section 3.4 Targeted Area Residences. The Department covenants that an amount equal to at least 20% of the proceeds of the Series 202[4][5] [] Bonds that are made available for the purchase of 202[4][5] [] Mortgage Loans has been or will be made available for at least one year after the date on which owner-financing was first made available with respect to targeted area residences (within the meaning of Section 143(j) of the Code). The Department will attempt with reasonable diligence to use such proceeds to purchase mortgage loans pertaining to such targeted area residences by conducting an advertising campaign reasonably designed to inform the general public of the availability of such proceeds, and shall take such other and further actions to assure that, to the maximum extent practicable, such proceeds are used for such purpose.

Section 3.5 Mortgage Rate. The Department will take all actions necessary to ensure that the blended Yield on the 202[4][5] [] Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the Series 202[4][5] [] Bonds will not exceed the Yield on the Series 202[4][5] [] Bonds (all as computed by or on behalf of the Department in accordance with Section 143(g) of the Code and Sections 1.148-1 and 1.148-10 of the Regulations) by more than 1.125%. To the extent that the Yield on the 202[4][5] [] Mortgage Loans exceeds the Yield on the Series 202[4][5] [] Bonds by more than 1.125%, the Department will make yield reduction payments (“Yield Reduction Payments”) to the federal government as set forth in Section 1.148-5(c) of the Regulations and as set forth below.

Section 3.6 Rebate Requirement. The Department covenants to comply with the requirement that “rebateable arbitrage earnings” on the investment of the Gross Proceeds of the Series 202[4][5] [] Bonds, within the meaning of Section 148(f) of the Code, be rebated to the federal government.

(a) Delivery of Documents and Money on Computation Dates. The Department will deliver to the Trustee, within 55 days after each Computation Date for the Series 202[4][5] [] Bonds,

(i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the Series 202[4][5] [] Bonds as of such Computation Date and the amount of any Yield Reduction Payment due;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount which, together with any amount then held in the 202[4][5] [] Rebate Account, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 202[4][5] [] Bonds and Yield Reduction Payments, or (B) if such Computation Date is a Final Computation Date, an amount which, together with any amount then held for the credit of the 202[4][5] [] Rebate Account is equal to the Rebate Amount as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 202[4][5] [] Bonds and Yield Reduction Payments; and

(iii) an Internal Revenue Service Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

(b) Correction of Underpayments. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 3.6(a)(ii) above has not been paid as required pursuant to Section 2.14 hereof or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department will (i) deliver to the Trustee (for deposit to the 202[4][5] [] Rebate Account) and cause the Trustee to pay to the United States of America from the 202[4][5] [] Rebate Account (A) the Rebate Amount or Yield Reduction Payments that the Department failed to pay, plus any interest specified in Section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by Section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Department a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America

in the amount and manner and by the time specified in the Regulations, the Department will take such steps as are necessary to prevent the Series 202[4][5] [] Bonds from becoming an “arbitrage bond” within the meaning of Section 148 of the Code. The Trustee shall not be liable for any penalties incurred with respect to the calculation and payment of the Rebate Amount or Yield Reduction Payments.

(c) Records. The Department will retain all of its accounting records relating to the Funds, Accounts and Subaccounts and all calculations made in preparing the statements described in this Section 3.6 for at least three years after the later of (i) the final maturity of the Series 202[4][5] [] Bonds or (ii) the first date on which no Series 202[4][5] [] Bonds are Outstanding.

(d) Fees and Expenses. The Department agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any Arbitrage Analyst or other necessary consultant employed by the Department or the Trustee in connection with computing the Yield Reduction Payments and Rebate Amount.

(e) No Diversion of Rebatable Arbitrage. The Department will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Series 202[4][5] [] Bonds that is not purchased at fair market value (as defined in Section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Department would not have included if the Series 202[4][5] [] Bonds were not subject to Section 148(f) of the Code.

(f) Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Department will not be required to perform the obligations set forth in this Section 3.6, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Yield on the Mortgage Loans does not exceed the Yield on the Bonds by more than 1.125% or (B) the Department has not earned any “rebatable arbitrage earnings” and, therefore, is not subject to the rebate obligation set forth in Section 148(f) of the Code. To the extent that the Department will not be required to perform such obligations, the Department will send written notice to the Trustee within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this 202[4][5] [] Supplemental Indenture requiring a payment to be made based on the Rebate Analyst’s calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Department furnishes to the Trustee a Favorable Opinion of Bond Counsel.

Section 3.7 No-Arbitrage Covenant. The Department covenants that it will make such use of the Gross Proceeds of the Series 202[4][5] [] Bonds and related Revenues, regulate investments of proceeds of the Series 202[4][5] [] Bonds and related Revenues, and take such other and further action as may be required so that the Series 202[4][5] [] Bonds will not be “arbitrage bonds” within the meaning of Section 148(a) of the Code. The Department hereby expressly reserves the right to direct the Trustee or any Depository to make specific investments to ensure compliance with this Section 3.7 and Section 3.8 hereof.

Section 3.8 Limitations on Investment of Reserve Amounts. The Department covenants that at no time will the aggregate amount of money held in any reasonably required reserve for the Series 202[4][5] [] Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such Series 202[4][5] [] Bonds, exceed the least of (i) 10% of the Sale Proceeds of the Series 202[4][5] [] Bonds; (ii) the maximum annual principal and interest requirements on the issue, or (iii) 125 percent of the average annual principal and interest requirements on the issue.

Section 3.9 Limitations on Costs of Issuance. The Department covenants that the Costs of Issuance financed with the Proceeds of the Series 202[4][5] [] Bonds will not exceed two percent of the Sale Proceeds of the Series 202[4][5] [] Bonds.

Section 3.10 No Federal Guaranty. The Department covenants not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause any of the Series 202[4][5] [] Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b) of the Code.

Section 3.11 Information Reporting. The Department covenants to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 202[4][5] [] Bonds are issued, an information statement concerning the Series 202[4][5] [] Bonds, all under and in accordance with Section 149(e) of the Code, and that it will file or cause to be filed such additional information reports as may be required by Section 149(e) of the Code.

Section 3.12 Changes in Use of Mortgaged Property. The Department acknowledges that the provisions of Section 150(b) of the Code (relating to changes in use of property financed with the proceeds of private activity bonds) apply to the 202[4][5] [] Mortgage Loans (including Mortgage Loans represented by Mortgage Certificates), and covenants to advise each Borrower with respect to a Mortgage Loan of such provisions.

Section 3.13 Use of Repayments to Redeem Series 202[4][5] [] Bonds. So long as any of the Series 202[4][5] [] Bonds are Outstanding, the Department covenants that each Mortgage Loan Principal Payment with respect to a 202[4][5] [] Mortgage Loan received on or after the ten year anniversary of the Issuance Date will be used to redeem Series 202[4][5] [] Bonds not later than the close of the first semiannual period beginning after the date such Mortgage Loan Principal Payment is received, unless the Department has received a Favorable Opinion of Bond Counsel and the Department has fulfilled the other requirements of Section 2.6 with respect to the use of such payments to redeem other Bonds.

Section 3.14 Recapture. The Department covenants to comply with the provisions of Section 143(m) of the Code (regarding the recapture of a portion of the federal subsidy from the use of qualified mortgage bonds) with respect to each 202[4][5] [] Mortgage Loan.

Section 3.15 Bonds are not Hedge Bonds. The Department covenants that not more than 50% of the Sale Proceeds of the Series 202[4][5] [] Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Department reasonably expects that at least 85% of the spendable proceeds of the Series 202[4][5] [] Bonds will be used to carry out the governmental purposes of the Series 202[4][5] [] Bonds within the three-year period beginning on the Issuance Date.

Section 3.16 Sale of 202[4][5] [] Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 202[4][5] [] Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a Counsel’s Opinion that such sale will not cause all or any portion of the 202[4][5] [] Mortgage Certificates, or the Series 202[4][5] [] Bonds to be classified as a “taxable mortgage pool” within the meaning of Section 7701(i) of the Code; and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 3.17 Record Retention. The Department will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 202[4][5] [] Bonds until three years after the last Series 202[4][5] [] Bonds is redeemed or paid at maturity, or such other period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Department to retrieve and reproduce such books and records in the event of an examination of the Series 202[4][5] [] Bonds by the Internal Revenue Service.

Section 3.18 Continuing Obligation. Notwithstanding any other provision of this 202[4][5] [] Supplemental Indenture, the Department’s obligations under the covenants and provisions of this Article III will

survive the defeasance and discharge of the Series 202[4][5] [] Bonds for as long as such matters are relevant to the excludability of interest on the Series 202[4][5] [] Bonds from gross income for federal income tax purposes.

[End of Article III]

ARTICLE IV
MISCELLANEOUS

Section 4.1 Sale of Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds authorized to be issued herein in the aggregate principal amount of \$[PRINCIPAL] shall be sold to the Underwriters at an aggregate purchase price \$210,833,049.65 (representing the par amount of the Series 202[4][5] [] Bonds plus a premium in the amount of \$10,833,049.65), on the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 4.2 Certain Duties of the Department. The Department covenants that, in addition to such other duties as may be required under the Indenture and this 202[4][5] [] Supplemental Indenture the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the Asset Test set forth in the Indenture during any period in which the Series 202[4][5] [] Bonds remain Outstanding. [Prior to an Event of Default and so long as the Series 202[4][5] [] Bonds remain Outstanding, the Department will not use Mortgage Loan Principal Payments on the [] Transferred Mortgage Certificates for the purpose of paying Department Expenses.]

Section 4.3 No Recourse on Series 202[4][5] [] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[4][5] [] Bonds or for any claim based thereon or on this 202[4][5] [] Supplemental Indenture against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[4][5] [] Bonds, and neither the Board members, officers or employees of the Department or the Trustee nor any person executing or authenticating the Series 202[4][5] [] Bonds shall be liable personally on the Series 202[4][5] [] Bonds by reason of the issuance thereof.

Section 4.4 [Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.]

Section 4.5 Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)), for whom financial information and operating data would be presented in any final official statement relating to the Series 202[4][5] [] Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 4.6 Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 4.7 Execution in Several Counterparts. This 202[4][5] [] Supplemental Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 4.8 [Sale of [] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).]

Section 4.9 Protection of Trust Estate.

(a) At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

(i) grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien of the Indenture and this 202[4][5] [] Supplemental Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 202[4][5] [] Supplemental Indenture;

(iv) enforce any of the documents executed in connection with this 202[4][5] [] Supplemental Indenture;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[4][5] [] Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

(b) The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 4.8; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 4.8 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 4.8. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 4.9(b) or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 4.10 Notices to Department, Trustee and Paying Agent. All notices, demands and requests to be given to or made hereunder to the Department, the Trustee or the Paying Agent shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Department:

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410
Attention: Executive Director

(b) As to the Trustee and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Richard Dillard

Section 4.11 Investment Securities. The [NAME OF INVESTMENT AGREEMENT] by and among [INVESTMENT PROVIDER], the Department, the Texas Treasury Safekeeping Trust Company and the Trustee, dated as of the Issuance Date is hereby included as a permitted "Investment Security" with respect to the Bonds.]

Section 4.12 Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this 202[4][5] [] Supplemental Indenture, the [] Supplement to Depository Agreement dated as of [DOC DATE], among the Department, the Trustee and the Depository (the "Supplement to Depository Agreement") and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement", and together with the Supplemental Indenture, the Supplement to Depository Agreement and the Disclosure Agreement, the "Representation Documents"), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19).

As used in this Section 4.10, the Trustee understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 4.13 Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. “Electronic Means” as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 4.14 Letter of Instructions; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

Section 4.15 Responsibilities of the Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee’s negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 202[4][5] [] Supplemental Indenture or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket

and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

[End of Article IV]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[4][5] [] Supplemental Indenture to be signed on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

Department Signature Page to [NUMBER] Supplemental Indenture

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

Trustee Signature Page to [NUMBER]Supplemental Indenture

TDHCA (SFMRB 202[3][4] SERIES [__])

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SINGLE FAMILY MORTGAGE REVENUE BOND

202[4][5] SERIES [__]

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF]¹

No. _____ \$ _____

Interest Rate _____ % Dated Date: _____ CUSIP: _____ Maturity Date: _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable [INITIAL INTEREST DATE], and [on each September 1 and March 1 thereafter][on the first day of each month, commencing [INITIAL INTEREST DATE]], and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond

¹ To be included only in bonds registered in the name of DTC or its nominees.

(including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [INITIAL INTEREST DATE], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the “Dated Date”).

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated “Single Family Mortgage Revenue [Refunding] Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the “Act”), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled “Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture” dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended and supplemented (herein called the “Indenture”), and a supplemental indenture of the Department entitled “[NUMBER] Supplemental Single Family Mortgage Revenue Bond Trust Indenture” dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the “Supplemental Indenture” and together with the Indenture called the “Indentures”). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated “Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [___]” (herein sometimes called the “Series 202[4][5] [___] Bonds”) issued in the aggregate initial principal amount of \$[PRINCIPAL] under the Indentures for the purpose of [providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans][refunding the Department’s outstanding [___] Bonds]. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.]²

The Series 202[4][5] [] Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of \$[5,000] principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of at least 2/3 in principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written assent thereto.

The Series 202[4][5] [] Bonds are subject to redemption prior to stated maturity as set forth in the Supplemental Indenture.

In lieu of redeeming Series 202[4][5] [] Bonds, the Department has reserved the right in subsection 5 of Section 506 of the Indenture to purchase such Bonds at a price (excluding accrued interest but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

The Series 202[4][5] [] Bonds are payable upon redemption at the applicable office of the Trustee. Written notice of redemption shall be provided to the registered owner of the Bond to be redeemed as shown on the registry books of the Trustee, in the manner, at the times and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[4][5] [] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to, but not including, the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from

² To be deleted from the Initial Bond.

federal income taxation.

The Act provides that neither the officers nor directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE
ON THE INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by the Attorney General of the State of Texas as required by law, and that the Attorney General of the State of Texas finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of
the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

[[____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL SINGLE FAMILY MORTGAGE
REVENUE BOND TRUST INDENTURE

AUTHORIZING

\$(PRINCIPAL)
SINGLE FAMILY MORTGAGE REVENUE [REFUNDING] BONDS
202[4][5] SERIES [__]
(TAXABLE)

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
AS TRUSTEE

Dated as of [DOC DATE]

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[NUMBER] SUPPLEMENTAL SINGLE FAMILY
MORTGAGE REVENUE BOND TRUST INDENTURE

AUTHORIZING

\$(PRINCIPAL)
SINGLE FAMILY MORTGAGE REVENUE [REFUNDING] BONDS
202[4][5] SERIES []
(TAXABLE)

THIS [NUMBER] SUPPLEMENTAL SINGLE FAMILY MORTGAGE REVENUE BOND TRUST INDENTURE dated as of [DOC DATE] (this “202[4][5] [] Supplemental Indenture”), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (together with any successor to its rights, duties, and obligations hereunder, the “Department”), a public and official agency duly created, organized and existing under the laws of the State of Texas, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (together with any successor trustee hereunder, the “Trustee”), a national banking association.

RECITALS

WHEREAS, the Department and the Trustee have executed and delivered that certain Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, as amended and supplemented from time to time (the “Indenture”), providing for the issuance from time to time by the Department of one or more series of its Single Family Mortgage Revenue Bonds (collectively, the “Bonds”); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the “State”) applicable to the Department, the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

[WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and]

[WHEREAS, the Department is authorized under the Act and Chapter 1207, Texas Government Code, as amended, to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, authorizes the Department to issue refunding bonds to refund all or any part of the Department’s outstanding bonds, notes or other general or special obligations; and]

WHEREAS, Sections 1001 and 1002 of the Indenture authorize the Department to adopt and file with the Trustee, a supplemental indenture, authorizing Bonds of a Series and, among other things, to include any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture, to add to the covenants and agreements of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [] (Taxable) (the “Series 202[4][5] [] Bonds”) in an aggregate principal amount of \$[PRINCIPAL] pursuant to the Indenture and this 202[4][5] [] Supplemental Indenture for the purpose of [refunding its Outstanding Single Family Mortgage Revenue Bonds, [] (collectively,] the “Refunded Bonds”)] [obtaining funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State and occupied by persons and families of low and very low income and families of moderate income, paying lender compensation related to the 202[4][5] [] Mortgage Loans and paying costs of issuance of the Series 202[4][5] [] Bonds], all under and in accordance with the Constitution and laws of the State; and

[WHEREAS, concurrently with the execution of this 202[4][5] [] Series Supplement, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the “202[4][5] [] Series Supplement”) by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[4][5] [] (the “Series 2024D Bonds”, and together with the Series 202[4][5] [] Bonds, the “Series 202[4][5][] Bonds”) for the purposes described in the 202[4][5] [] Series Supplement; and]

WHEREAS, the execution and delivery of this 202[4][5] [] Supplemental Indenture and the issuance of the Series 202[4][5] [] Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 202[4][5] [] Supplemental Indenture and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 202[4][5] [] Supplemental Indenture have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[4][5] [] Supplemental Indenture, a valid, binding and legal instrument for the security of the Series 202[4][5] [] Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 202[4][5] [] Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 202[4][5] [] Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit (except to the extent that such benefit is not equal and proportionate pursuant to the terms of the Indenture and any supplemental indenture thereunder) of the respective holders from time to time of the Bonds, including the Series 202[4][5] [] Bonds as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1 Supplemental Indenture. This 202[4][5] [] Supplemental Indenture is supplemental to, and is adopted in accordance with, Articles III and X of the Indenture.

Section 1.2 Definitions.

(a) Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture, shall have the same meanings in this 202[4][5] [] Supplemental Indenture (other than in the form of Series 202[4][5] [] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

(b) As used in this 202[4][5] [] Supplemental Indenture (other than in the form of Series 202[4][5] [] Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the special trust accounts pertaining to the Series 202[4][5] [] Bonds created and established in Section 502 of the Indenture and Section 2.12 hereof.

“Authorized Denomination” shall mean \$[5,000] principal amount or any integral multiples thereof.

“Authorized Representative of the Department” shall mean the [Chair or Vice Chair of the Board of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Board] or any officer or employee of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

“Board” shall mean the Governing Board of the Department.

“Bond Counsel” shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bond Depository” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 2.11 hereof.

“Business Day” shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

“Certificate Accrued Interest” shall mean the amount of interest received in the month following the month of the purchase of a 202[4][5] [] Mortgage Certificate which represents the number of days of interest on such 202[4][5] [] Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

“Certificate Purchase Date” shall mean, with respect to a 202[4][5] [] Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

“Certificate Purchase Period” shall mean the period from the Issuance Date to and including [], but

which may be extended in accordance with Section 2.17 of this 202[4][5] [] Supplemental Indenture.

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

“Compliance Agent” shall mean Hilltop Securities Inc., and its successors and assigns.

“Compliance Agreement” shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Contract for Deed Exception” shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(1)(C) of the Code.

“Costs of Issuance” shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Counsel’s Opinion” shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

“Department” shall mean the Texas Department of Housing and Community Affairs, a public and official agency of the State, and its successors and assigns.

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any successor depository appointed pursuant to Section 601 of the Indenture.

“Depository Agreement” shall mean the Amended and Restated Depository Agreement dated as of August 1, 1991, among the Department, the Trustee and the Depository, relating to the Bonds, together with any amendments or supplements thereto.

“Depository Participant” shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

“Ginnie Mae” shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

“Ginnie Mae Certificate Purchase Price” shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 202[4][5] [] Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

“Ginnie Mae Guaranty Agreement” shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

“IHFA” means the Idaho Housing and Finance Association, an Idaho independent public body corporate and politic.

“Indenture” shall mean, the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, between the Department and the Trustee as supplemented and amended from time to time.

“Initial Bond” means the Series 202[4][5] [] Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

[NEW MONEY]“Interest Payment Date” shall mean, with respect to the Series 202[4][5] [] Bonds, each March 1 and September 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [] Bonds are subject to redemption.

[REFUNDING]“Interest Payment Date” shall mean, with respect to the Series 202[4][5] [] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [] Bonds are subject to redemption.

“Issuance Date” shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 202[4][5] [] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of such Series 202[4][5] [] Bonds.

“Letter of Instructions” shall mean, with respect to the Series 202[4][5] [] Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

“Letter of Representations” shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

“Mortgage Loan Principal Payments” shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 202[4][5] [] [Transferred] Mortgage Certificates.

“Mortgage Origination Agreement” shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

“Mortgage Pool” shall have the meaning assigned to the term “Pool” in the Servicing Agreement.

“Optional Redemption Date” shall mean [OPTIONAL REDEMPTION DATE].

“Other Obligated Person” shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

“Pass-Through Rate” shall mean, the Pass-Through Rates for each 202[4][5] [] Mortgage Certificate, which will equal the mortgage rate of the 202[4][5] [] Mortgage Loans backing the 202[4][5] [] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

“Paying Agent” shall mean the Trustee.

“Program” shall mean the Department’s Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

“Program Agreement” shall mean the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

“Program Guidelines” shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters, providing for the purchase of the Series 202[4][5] [] Bonds by the Underwriters.

“Rating Agency” shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody’s Investors Service, Inc. and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

“Record Date” means the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding such Interest Payment Date.

“Redemption Price” shall mean, with respect to any Series 202[4][5] [] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[4][5] [] Bond or the Indentures.

[“Refunded Bonds” shall mean all of the Outstanding [] Bonds.]

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representative” shall mean [REPRESENTATIVE]

“Revenues” shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 202[4][5] [] Mortgage Certificates, including any payments received from Ginnie Mae pursuant to its guaranty of the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 202[4][5] [] Mortgage Certificates and all other net proceeds of such 202[4][5] [] Mortgage Certificates.

“Series 202[4][5] [] Bonds” shall mean the Department’s Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [] (Taxable) to be issued under the Indenture and this 202[4][5] [] Supplemental Indenture.

“Servicer” shall mean (i) IHFA, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

“Servicing Agreement” shall mean (i) with respect to IHFA, the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 1, 2021, by and between the Department and IHFA, as amended pursuant to that certain First Addendum to Mortgage Acquisition, Pooling and Servicing Agreement dated as of June 1, 2023; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

“Sinking Fund Installment” means the principal amount of the Series 202[4][5] [] Bonds subject to scheduled mandatory redemption on the respective redemption date set forth in Section 2.6(d) hereof.

“State” shall mean the State of Texas.

“Subaccount” or “Subaccounts” shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 202[4][5] [] Bonds created in certain Accounts pursuant to Section 2.12 hereof.

“Supplemental Indenture” shall mean this [NUMBER] Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of [DOC DATE], by and between the Department and the Trustee, together with any amendments hereto.

“202[4][5] [] Administrative Subaccount” shall mean the 202[4][5] [] Administrative Subaccount within the 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.12 hereof.

“202[4][5] [] Capitalized Interest Subaccount” shall mean the 202[4][5] [] Capitalized Interest Subaccount within the 202[4][5] [] Revenue Account established pursuant to Section 2.12 hereof.

“202[4][5] [] Costs of Issuance Account” shall mean the 202[4][5] [] Costs of Issuance Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Interest Subaccount” shall mean the 202[4][5] [] Subaccount within the Interest Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Mortgage Certificates” shall mean Mortgage Certificates that are purchased by the Trustee on the Issuance Date and on any future date from the proceeds of the Series 202[4][5] [] Bonds and pledged by the Department to the Trustee pursuant to the Indenture and this 202[4][5] [] Supplemental Indenture as described in any Letter of Instructions to the Trustee described in Section 2.17(a) hereof.

“202[4][5] [] Mortgage Loans” shall mean the Mortgage Loans allocated to proceeds of the Series 202[4][5] [] Bonds.

“202[4][5] [] Mortgage Loan Account” shall mean the 202[4][5] [] Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Principal Subaccount” shall mean the 202[4][5] [] Subaccount within the Principal Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Proceeds Account” shall mean the 202[4][5] [] Proceeds Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Redemption Subaccount” shall mean the 202[4][5] [] Subaccount within the Redemption Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“202[4][5] [] Revenue Account” shall mean the 202[4][5] [] Account of the Revenue Fund established pursuant to Section 2.12 hereof.

“Underwriters” shall mean the Representative, and the other underwriters named on the schedule attached to the Purchase Agreement.

Section 1.3 Authority for this Series 202[4][5] [] Supplemental Indenture. This 202[4][5] [] Supplemental Indenture is adopted pursuant to the provisions of the Act and the Indenture.

Section 1.4 Rules of Construction.

(a) For all purposes of this 202[4][5] [] Supplemental Indenture, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 202[4][5] [] Supplemental Indenture.

(b) Except where the context otherwise requires, terms defined in this 202[4][5] [] Supplemental Indenture to impart the singular number shall be considered to include the plural number and vice versa.

(c) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

(d) This 202[4][5] [] Supplemental Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 202[4][5] [] Supplemental Indenture and the Indenture which it supplements.

Section 1.5 Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 202[4][5] [] Supplemental Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7 Indenture to Remain in Force. Except as amended by this 202[4][5] [] Supplemental Indenture, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8 Successors and Assigns. All covenants and agreements in this 202[4][5] [] Supplemental Indenture by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9 Separability Clause. In case any provision in this 202[4][5] [] Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10 Benefits of Supplemental Indenture. Nothing in this 202[4][5] [] Supplemental Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 202[4][5] [] Supplemental Indenture.

Section 1.11 Governing Law. This 202[4][5] [] Supplemental Indenture shall be construed in accordance with and governed by the laws of the State.

Section 1.12 Miscellaneous. Every “request,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” “instruction,” or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of such other Person.

Section 1.13 Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the Holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the 202[4][5] [] Mortgage Certificates, all amounts that may be received with respect to the 202[4][5] [] Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the 202[4][5] [] Mortgage Certificates, to bring actions and proceedings under the 202[4][5] [] Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 202[4][5] [] Mortgage Certificates, and the Holders of the Bonds are by such pledge and assignment afforded a beneficial interest in the 202[4][5] [] Mortgage Certificates.

[End of Article I]

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[4][5] [] BONDS

Section 2.1 Authorization, Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 202[4][5] [] Supplemental Indenture, one Series of Single Family Mortgage Revenue [Refunding] Bonds is hereby authorized to be issued in the initial aggregate principal amount of \$[PRINCIPAL]. The Department hereby determines that the issuance of the Series 202[4][5] [] Bonds in the initial amount authorized hereby is necessary to provide funds to be used and expended for the purposes set forth in the Indenture and this 202[4][5] [] Supplemental Indenture. Each Bond of this Series of Bonds shall be entitled “Single Family Mortgage Revenue Bond, 202[4][5] Series [] (Taxable).” The terms of the Series 202[4][5] [] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2 Purposes. The Series 202[4][5] [] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purposes of [(i) the acquisition or refinancing of Mortgage Loans, or participations therein, through the purchase of 202[4][5] [] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[4][5] [] Series Supplement to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department’s Expenses, including paying lender compensation related to the 202[4][5] [] Mortgage Loans][the refunding of the Refunded Bonds].

Section 2.3 Registered Bonds Only; Dates, Denominations, Numbers, and Letters.

(a) The Series 202[4][5] [] Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

(b) The Series 202[4][5] [] Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if, as shown by the records of the Trustee, interest on the Series 202[4][5] [] Bonds shall be in default, the registered Series 202[4][5] [] Bonds issued in lieu of Series 202[4][5] [] Bonds surrendered for the transfer or exchange may be dated as of the date to which interest has been paid in full on the Series 202[4][5] [] Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date, the Series 202[4][5] [] Bonds shall be dated as of the Issuance Date.

(c) The Series 202[4][5] [] Bonds shall be issued in Authorized Denominations.

(d) Unless the Department shall direct otherwise, each Series 202[4][5] [] Bond within a maturity of the Series 202[4][5] [] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letter M or S depending on whether the maturity is March or September, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.4 Interest Payment Dates, Interest Rates and Maturities of the Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall bear interest from the Issuance Date until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[4][5] [] Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 202[4][5] [] Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.6 and Section 2.7 of this 202[4][5] [] Supplemental Indenture and Article IV of the Indenture.

Maturity Date

Principal Amount (\$)

Interest Rate

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.5 Conditions to Issuance of Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall be executed by the Department and, except for the Initial Bond shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

(a) *Intentionally omitted;*

(b) The amounts specified in this 202[4][5] [] Supplemental Indenture to be deposited in the Accounts and Subaccounts as required herein; and

(c) Written confirmation from each Rating Agency that issuance of the Series 202[4][5] [] Bonds will not cause the rating on any Outstanding Bonds (determined without regard to any bond insurance or similar credit enhancement) to be lower than Aaa by Moody's Investors Service and AA+ by S&P Global Ratings or their equivalents, as applicable.

Section 2.6 Special Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.7 Optional Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.8 Notice of Redemption; Selection of Series 202[4][5] [] Bonds to Be Redeemed.

(a) The Trustee shall give notice, in the name of the Department, of the redemption of the Series 202[4][5] [] Bonds to the holders thereof, which notice shall specify the Series 202[4][5] [] Bonds to be redeemed, the redemption date, and the place or places where amounts due upon such redemption will be payable, and if less than all of the Series 202[4][5] [] Bonds are to be redeemed, the letters and CUSIP numbers or other distinguishing marks, principal amounts, maturity dates and interest rates of such Series 202[4][5] [] Bonds to be redeemed. Such notice shall further state that on such date there shall become due and payable on each Series 202[4][5] [] Bonds to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Series 202[4][5] [] Bonds to be redeemed in part only, together with interest accrued to, but not including, the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that redemption of the Series 202[4][5] [] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

(b) The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days prior to the redemption date, nor more than 60 days to the holders of any Series 202[4][5] [] Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

(c) If the Series 202[4][5] [] Bonds are registered in the name of the nominee of the Bond Depository, the Trustee shall deliver, by overnight delivery service, facsimile or such other means as may be requested by the Bond Depository in accordance with its procedures, notice of a redemption in the manner and in substantially the form described above which will allow the Series 202[4][5] [] Bonds to be timely redeemed on the redemption date.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 202[4][5] [] Bonds receives the notice.

(e) A second notice of redemption shall be given promptly after the 60th day after the redemption date in the manner required above to the registered owners of redeemed Series 202[4][5] [] Bonds that have not been presented for payment by the 60th day after the redemption date.

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the “Trustee”). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.10 Paying Agent; Method and Place of Payment.

(a) The Trustee is hereby appointed as Paying Agent for the Series 202[4][5] [] Bonds and the Trustee hereby accepts such appointment. The Series 202[4][5] [] Bonds shall be payable with respect to interest and principal of and the Redemption Price in any coin or currency of the United States of America which at the time is legal tender for the payment of public and private debts. The interest on each Series 202[4][5] [] Bond shall be payable by check or draft mailed on each Interest Payment Date to the Person in whose name such Series 202[4][5] [] Bond is registered as of the Record Date, at the address of such Person as shown on the registry books of the Department kept and maintained by the Trustee. The principal, Redemption Price of and interest on the Series 202[4][5] [] Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 202[4][5] [] Bonds as permitted by the Indenture.

(b) Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive registered owner of the Series 202[4][5] [] Bonds and for owners of not less than \$1,000,000 in aggregate principal amount of the Series 202[4][5] [] Bonds, and except for the final payment of principal of the Series 202[4][5] [] Bonds at maturity the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such owners to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[4][5] [] Bonds pursuant to written instructions from the registered owner.

Section 2.11 Bond Depository; Book-Entry System.

(a) The Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[4][5] [] Bonds. In accordance with the Letter of Representations, the Department shall cause the initial Series 202[4][5] [] Bonds to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered to the Bond Depository on the Issuance Date.

(b) With respect to Series 202[4][5] [] Bonds registered in the registry books of the Department required to be maintained by the Trustee pursuant to Section 308 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 202[4][5] [] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[4][5] [] Bond as the holder and absolute owner of such Series 202[4][5] [] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[4][5] [] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[4][5] [] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[4][5] [] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[4][5] [] Bonds only to or upon the order of the respective registered owners of the Series 202[4][5] [] Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 202[4][5] [] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [] Bond as shown in the registry books required to be kept and maintained pursuant to Section 308 of the Indenture, of any notice with respect to the

Series 202[4][5] [] Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [] Bond, of any amount with respect to any Series 202[4][5] [] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[4][5] [] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

(c) In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 202[4][5] [] Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 202[4][5] [] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[4][5] [] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[4][5] [] Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 202[4][5] [] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[4][5] [] Bonds shall be transferred on the registry books required to be kept and maintained pursuant to Section 308 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee, in writing, to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 202[4][5] [] Bonds, of the availability of Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[4][5] [] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[4][5] [] Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 202[4][5] [] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[4][5] [] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[4][5] [] Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 202[4][5] [] Bonds, all of the Series 202[4][5] [] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[4][5] [] Bonds outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(d) Notwithstanding any other provisions in Article II of this 202[4][5] [] Supplemental Indenture, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.12 Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

(a) Pursuant to the provisions of subsection 4 of Section 713 of the Indenture, there is established by this Section 2.12, for the Series 202[4][5] [] Bonds, an Account in each Fund and a Subaccount in each Account established by Section 502 of the Indenture. Each such Account and Subaccount shall be known and designated as the 202[4][5] [] Account or Subaccount followed by the appropriate reference to the Fund or the Account within the Fund to which such Account or Subaccount relates. In addition, there are hereby established for the Series 202[4][5] [] Bonds the following additional Funds, Accounts and Subaccounts:

(i) (A) within the Mortgage Loan Fund, (1) a temporary Account to be known and designated as the 202[4][5] [] Proceeds Account, and (2) a temporary Account to be known and designated as the 202[4][5] [] Costs of Issuance Account, and (B) within the 202[4][5] [] Mortgage Loan Account, the 202[4][5] [] Administrative Subaccount;

(ii) within the 202[4][5] [] Revenue Account, a 202[4][5] [] Capitalized Interest Subaccount; and

(iii) within the Expense Fund held by the Department, an additional Account designated as the 202[4][5] [] Rebate Account.

(b) Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[4][5] [] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account or Subaccount for the Series 202[4][5] [] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Loans or other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts and Subaccounts described in this Section shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts and Subaccounts as required by this Section 2.12 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

(c) The Costs of Issuance incurred by the Department in connection with the issuance of the Series 202[4][5] [] Bonds shall be payable from amounts deposited in the 202[4][5] [] Costs of Issuance Account.

(d) Deposits to and Transfers from the 202[4][5] [] Revenue Account.

(i) In accordance with Section 504 of the Indenture, all payments received with respect to the 202[4][5] [] Mortgage Certificates shall be deposited in the 202[4][5] [] Revenue Account.

(ii) Pursuant to subsection 2 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(1) First, on each Interest Payment Date or any other date for the redemption of the Series 202[4][5] [] Bonds, to the 202[4][5] [] Interest Subaccount, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 202[4][5] [] Bonds on such Interest Payment Date or redemption date;

(2) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [] Principal Subaccount, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[4][5] [] Bonds on the next Interest Payment Date; [and]

(3) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [] Redemption Subaccount, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[4][5] [] Bonds pursuant to Section 2.6(b) hereof.

(iii) On or after each Interest Payment Date and pursuant to a Letter of Instructions, the Trustee shall transfer to the 202[4][5] [] Redemption Subaccount from the 202[4][5] [] Revenue Account the amount in such Account after taking into account (1) the provision for payment of Debt Service on the Series 202[4][5] [] Bonds on such Interest Payment Date, (2) the required transfers of the amounts to the 202[4][5] [] Redemption Subaccount and the 202[4][5] [] Principal Subaccount pursuant to Section 2.12(d)(ii) of this 202[4][5] [] Supplemental Indenture, and (3) the payment of Department Expenses in accordance with subsection 1 of Section 505 of the Indenture, and such excess revenues shall be used to redeem Series 202[4][5] [] Bonds in accordance with Section 2.6(c) hereof.

Section 2.13 Initial Deposits and Transfers into Accounts and Subaccounts. The proceeds of the Series 202[4][5] [] Bonds initially shall be deposited by the Trustee in the 202[4][5] [] Proceeds Account. There shall be deposited, out of the proceeds of the Series 202[4][5] [] Bonds, the amounts specified in the Letter of Instructions to the Trustee authorizing the authentication and delivery of the Series 202[4][5] [] Bonds, into the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[4][5] [] Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[4][5] [] Costs of Issuance Account shall be transferred to the Surplus Revenues Account pursuant to a Letter of Instructions.

Section 2.14 Transfer of and Representations and Covenants Relating to [] Transferred Mortgage Certificates. All [] Transferred Mortgage Certificates are hereby allocated to the [] Mortgage Loan Account. The Department represents and covenants that each of the [] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.15 Reserved.

Section 2.16 202[4][5] [] Mortgage Loan Account. The 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.12(a) hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 202[4][5] [] Mortgage Certificates. On [], unless the Certificate Purchase Period is extended in accordance with Section 2.17 hereof, unexpended proceeds of the Series 202[4][5] [] Bonds shall be transferred from the 202[4][5] [] Mortgage Loan Account to the 202[4][5] [] Redemption Subaccount in accordance with Section 2.6(a) hereof.

Section 2.17 202[4][5] [] Mortgage Certificate Acquisition.

(a) As instructed by the Department, the Trustee shall use amounts on deposit in the 202[4][5] [] Mortgage Loan Account to acquire the 202[4][5] [] Mortgage Certificates as more particularly described in a Letter of Instructions.

(b) The purchase of the 202[4][5] [] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[4][5] [] Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 202[4][5] [] Mortgage Certificate. Following the purchase of any 202[4][5] [] Mortgage Certificate, all payments received by the Trustee with respect thereto shall be deemed to be payments of principal and interest with respect to the 202[4][5] [] Mortgage Loans included in the Mortgage Pool pertaining to such 202[4][5] [] Mortgage Certificate.

(c) On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificates Purchase Price, from amounts available in the 202[4][5] [] Mortgage Loan Account in accordance with this subsection (c) unless otherwise instructed by the Department in a Letter of Instructions.

(d) Each 202[4][5] [] Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the

PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

Section 2.18 Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.6(a) hereof, the Trustee shall transfer the amounts set forth in such certification to the 202[4][5] [] Redemption Subaccount to redeem Series 202[4][5] [] Bonds pursuant to Section 2.6(a) hereof. Any amounts in the 202[4][5] [] Mortgage Loan Account remaining unexpended for acquisition of 202[4][5] [] Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date may be extended as provided herein, shall be transferred to the 202[4][5] [] Redemption Subaccount and applied to the redemption of Series 202[4][5] [] Bonds pursuant to Section 2.6(a) hereof. The Certificate Purchase Period for amounts in the 202[4][5] [] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

- (a) *Intentionally omitted*; and
- (b) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[4][5] [] Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

[End of Article II]

ARTICLE III

RESERVED

[End of Article III]

ARTICLE IV
MISCELLANEOUS

Section 4.1 Sale of Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds authorized to be issued herein in the aggregate principal amount of \$[PRINCIPAL] shall be sold to the Underwriters at an aggregate purchase price \$[] (representing the par amount of the Series 202[4][5] [] Bonds, plus a premium in the amount of \$[]), on the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 4.2 Certain Duties of the Department. The Department covenants that, in addition to such other duties as may be required under the Indenture and this 202[4][5] [] Supplemental Indenture the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the Asset Test set forth in the Indenture during any period in which the Series 202[4][5] [] Bonds remain Outstanding. [Prior to an Event of Default and so long as the Series 202[4][5] [] Bonds remain Outstanding, the Department will not use Mortgage Loan Principal Payments on the [] Transferred Mortgage Certificates for the purpose of paying Department Expenses.]

Section 4.3 No Recourse on Series 202[4][5] [] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[4][5] [] Bonds or for any claim based thereon or on this 202[4][5] [] Supplemental Indenture against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[4][5] [] Bonds, and neither the Board members, officers or employees of the Department or the Trustee nor any person executing or authenticating the Series 202[4][5] [] Bonds shall be liable personally on the Series 202[4][5] [] Bonds by reason of the issuance thereof.

Section 4.4 [Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.]

Section 4.5 Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)), for whom financial information and operating data would be presented in any final official statement relating to the Series 202[4][5] [] Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 4.6 Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 4.7 Execution in Several Counterparts. This 202[4][5] [] Supplemental Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 4.8 [Sale of [] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).]

Section 4.9 Protection of Trust Estate.

(a) At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

(i) grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien of the Indenture and this 202[4][5] [] Supplemental Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 202[4][5] [] Supplemental Indenture;

(iv) enforce any of the documents executed in connection with this 202[4][5] [] Supplemental Indenture;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[4][5] [] Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

(b) The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 4.8; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 4.8 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 4.8. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 4.9(b) or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 4.10 Notices to Department, Trustee and Paying Agent. All notices, demands and requests to be given to or made hereunder to the Department, the Trustee or the Paying Agent shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Department:

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410
Attention: Executive Director

(b) As to the Trustee and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Richard Dillard

Section 4.11 Investment Securities. The [NAME OF INVESTMENT AGREEMENT] by and among [INVESTMENT PROVIDER], the Department, the Texas Treasury Safekeeping Trust Company and the Trustee, dated as of the Issuance Date is hereby included as a permitted "Investment Security" with respect to the Bonds.]

Section 4.12 Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this 202[4][5] [] Supplemental Indenture, the [] Supplement to Depository Agreement dated as of [DOC DATE], among the Department, the Trustee and the Depository (the "Supplement to Depository Agreement") and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement", and together with the Supplemental Indenture, the Supplement to Depository Agreement and the Disclosure Agreement, the "Representation Documents"), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19).

As used in this Section 4.10, the Trustee understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 4.13 Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. “Electronic Means” as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 4.14 Letter of Instructions; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

Section 4.15 Responsibilities of the Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee’s negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 202[4][5] [] Supplemental Indenture or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket

and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

[End of Article IV]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[4][5] [] Supplemental Indenture to be signed on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

Trustee Signature Page to [NUMBER] Supplemental Indenture

TDHCA (SFMRB 202[3][4] Series [__])

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SINGLE FAMILY MORTGAGE REVENUE BOND

202[4][5] SERIES [] (Taxable)

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF]¹

No. _____ \$ _____

Interest Rate _____ % Dated Date: _____ CUSIP: _____ Maturity Date: _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable [INITIAL INTEREST DATE], and [on each September 1 and March 1 thereafter][on the first day of each month, commencing [INITIAL INTEREST DATE]], and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond

¹ To be included only in bonds registered in the name of DTC or its nominees.

(including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [INITIAL INTEREST DATE], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the “Dated Date”).

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated “Single Family Mortgage Revenue [Refunding] Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the “Act”), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled “Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture” dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended and supplemented (herein called the “Indenture”), and a supplemental indenture of the Department entitled “[NUMBER] Supplemental Single Family Mortgage Revenue Bond Trust Indenture” dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the “Supplemental Indenture” and together with the Indenture called the “Indentures”). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated “Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [] (Taxable)” (herein sometimes called the “Series 202[4][5] [] Bonds”) issued in the aggregate initial principal amount of \$[PRINCIPAL] under the Indentures for the purpose of [providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans][refunding the Department’s outstanding [] Bonds]. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.]²

The Series 202[4][5] [] Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of \$[5,000] principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of at least 2/3 in principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written assent thereto.

The Series 202[4][5] [] Bonds are subject to redemption prior to stated maturity as set forth in the Supplemental Indenture.

In lieu of redeeming Series 202[4][5] [] Bonds, the Department has reserved the right in subsection 5 of Section 506 of the Indenture to purchase such Bonds at a price (excluding accrued interest but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

The Series 202[4][5] [] Bonds are payable upon redemption at the applicable office of the Trustee. Written notice of redemption shall be provided to the registered owner of the Bond to be redeemed as shown on the registry books of the Trustee, in the manner, at the times and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[4][5] [] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to, but not including, the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from

² To be deleted from the Initial Bond.

federal income taxation.

The Act provides that neither the officers nor directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE
ON THE INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by the Attorney General of the State of Texas as required by law, and that the Attorney General of the State of Texas finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of
the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

[[____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

\$(PRINCIPAL)
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BONDS,
SERIES 202[4][5] [__]

Dated as of [DOC DATE]

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**[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE**

THIS [NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [DOC DATE] (this “202[4][5] [] Series Supplement”), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with any successor to its rights, duties, and obligations hereunder, the “Department”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (as successor trustee to MTrust Corp, and together with any successor trustee hereunder, the “Trustee”).

RECITALS

WHEREAS, the Department and the Trustee have heretofore executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the “Indenture”), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the “Bonds”); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the “State”) applicable to the Department, the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

[WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and]

[WHEREAS, the Department is authorized under the Act to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, as amended, authorizes the Department to issue refunding bonds to refund all or any part of the Department’s outstanding bonds, notes or other general or special obligations; and]

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Residential Mortgage Revenue [Refunding] Bonds, Series 202[4][5] [] in an aggregate principal amount of \$[PRINCIPAL] (the “Series 202[4][5] [] Bonds”) pursuant to the Indenture and this 202[4][5] [] Series Supplement [for the purpose of refunding its Outstanding Residential Mortgage Revenue Bonds, Series [] (collectively,]the “Refunded Bonds”)] [to obtain funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State owned and occupied by persons and families of low and very low income and families of moderate income, to provide down payment and closing cost assistance with respect to Assisted Mortgage Loans (as hereinafter defined), to pay lender

compensation related to the 202[4][5] [] Mortgage Loans and to pay a portion of the costs of issuance of the Series 202[4][5] [] Bonds], all under and in accordance with the Constitution and the laws of the State; and

[WHEREAS, concurrently with the execution of this 202[4][5] [] Series Supplement, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the “202[4][5] [] Series Supplement”) by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[4][5] [] (the “Series 2024D Bonds”, and together with the Series 202[4][5] [] Bonds, the “Series 202[4][5][] Bonds”) for the purposes described in the 202[4][5] [] Series Supplement; and]

WHEREAS, the execution and delivery of this 202[4][5] [] Series Supplement and the issuance of the Series 202[4][5] [] Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 202[4][5] [] Series Supplement and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 202[4][5] [] Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[4][5] [] Series Supplement, a valid, binding and legal instrument for the security of the Series 202[4][5] [] Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 202[4][5] [] Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 202[4][5] [] Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 202[4][5] [] Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 202[4][5] [] Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this 202[4][5] [] Series Supplement (other than in the form of Series 202[4][5] [] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

2. As used in this 202[4][5] [] Series Supplement (other than in the form of Series 202[4][5] [] Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 202[4][5] [] Bonds created and established in Section 2.10 of this 202[4][5] [] Series Supplement.

“Assisted Mortgage Loans” shall mean 202[4][5] [] Mortgage Loans and 2023C Mortgage Loans that include a related DPA Loan to provide down payment and closing cost assistance.

“Authorized Denominations” shall mean \$[5,000] principal amount or any integral multiples thereof.

“Authorized Representative of the Department” shall mean the [Chair or Vice Chair of the Board of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Board] or any officer or employee of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

“Board” shall mean the Governing Board of the Department.

“Bond Counsel” shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bond Depository” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.7 hereof.

“Business Day” shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

“Certificate Accrued Interest” shall mean the amount of interest received in the month following the month of the purchase of a 202[4][5] [] Mortgage Certificate by the Trustee which represents the number of days of interest on such 202[4][5] [] Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

“Certificate Purchase Date” shall mean, with respect to a 202[4][5] [] Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

“Certificate Purchase Period” shall mean the period from the Issuance Date to and including [], but which may be extended to a date no later than [], in accordance with Section 5.2 of this 202[4][5] [] Series Supplement.

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

“Compliance Agent” shall mean Hilltop Securities Inc., and its successors and assigns.

“Compliance Agreement” shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Computation Date” shall mean each Installment Computation Date and the Final Computation Date.

“Contract for Deed Exception” shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(1)(C) of the Code.

“Costs of Issuance” shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Counsel’s Opinion” shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 5.7 hereof to act as depository of certain moneys and investments.

“Depository Agreement” shall mean that certain [_____] Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 202[4][5] [___] Bonds, together with any amendments or supplements thereto.

“Depository Participant” shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

“DPA Loan” means a subordinated, no stated interest loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to a 202[4][5] [___]C Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are due on sale, refinance, or repayment of the first mortgage and have a thirty year term. DPA Loans are not considered Mortgage Loans.

“Favorable Opinion of Bond Counsel” shall mean, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that, under existing law, such action or omission does not adversely affect the excludability of interest payable on the Series 202[4][5] [___] Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Series 202[4][5] [___] Bonds or other customary exceptions acceptable to the recipient thereof).

“Final Computation Date” shall mean the date on which final payment in full of the Series 202[4][5] [___] Bonds is made.

“Ginnie Mae” shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

“Ginnie Mae Certificate” shall mean a fully-modified, mortgage-backed, pass-through security issued by the Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Servicer into a Ginnie Mae pool.

“Ginnie Mae Certificate Purchase Price” shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 202[4][5] [] Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

“Ginnie Mae Guaranty Agreement” shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

“Gross Proceeds” shall mean any Proceeds and any Replacement Proceeds.

“IHFA” means the Idaho Housing and Finance Association, an Idaho independent public body corporate and politic.

“Indenture” shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

“Initial Bond” means the Series 202[4][5] [] Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

“Installment Computation Date” shall mean the last day of the fifth Tax Bond Year and each succeeding fifth Tax Bond Year.

[NEW MONEY]“Interest Payment Date” shall mean, with respect to the Series 202[4][5] [] Bonds, each July 1 and January 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [] Bonds are subject to redemption.

[REFUNDING]“Interest Payment Date” shall mean, with respect to the Series 202[4][5] [] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [] Bonds are subject to redemption.

“Investment Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

“Issuance Date” shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 202[4][5] [] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 202[4][5] [] Bonds.

“Letter of Instructions” shall mean, with respect to the Series 202[4][5] [] Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

“Letter of Representations” shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

[NEW MONEY]“Mortgage Loan Principal Payment” shall mean, with respect to any 202[4][5] [] Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of such 202[4][5] [] Mortgage Loan.

[REFUNDING]“Mortgage Loan Principal Payments” shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the [] Transferred Mortgage Certificates.

“Mortgage Origination Agreement” shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

“Mortgage Pool” shall have the meaning assigned to the term “Pool” in the Servicing Agreement.

“Net Proceeds” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

“Nonpurpose Investment” shall mean any “investment property,” as defined in Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Series 202[4][5] [] Bonds.

“Optional Redemption Date” shall mean [OPTIONAL REDEMPTION DATE].

“Other Obligated Person” shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

“Pass-Through Rate” shall mean the interest rate accruing each month on a 202[4][5] [] Mortgage Certificate, which will equal the mortgage rate of the 202[4][5] [] Mortgage Loans backing the 202[4][5] [] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

“Paying Agent” shall mean the Trustee.

“Proceeds” shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds.

“Program” shall mean the Department’s Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

“Program Agreement” shall mean, collectively, the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

“Program Guidelines” shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters providing for the purchase of the Series 202[4][5] [] Bonds by the Underwriters, as amended or supplemented from time to time.

“Rating Agency” shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody’s Investors Service, Inc. and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

“Rebate Amount” has the meaning set forth in Section 1.148-3(b) of the Regulations and generally means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments, all as determined in accordance with Section 1.148-3 of the Regulations.

“Rebate Analyst” shall mean a person that is (a) qualified and experienced in the calculation of rebate payments under Section 148 of the Code, (b) chosen by the Department, and (c) engaged for the purpose of determining the Rebate Amount and the amount of required deposits, if any, to the Rebate Fund.

“Record Date” shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

“Redemption Price” shall mean, with respect to any Series 202[4][5] [] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[4][5] [] Bond or the Indentures.

["Refunded Bonds" shall mean all of the Department's Outstanding Residential Mortgage Revenue Bonds, Series [____].]

"Regulations" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"Replacement Proceeds" has the meaning set forth in Section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

"Representative" shall mean [REPRESENTATIVE].

"Revenues" shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 202[4][5] [] Mortgage Certificates, including any payments received from Ginnie Mae pursuant to the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 202[4][5] [] Mortgage Certificates and all other net proceeds of such 202[4][5] [] Mortgage Certificates.

"RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, or any successor thereto.

"Sale Proceeds" has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in Section 1.148-4(b)(4) of the Regulations.

"Series 202[4][5] [] Bonds" shall mean the Bonds of the Department of the Series authorized by this 202[4][5] [] Series Supplement.

"Series Supplement" shall mean this [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture by and between the Department and the Trustee, dated as of [DOC DATE], together with any amendments hereto.

"Servicer" shall mean (i) IHFA, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

"Servicing Agreement" shall mean (i) with respect to IHFA, the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 1, 2021, by and between the Department and IHFA, as amended pursuant to that certain First Addendum to Mortgage Acquisition, Pooling and Servicing Agreement dated as of June 1, 2023; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

"Sinking Fund Installment" means the principal amount of the Series 202[4][5] [] Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in **Error! Reference source not found.** hereof.

"State" shall mean the State of Texas.

"Subaccount" or "Subaccounts" shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 202[4][5] [] Bonds created in certain Accounts pursuant to Section 2.9 hereof.

“Tax Bond Year” shall mean each one-year period that ends at the close of business on the day selected by the Department. The first and last Tax Bond Years may be short periods. If no day is selected by the Department before the earlier of the date the last Series 202[4][5] [] Bond is discharged or the date that is five years after the Issuance Date, Tax Bond Years end on each anniversary of the Issuance Date and on the date the last Series 202[4][5] [] Bond is discharged.

“Transferred Proceeds” shall mean the amounts described in Section 1.148-9 of the Regulations.

“202[4][5] [] Administrative Subaccount” shall mean the 202[4][5] [] Administrative Subaccount within the 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.10 hereof.

“202[4][5] [] Bond Proceeds Fund” shall mean the 202[4][5] [] Bond Proceeds Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Cost of Issuance Account” shall mean the 202[4][5] [] Costs of Issuance Account of the Cost of Issuance Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Down Payment Assistance Subaccount” shall mean the 202[4][5] [] Down Payment Assistance Subaccount within the 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.10 hereof.

“202[4][5] [] Expense Account” shall mean the 202[4][5] [] Expense Account of the Expense Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Interest Account” shall mean the 202[4][5] [] Interest Account of the Interest Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Mortgage Certificates” shall mean the Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of Section 2.17 hereof which are purchased by the Trustee from amounts available in the 202[4][5] [] Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Indenture and this 202[4][5] [] Series Supplement.

“202[4][5] [] Mortgage Loan Account” shall mean the 202[4][5] [] Mortgage Loan Account of the Mortgage Loan Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Mortgage Loans” shall mean the Mortgage Loans included in each Mortgage Pool represented by a 202[4][5] [] Mortgage Certificate.

“202[4][5] [] Principal Account” shall mean the 202[4][5] [] Principal Account of the Principal Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Rebate Fund” shall mean the 202[4][5] [] Rebate Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Residual Revenues Account” shall mean the 202[4][5] [] Residual Revenues Account of the Residual Revenues Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Revenue Account” shall mean the 202[4][5] [] Revenue Account of the Revenue Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Special Redemption Account” shall mean the 202[4][5] [] Special Redemption Account of the Special Redemption Fund established pursuant to Section 2.10 hereof.

“[] Transferred Mortgage Certificates” shall mean the Mortgage Certificates allocated to the [] Mortgage Loan Account as described in Exhibit B hereto.

“Underwriters” shall mean the Representative and the other underwriters named on the schedule attached to the Purchase Agreement.

“Yield” shall mean (i) with respect to the Series 202[4][5] [] Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 202[4][5] [] Mortgage Loans, the effective rate of mortgage interest as determined in accordance with Section 143(g)(2)(B) of the Code.

Section 1.3. Authority for This 202[4][5] [] Series Supplement. This 202[4][5] [] Series Supplement is adopted pursuant to the provisions of the Act and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

1. For all purposes of this 202[4][5] [] Series Supplement unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 202[4][5] [] Series Supplement.

2. Except where the context otherwise requires, terms defined in this 202[4][5] [] Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

4. This 202[4][5] [] Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 202[4][5] [] Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 202[4][5] [] Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this 202[4][5] [] Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this 202[4][5] [] Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this 202[4][5] [] Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of Series Supplement. Nothing in this 202[4][5] [] Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 202[4][5] [] Series Supplement.

Section 1.11. Governing Law. This 202[4][5] [] Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every “request,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” “instruction,” or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the

Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

Section 1.13. Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the DPA Loans and the 202[4][5] [] Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 202[4][5] [] Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 202[4][5] [] Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the DPA Loans and the 202[4][5] [] Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 202[4][5] [] Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 202[4][5] [] Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 202[4][5] [] Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[4][5] [] BONDS

Section 2.1. Authorization, Original Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 202[4][5] [] Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of \$[PRINCIPAL]. Each Bond of this Series of Bonds shall be entitled “Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bond, Series 202[4][5] [].” The terms of the Series 202[4][5] [] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 202[4][5] [] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purposes of [(i) the making, acquisition or refinancing of Mortgage Loans, through the purchase of 202[4][5] [] Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans and paying lender compensation related to the 202[4][5] [] Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of the Series 202[4][5] [] Bonds;] and (ii)[(i) the payment of Costs of Issuance][the refunding of the Refunded Bonds.]

Section 2.3. [(i) the acquisition or refinancing of Mortgage Loans, or participations therein, through the purchase of 202[4][5] [] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[4][5] [] Series Supplement to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department’s Expenses, including paying lender compensation related to the 202[4][5] [] Mortgage Loans][the refunding of the Refunded Bonds].

Section 2.4. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

1. The Series 202[4][5] [] Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

2. The Series 202[4][5] [] Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such

Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 202[4][5] [] Bonds shall be dated as of the Issuance Date.

3. The Series 202[4][5] [] Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 202[4][5] [] Bond within a maturity of the Series 202[4][5] [] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letters Ja or Ju depending on whether the maturity is January or July, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.5. Interest Payment Dates, Interest Rates and Maturities of the Series 202[4][5] [] Bonds.
The Series 202[4][5] [] Bonds shall bear interest from the date thereof until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[4][5] [] Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 202[4][5] [] Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.8 hereof and Article IV of the Indenture:

<u>Maturity Date</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate</u>
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[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.6. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 202[4][5] [] Bonds and the Trustee hereby accepts such appointment. The principal amount and Redemption Price of the Series 202[4][5] [] Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, "applicable office" shall mean the Trustee's office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 202[4][5] [] Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 202[4][5] [] Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The principal amount and Redemption Price of and interest on the Series 202[4][5] [] Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 202[4][5] [] Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 202[4][5] [] Bonds and for Holders of not less than \$1,000,000 in aggregate principal amount of the Series 202[4][5] [] Bonds, and except for the final payment of principal of the Series 202[4][5] [] Bonds at maturity, the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[4][5] [] Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.7. Bond Depository; Book-Entry System.

1. Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[4][5] [] Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 202[4][5] [] Bonds (other than the Initial Bond) to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

2. With respect to Series 202[4][5] [] Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 202[4][5] [] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[4][5] [] Bond as the holder and absolute owner of such Series 202[4][5] [] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[4][5] [] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[4][5] [] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[4][5] [] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[4][5] [] Bonds only to or upon the order of the respective registered owners of the Series 202[4][5] [] Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 202[4][5] [] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [] Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 202[4][5] [] Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [] Bond, of any amount with respect to any Series 202[4][5] [] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[4][5] [] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 202[4][5] [] Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 202[4][5] [] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[4][5] [] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[4][5] [] Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 202[4][5] [] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[4][5] [] Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 202[4][5] [] Bonds, of the availability of Series 202[4][5] [] Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[4][5] [] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[4][5] [] Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 202[4][5] [] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[4][5] [] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[4][5] [] Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 202[4][5] [] Bonds, all of the Series 202[4][5] [] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[4][5] [] Bonds outside the book-entry system (including, but not limited to, any initial transfer outside the book-entry system) the Department, Bond Depository, or the transferor of a Series 202[4][5] [] Bond shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

4. Notwithstanding any other provisions in Article II of this 202[4][5] [] Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond

Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.8. Redemption Prices and Terms. The Series 202[4][5] [] Bonds shall not be subject to redemption prior to maturity except as follows:

[REDEMPTION PROVISIONS TO COME]

Section 2.9. Notice of Redemption; Selection of Series 202[4][5] [] Bonds to Be Redeemed.

1. Subject to Section 2.7 hereof, notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 202[4][5] [] Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture. If applicable, such notice shall provide that redemption of the Series 202[4][5] [] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

2. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 202[4][5] [] Bonds receives the notice.

3. Except as specified in Section 2.7(2) and Section 2.7(3) hereof, the Series 202[4][5] [] Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 202[4][5] [] Bonds are held by the Bond Depository, Series 202[4][5] [] Bonds shall be selected for redemption as described in Section 2.6 hereof.

Section 2.10. Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.10 for the Series 202[4][5] [] Bonds, an Account in the Interest Fund and the Principal Fund. Each such Account shall be known and designated as the "202[4][5] [] _____ Account", with the blank containing an appropriate reference to the Fund to which such Account relates. There is also hereby established for the Series 202[4][5] [] Bonds two additional Funds designated as the "202[4][5] [] Bond Proceeds Fund" and the "202[4][5] [] Rebate Fund." Within each of the Cost of Issuance Fund, the Expense Fund, the Mortgage Loan Fund, the Revenue Fund, the Special Redemption Fund and the Residual Revenues Fund, there is hereby established an Account to be known and designated as the "202[4][5] [] _____ Account" with the blank containing an appropriate reference to the Fund to which such Account relates. Within the 202[4][5] [] Mortgage Loan Account, there is also hereby established for the Series 202[4][5] [] Bonds two additional subaccounts designated as the "202[4][5] [] Down Payment Assistance Subaccount" and the "202[4][5] [] Administrative Subaccount."

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[4][5] [] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 202[4][5] [] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.10 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.11. Initial Deposits and Transfers into Funds, Accounts and Subaccounts. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 202[4][5] [] Bonds into the 202[4][5] [] Bond Proceeds Fund. There shall be transferred from the 202[4][5] [] Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 202[4][5] [] Bonds, for deposit to the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[4][5] [] Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[4][5] [] Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.14. 202[4][5] [] Rebate Fund.

1. At the beginning of each Tax Bond Year, the Department shall calculate the estimated Rebate Amount that will be payable on the next occurring Computation Date, as set forth in Section 4.6.1(ii). In calculating the Rebate Amount, the Department may rely upon a Counsel’s Opinion or an opinion of a Rebate Analyst that the method of calculation utilized by the Department complies with the requirements of Section 148 of the Code and Section 1.148-3 of the Regulations. If, in making such calculations, the Department determines that there is an insufficient amount currently on deposit in the 202[4][5] [] Rebate Fund to make the payment required by Section 4.6.1(ii) hereof, then the Department shall (i) immediately transfer the amount of such deficiency from any other account in the Expense Fund or (ii) instruct the Trustee to transfer such amount to the 202[4][5] [] Rebate Fund from the Revenue Fund and the Trustee shall transfer from the 202[4][5] [] Revenue Account to the 202[4][5] [] Rebate Fund the amounts so specified, all in accordance with Section 505 of the Indenture. If, in making such calculations, the Department determines that there is a negative Rebate Amount, then the Department may direct the Trustee in writing to transfer from the 202[4][5] [] Rebate Fund to the 202[4][5] [] Revenue Account the amount then on deposit in the 202[4][5] [] Rebate Fund.

2. All earnings resulting from the investment of amounts on deposit in the 202[4][5] [] Rebate Fund shall be credited to the 202[4][5] [] Rebate Fund.

3. No later than 55 day after each Computation Date for the Series 202[4][5] [] Bonds, the Department shall deliver the items set forth in Section 4.6.1 to the Trustee. Not later than 60 days after each Computation Date for the Series 202[4][5] [] Bonds, the Trustee shall withdraw from the 202[4][5] [] Rebate Fund the amounts described in Section 4.6.1(ii) hereof and remit to the United States of America the amounts required to be paid to the United States of America in accordance with written instructions from the Department, which shall be in compliance with Sections 1.148-1 through 1.148-8 of the Regulations or any successor regulation.

4. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) has not been paid to the United States of America pursuant hereto as required or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department, shall immediate transfer any amounts due as set forth in Section 4.6.2 and shall deliver to the Trustee any documents required pursuant to Section 4.6.2. Upon receipt of such amount and documentation relating thereto, the Trustee shall withdraw from the 202[4][5] [] Rebate Fund the amounts described in Section 4.6.2 and remit to the United States of America the amounts required to be paid in accordance with written instructions from the Department, which shall be in compliance with Regulations Sections 1.148-1 through 1.148-8 or any successor regulation.

5. Each payment required to be made to the United States of America pursuant to this Section shall be submitted to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or such other address as provided by law or regulation and shall be accompanied by Internal Revenue Service Form 8038-T properly completed by the Department with respect to the Series 202[4][5] [] Bonds.

Section 2.15. Transfers from 202[4][5] [] Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 202[4][5] [] Bonds, to the extent funds are not available in the 202[4][5] [] Revenue Account to pay interest or principal due on the Series 202[4][5] [] Bonds, the Trustee shall transfer from the 202[4][5] [] Residual Revenues Account to the 202[4][5] [] Interest Account or the 202[4][5] [] Principal Account an amount which, when added to any amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 202[4][5] [] Bonds on such date.

Section 2.16. 202[4][5] [] Mortgage Loan Account. The 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.10 hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 202[4][5] [] Mortgage Certificates. On [], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 202[4][5] [] Bonds shall be transferred from 202[4][5] [] Mortgage Loan Account to the 202[4][5] [] Special Redemption Account in accordance with **Error! Reference source not found.** hereof.

Section 2.17. 202[4][5] [] Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 202[4][5] [] Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates. Accordingly, the purchase of the 202[4][5] [] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[4][5] [] Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 202[4][5] [] Mortgage Certificate.

2. On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificate Purchase Price from amounts available in the 202[4][5] [] Mortgage Loan Account in accordance with this subsection 2 unless otherwise instructed by the Department in a Letter of Instructions.

3. Each 202[4][5] [] Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to

Ginnie Mae I Certificates, and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

ARTICLE III

[REDEMPTION]

Section 3.1. Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.

Section 3.2. Sale of [] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).]

ARTICLE IV

FEDERAL INCOME TAX MATTERS

Section 4.1. General Tax Covenant. The Department covenants not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the interest on the Series 202[4][5] [] Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Department covenants to comply with section 103 and 141, 143, and 146 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Department in connection with the Series 202[4][5] [] Bonds. The Department and the Trustee may amend this 202[4][5] [] Series Supplement to reflect the deletion or substitution of any such requirement specified in this Article IV in the manner provided in Section 1002 of the Indenture. The Department will not be required to comply with any of the federal tax covenants set forth in this Article IV if the Department has received a Favorable Opinion of Bond Counsel regarding such noncompliance.

Section 4.2. Use of Proceeds. The Department covenants that (a) all of the Proceeds of the Series 202[4][5] [] Bonds (other than amounts used to pay Costs of Issuance of the Series 202[4][5] [] Bonds) will be used to finance owner-occupied residences; (b) the Proceeds of the Series 202[4][5] [] Bonds will not be used in a way that would cause the Series 202[4][5] [] Bonds to meet the private business use tests set forth in Section 141(b) of the Code; (c) all Proceeds of the Series 202[4][5] [] Bonds that are to be used to finance owner-occupied residences (i) will be used for such purpose within the 42-month period beginning on the Issuance Date of the Series 202[4][5] [] Bonds or (ii) to the extent not so used, will be used to redeem Series 202[4][5] [] Bonds within such period; and (d) no portion of the Proceeds of the Series 202[4][5] [] Bonds will be used to finance any 202[4][5] [] Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period.

Section 4.3. Mortgage Eligibility Requirements.

1. The Department covenants: (i) to attempt in good faith to meet, with respect to each 202[4][5] [] Mortgage Loan, before the execution thereof, the mortgage eligibility requirements of Section 143(c), (d), (e), (f) and (i) of the Code (as more fully described in subsections 2, 3, 4, 5 and 6, respectively, of this Section 4.3), by placing restrictions in the Program Agreement or other similar agreements that permit the origination and purchase of

202[4][5] [] Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including investigation by the Mortgage Lenders and the Servicer or the Department (or its agent) to determine that each 202[4][5] [] Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the Series 202[4][5] [] Bonds that are applied to the financing of 202[4][5] [] Mortgage Loans are applied to finance 202[4][5] [] Mortgage Loans that, as of the date of execution thereof, meet all such requirements; and (iii) to correct any failure to meet such requirements within a reasonable period after such failure is first discovered by causing the non-qualifying 202[4][5] [] Mortgage Loan to be accelerated or to be replaced with a 202[4][5] [] Mortgage Loan that meets such requirements if the non-qualifying 202[4][5] [] Mortgage Loan defect cannot be cured within such reasonable period. The Department covenants that each Mortgage Lender selected for participation in the Program that services Mortgage Loans under the Program shall be required to enter into an agreement or agreements containing, in addition to servicing requirements relating to the Mortgage Loans set forth in Section 710 of the Indenture, that each Mortgage Lender shall represent and warranty that it: (i) maintains an Office of Foreign Assets Control (“OFAC”) compliance program, and (ii) is responsible for and best positioned to conduct OFAC scanning of all relevant data with respect to the serviced portfolio (including borrower names/addresses) in accordance with its OFAC compliance program. As used herein, “OFAC compliance program” shall refer to those programs, policies, procedures and measures designed to ensure compliance with, and prevent violations of, all economic sanctions, laws, rules, regulations, executive orders and requirements administered by OFAC, or any other applicable authority with jurisdiction over such Mortgage Lender. Each Mortgage Lender shall agree to, among other things: (i) perform effective and timely OFAC scanning in accordance with such Mortgage Lender’s OFAC compliance program of all relevant data with respect to the portfolio of assets serviced pursuant to the Indenture; (ii) if a Borrower at any time becomes or is otherwise determined to be an OFAC sanctions target that requires blocking or rejection of a portfolio asset held by the Trustee under or in connection with the Indenture, take all actions required by OFAC regulations, including, without limitation (a) conducting all necessary investigations and communications with OFAC (including reporting) concerning the portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions, (b) blocking the assets of any OFAC sanctions target in such portfolio serviced by such Mortgages Lender (including any related payments from the same), and (c) obtain any licenses from OFAC necessary for such Mortgage Lender and the Trustee to perform their respective services under the Indenture with respect to sanctioned assets and/or borrowers; and (iii) promptly provide notice in writing to the Trustee of any portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions and consult with the Trustee on the action plan to handle those assets.

2. The Department covenants to require, and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(c) of the Code, the residence being financed with the proceeds of such 202[4][5] [] Mortgage Loan is a single-family residence located within the State that the Borrower reasonably expects to occupy as his or her principal residence within a reasonable time (e.g., 60 days) after the financing is provided.

3. The Department covenants to require, and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(d) of the Code, the Borrower has not had, within the three-year period ending on the date of execution of the applicable 202[4][5] [] Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 202[4][5] [] Mortgage Loans that do not satisfy the foregoing requirement, so long as such purchase does not cause less than 95% of the Net Proceeds of the Series 202[4][5] [] Bonds to have been used to finance such non-conforming loans; (ii) financings with respect to targeted area residences will be treated as meeting such requirement; (iii) financings described in the Contract For Deed Exception will be treated as meeting such requirement; and (iv) financings of any residence for any veteran (as defined in Section 101 of Title 38, United States Code), if such veteran has not previously qualified for and received financing pursuant to the exception, will be treated as meeting such requirement.

4. The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(e) of the Code, the acquisition cost of the residence being financed with the proceeds of such 202[4][5] [] Mortgage Loan does not exceed 90% of the average area purchase price applicable to such residence (110% in the case of a targeted area residence).

5. The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(f) of the Code, the Borrower's family income does not exceed: (i) for an individual or a family of two persons, 100% of the applicable median family income (120% in the case of a Borrower acquiring a targeted area residence); or (ii) for a family of three or more persons, 115% of the applicable median family income (140% in the case of a Borrower acquiring a targeted area residence).

6. The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 202[4][5] [] Mortgage Loan is not made for the purpose of acquiring or replacing an existing mortgage (i.e., that the Borrower does not have an existing mortgage (whether or not paid off) on the residence securing the 202[4][5] [] Mortgage Loan at any time prior to the execution of the 202[4][5] [] Mortgage Loan), except for a mortgage falling within the Contract for Deed Exception or a mortgage securing a construction period loan, a bridge loan or other similar temporary initial financing having a term of 24 months or less. The Department further covenants and agrees not to permit the assumption of any 202[4][5] [] Mortgage Loan unless the requirements described in subsection 2, 3, 4 and 5, respectively, of this Section 4.3 are met with respect to such assumption. Borrowers described in the Contract for Deed Exception shall be treated as meeting the requirements of this paragraph 6.

7. The Department covenants to require and the Program Agreement requires, that each 202[4][5] [] Mortgage Loan include provisions for acceleration in the event that the Department discovers that any of such mortgage eligibility requirements have not been met with respect to such 202[4][5] [] Mortgage Loan.

8. The following terms used in this Section 4.3 shall have the respective meanings set forth in Section 143 of the Code and the Regulations promulgated thereunder: acquisition cost, applicable median family income, average area purchase price, family income, mortgage, present ownership interest, principal residence, residence, single family residence, and targeted area residence.

Section 4.4. Targeted Area Residences. The Department covenants that an amount equal to at least 20% of the proceeds of the Series 202[4][5] [] Bonds that are made available for the purchase of 202[4][5] [] Mortgage Loans has been or will be made available for at least one year after the date on which owner-financing was first made available with respect to targeted area residences (within the meaning of Section 143(j) of the Code). The Department will attempt with reasonable diligence to use such proceeds to purchase mortgage loans pertaining to such targeted area residences by conducting an advertising campaign reasonably designed to inform the general public of the availability of such proceeds, and shall take such other and further actions to assure that, to the maximum extent practicable, such proceeds are used for such purpose.

Section 4.5. Mortgage Rate. The Department will take all actions necessary to ensure that the blended Yield on the 202[4][5] [] Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the Series 202[4][5] [] Bonds will not exceed the Yield on the Series 202[4][5] [] Bonds (all as computed by or on behalf of the Department in accordance with Section 143(g) of the Code and Sections 1.148-1 and 1.148-10 of the Regulations) by more than 1.125%. To the extent that the Yield on the 202[4][5] [] Mortgage Loans exceeds the Yield on the Series 202[4][5] [] Bonds by more than 1.125%, the Department will make yield reduction payments ("Yield Reduction Payments") to the federal government as set forth in Section 1.148-5(c) of the Regulations and as set forth below.

Section 4.6. Rebate Requirement. The Department covenants to comply with the requirement that "rebateable arbitrage earnings" on the investment of the Gross Proceeds of the Series 202[4][5] [] Bonds, within the meaning of Section 148(f) of the Code, be rebated to the federal government.

1. Delivery of Documents and Money on Computation Dates. The Department shall deliver to the Trustee, within 55 days after each Computation Date for the Series 202[4][5] [] Bonds,

- (i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the Series 202[4][5] [] Bonds as of such Computation Date and the amount of any Yield Reduction Payment due;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount which, together with any amount then held in the 202[4][5] [] Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 202[4][5] [] Bonds and Yield Reduction Payments, or (B) if such Computation Date is a Final Computation Date, an amount which, together with any amount then held for the credit of the 202[4][5] [] Rebate Fund is equal to the Rebate Amount as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 202[4][5] [] Bonds and Yield Reduction Payments; and

(iii) an Internal Revenue Service Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

2. Correction of Underpayments. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) above has not been paid as required pursuant to Section 2.14 hereof or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department will (i) deliver to the Trustee (for deposit to the 202[4][5] [] Rebate Fund) and cause the Trustee to pay to the United States of America from the 202[4][5] [] Rebate Fund (A) the Rebate Amount or Yield Reduction Payments that the Department failed to pay, plus any interest specified in Section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by Section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Department a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Department will take such steps as are necessary to prevent the Series 202[4][5] [] Bonds from becoming an “arbitrage bond” within the meaning of Section 148 of the Code. The Trustee shall not be liable for any penalties incurred with respect to the calculation and payment of the Rebate Amount or Yield Reduction Payments.

3. Records. The Department will retain all of its accounting records relating to the Funds, Accounts and Subaccounts and all calculations made in preparing the statements described in this Section 4.6 for at least three years after the later of (i) the final maturity of the Series 202[4][5] [] Bonds or (ii) the first date on which no Series 202[4][5] [] Bonds is Outstanding.

4. Fees and Expenses. The Department agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any Rebate Analyst or other necessary consultant employed by the Department or the Trustee in connection with computing the Yield Reduction Payments and Rebate Amount.

5. No Diversion of Rebatable Arbitrage. The Department will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Series 202[4][5] [] Bonds that is not purchased at fair market value (as defined in Section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Department would not have included if the Series 202[4][5] [] Bonds were not subject to Section 148(f) of the Code.

6. Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Department will not be required to perform the obligations set forth in this Section 4.6, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Yield on the Mortgage Loans does not exceed the Yield on the Bonds by more than 1.125% or (B) the Department has not earned any “rebatable arbitrage earnings” and, therefore, is not subject to the rebate obligation set forth in Section 148(f) of the Code. To the extent that the Department will not be required to perform such obligations, the Department will send written notice to the Trustee within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this 202[4][5] [] Series Supplement requiring a payment to be made based on the Rebate Analyst's calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Department furnishes to the Trustee a Favorable Opinion of Bond Counsel.

Section 4.7. No-Arbitrage Covenant. The Department covenants that it will make such use of the Gross Proceeds of the Series 202[4][5] [] Bonds and related Revenues, regulate investments of proceeds of the Series 202[4][5] [] Bonds and related Revenues, and take such other and further action as may be required so that the Series 202[4][5] [] Bonds will not be "arbitrage bonds" within the meaning of Section 148(a) of the Code. The Department hereby expressly reserves the right to direct the Trustee or any Depository to make specific investments to ensure compliance with this Section 4.7 and Section 4.8.

Section 4.8. Limitations on Investment of Reserve Amounts. The Department covenants that at no time will the aggregate amount of money held in any reasonably required reserve for the Series 202[4][5] [] Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such Series 202[4][5] [] Bonds, exceed the least of (i) 10% of the Sale Proceeds of the Series 202[4][5] [] Bonds; (ii) the maximum annual principal and interest requirements on the issue, or (iii) 125 percent of the average annual principal and interest requirements on the issue.

Section 4.9. Limitations on Costs of Issuance. The Department covenants and agrees that the Costs of Issuance financed with the Proceeds of the Series 202[4][5] [] Bonds will not exceed two percent of the Sale Proceeds of the Series 202[4][5] [] Bonds.

Section 4.10. No Federal Guaranty. The Department covenants not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause any of the Series 202[4][5] [] Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b) of the Code.

Section 4.11. Information Reporting. The Department covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 202[4][5] [] Bonds are issued, an information statement concerning the Series 202[4][5] [] Bonds, all under and in accordance with Section 149(e) of the Code, and that it will file or cause to be filed such additional information reports as may be required by Section 149(e) of the Code.

Section 4.12. Changes in Use of Mortgaged Property. The Department acknowledges that the provisions of Section 150(b) of the Code (relating to changes in use of property financed with the proceeds of private activity bonds) apply to the 202[4][5] [] Mortgage Loans (including Mortgage Loans represented by Mortgage Certificates), and covenants to advise each Borrower with respect to a Mortgage Loan of such provisions.

Section 4.13. Use of Repayments to Redeem Series 202[4][5] [] Bonds. So long as any of the Series 202[4][5] [] Bonds are Outstanding, the Department covenants that each Mortgage Loan Principal Payment with respect to a 202[4][5] [] Mortgage Loan received on or after the ten year anniversary of the Issuance Date will be used to redeem Series 202[4][5] [] Bonds not later than the close of the first semiannual period beginning after the date such Mortgage Loan Principal Payment is received, unless the Department has received a Favorable Opinion of Bond Counsel and the Department has fulfilled the other requirements of Section 2.8 hereof with respect to the use of such payments to redeem other Bonds.

Section 4.14. Recapture. The Department covenants and agrees to comply with the provisions of Section 143(m) of the Code (regarding the recapture of a portion of the federal subsidy from the use of qualified mortgage bonds) with respect to each 202[4][5] [] Mortgage Loan.

Section 4.15. Bonds are not Hedge Bonds. The Department covenants and agrees that not more than 50% of the Sale Proceeds of the Series 202[4][5] [] Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Department reasonably expects that at least 85% of the spendable proceeds of the Series 202[4][5] [] Bonds will

be used to carry out the governmental purposes of the Series 202[4][5] [] Bonds within the three-year period beginning on the Issuance Date.

Section 4.16. Sale of 202[4][5] [] Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 202[4][5] [] Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a Counsel's Opinion that such sale will not cause all or any portion of the 202[4][5] [] Mortgage Certificates, or the Series 202[4][5] [] Bonds to be classified as a "taxable mortgage pool" within the meaning of Section 7701(i) of the Code; and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 4.17. Record Retention. The Department will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 202[4][5] [] Bonds until three years after the last Series 202[4][5] [] Bond is redeemed or paid at maturity, or such other period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Department to retrieve and reproduce such books and records in the event of an examination of the Series 202[4][5] [] Bonds by the Internal Revenue Service.

Section 4.18. Continuing Obligation. Notwithstanding any other provision of this 202[4][5] [] Series Supplement, the Department's obligations under the covenants and provisions of this Article IV will survive the defeasance and discharge of the Series 202[4][5] [] Bonds for as long as such matters are relevant to the excludability of interest on the Series 202[4][5] [] Bonds from gross income for federal income tax purposes.

ARTICLE V

OTHER MATTERS

Section 5.1. Reserved.

Section 5.2. Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.7.1 hereof, the Trustee shall transfer the amounts set forth in such certification to the 202[4][5] [] Special Redemption Account to redeem Series 202[4][5] [] Bonds pursuant to Section 2.7.1. Any amounts in the 202[4][5] [] Mortgage Loan Account remaining unexpended for acquisition of 202[4][5] [] Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date may be extended as provided herein, shall be transferred to the 202[4][5] [] Special Redemption Account and applied to the redemption of Series 202[4][5] [] Bonds pursuant to Section 2.7.1. The Certificate Purchase Period for amounts in the 202[4][5] [] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, but not later than [], upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

- (i) a Favorable Opinion of Bond Counsel; and
- (ii) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[4][5] [] Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

Section 5.3. Application of Amounts in 202[4][5] [] Revenue Account.

1. Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 202[4][5]

[] Bonds, all Revenues received with respect to the 202[4][5] [] Mortgage Certificates shall be deposited in the 202[4][5] [] Revenue Account.

2. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall set aside monthly in the [] Revenue Account, all Mortgage Loan Principal Payments relating to the [] Transferred Mortgage Certificates to be used to redeem Series [] Bonds in accordance with Section 2.7.1 hereof unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Statement giving effect to the actions directed in such Letter of Instructions.]

3. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(i) First, on each Interest Payment Date or any other date for the redemption of the Series 202[4][5] [] Bonds, to the 202[4][5] [] Interest Account, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 202[4][5] [] Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [] Principal Account, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[4][5] [] Bonds on the next Interest Payment Date; and

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [] Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[4][5] [] Bonds pursuant to **Error! Reference source not found.** hereof.]

Section 5.4. Application of Residual Revenues. The Trustee shall transfer any amounts set forth or described in a Letter of Instructions from the 202[4][5] [] Residual Revenues Account to the 202[4][5] [] Special Redemption Account to redeem Series 202[4][5] [] Bonds in accordance with **Error! Reference source not found.** hereof.

Section 5.5. Limitations on Mortgage Loans. The Department covenants and agrees that each Mortgage Loan contained in a mortgage pool represented by a 202[4][5] [] Mortgage Certificate shall satisfy the following requirements:

(i) each 202[4][5] [] Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

(ii) each 202[4][5] [] Mortgage Loan shall have a term of 30 years and shall provide for level monthly payments and full amortization over the term thereof;

(iii) each 202[4][5] [] Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 202[4][5] [] Mortgage Loan;

(iv) each 202[4][5] [] Mortgage Loan shall be (A) insured by the FHA pursuant to Section 203, 221(d)(2) or 234(c) of the National Housing Act of 1934, as amended, in accordance with the applicable standards of the FHA, (B) guaranteed by the VA under the Servicemen's Readjustment Act of 1945, as amended, in accordance with applicable standards of the VA, or (C) guaranteed by RHS under the Cranston-Gonzales National Affordable Housing Act of 1990;

(v) each 202[4][5] [] Mortgage Loan shall be further secured by Supplemental Mortgage Security in the form of the guaranty provided by Ginnie Mae pursuant to a Ginnie Mae Certificate;

(vi) each residence financed with a 202[4][5] [] Mortgage Loan shall be a single family attached or detached house, a single unit in a condominium development or a planned unit development or a

qualifying duplex (but not a triplex or fourplex or manufactured housing that is not permanently affixed to real property owned by the Borrower);

(vii) each 202[4][5] [] Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 202[4][5] [] Mortgage Loan Account during the Certificate Purchase Period; and

(viii) such other requirements as may be set forth in the Program Agreement.

The Department covenants and agrees that each DPA Loan meets the requirements set forth in the Program Guidelines.

Section 5.6. Covenant Relating to the Program Agreement. The Department represents and covenants that the Program Agreement incorporates the requirements set forth in Article IV and Section 5.5 of this 202[4][5] [] Series Supplement. The Department further covenants and agrees to obtain, prior to or upon any amendment thereof, a Counsel's Opinion that: (i) the form and substance of such amendment are consistent with the requirements of the Indenture and this 202[4][5] [] Series Supplement; and (ii) that the execution and delivery of such amendment by the Department, the Trustee and one or more Mortgage Lenders, and the consummation of the transactions contemplated thereby, will not adversely affect the exclusion of the interest on the Series 202[4][5] [] Bonds from the gross income of the Holders thereof for purposes of federal income taxation.

Section 5.7. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 5.8. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 5.9. Certain Conditions of Issuance of the Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

(i) an executed counterpart of this 202[4][5] [] Series Supplement;

(ii) a certificate of an Authorized Representative of the Department to the effect that, on the basis of all facts and estimates and circumstances (including covenants of the Department contained in the Indenture) reasonably expected to be in existence on the Issuance Date, it is not expected that the proceeds of the Series 202[4][5] [] Bonds will be used in a manner that would cause the Series 202[4][5] [] Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and applicable Regulations thereunder, and such certificate shall set forth such facts, estimates, and circumstances (including covenants of the Department contained in the Indenture), which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of such Authorized Representative of the Department there are no other facts, estimates, or circumstances that would materially change such expectation;

(iii) an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and

(iv) the amounts specified in this 202[4][5] [] Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall be sold to the Underwriters at an aggregate purchase price \$[] (representing the par amount of the Series 202[4][5] [] Bonds

plus a premium in the amount of \$[____]), subject to the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 5.11. Execution in Several Counterparts. This 202[4][5] [] Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 5.12. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this 202[4][5] [] Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in subsection 2 of Section 512 of the Indenture during any period in which the Series 202[4][5] [] Bonds remain Outstanding.

Section 5.13. No Recourse on Series 202[4][5] [] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[4][5] [] Bonds or for any claim based thereon or on this 202[4][5] [] Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[4][5] [] Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 202[4][5] [] Bonds shall be liable personally on the Series 202[4][5] [] Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

- (i) grant more effectively all or any portion of the Trust Estate;
- (ii) maintain or preserve the lien of the Indenture and this 202[4][5] [] Series Supplement or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 202[4][5] [] Series Supplement;
- (iv) enforce any of the documents executed in connection with this 202[4][5] [] Series Supplement;
- (v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[4][5] [] Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or
- (vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

2. The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 5.14; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 5.14 shall arise only if the Trustee has actual knowledge or has been notified in writing of any failure of the Department to comply with the provisions of this Section 5.14. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any

modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 5.14 or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 5.15. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)), for whom financial information and operating data would be presented in any final official statement relating to the Series 202[4][5] [] Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 5.16. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 5.17. Responsibilities of Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee’s negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 202[4][5] [] Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 5.18. Compliance with Texas Government Code.

1. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this 202[4][5] [] Series Supplement, the Depository Agreement and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the “Disclosure Agreement,” and together with this 202[4][5] [] Series Supplement and the Depository Agreement, the “Representation Documents”), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

2. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

3. To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2276.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2276.002, Texas Government Code, as amended, to the extent Section 2276.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, “boycott energy companies” shall have the meaning assigned to the term “boycott energy company” in Section 809.001, Texas Government Code.

4. To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code.

5. As used in this Section 5.18, the Trustee understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 5.19. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. “Electronic Means” as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee

acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 5.20. Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[4][5] [] Series Supplement to be signed, sealed, and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

Department's Signature Page to [NUMBER] Series Supplement

TDHCA (RMRB SERIES 202[3][4] [])

Error! Unknown document property name.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Trustee

By: _____
Authorized Officer

Trustee's Signature Page to [NUMBER]Series Supplement

TDHCA (RMRB SERIES 202[3][4] [__])

Error! Unknown document property name.

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE {REFUNDING} BOND
SERIES 202[4][5] [__]

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF]¹

No. _____ \$ _____

Interest Rate: _____ Dated Date: _____ CUSIP: _____ Maturity Date: _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each January 1 and July 1 thereafter, and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). The interest on each Series 202[4][5] [__] Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 202[4][5] [__] Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books

¹ To be deleted from the Initial Bond, and be included only in Series 202[3][4] [__] Bonds registered in the name of DTC or its nominee.

kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [INITIAL INTEREST DATE], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the “Dated Date”).

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated “Residential Mortgage Revenue [Refunding] Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the “Act”), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled “Amended and Restated Residential Mortgage Revenue Bond Trust Indenture”, dated as of July 1, 2019, as amended and supplemented (herein called the “Indenture”), and a supplemental indenture of the Department entitled “[NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture”, dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the “Series Supplement” and together with the Indenture called the “Indentures”). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated “Residential Mortgage Revenue [Refunding] Bonds, Series 202[4][5] []” (herein sometimes called the “Series 202[4][5] [] Bonds”) issued in the aggregate initial principal amount of \$[PRINCIPAL] under the Indentures [to provide funds to refund the Refunded Bonds][for the purpose of providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans]. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.]²

The Series 202[4][5] [] Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of \$[5,000] principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 202[4][5] [] Bonds are subject to redemption prior to stated maturity as set forth in the Series Supplement.

In lieu of redeeming Series 202[4][5] [] Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 202[4][5] [] Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[4][5] [] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 202[4][5] [] Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 202[4][5] [] Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

² To be deleted from the initially issued Bonds.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

[[_____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

\$(PRINCIPAL)
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BONDS,
TAXABLE SERIES 202[4][5] [__]

Dated as of [DOC DATE]

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**[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE**

THIS [NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [DOC DATE] (this “202[4][5] [] Series Supplement”), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with any successor to its rights, duties, and obligations hereunder, the “Department”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (as successor trustee to MTrust Corp, and together with any successor trustee hereunder, the “Trustee”).

RECITALS

WHEREAS, the Department and the Trustee have heretofore executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the “Indenture”), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the “Bonds”); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the “State”) applicable to the Department, the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

[WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and]

[WHEREAS, the Department is authorized under the Act to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, as amended, authorizes the Department to issue refunding bonds to refund all or any part of the Department’s outstanding bonds, notes or other general or special obligations; and]

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Residential Mortgage Revenue [Refunding] Bonds, Taxable Series 202[4][5] [] in an aggregate principal amount of \$[PRINCIPAL] (the “Series 202[4][5] [] Bonds”) pursuant to the Indenture and this 202[4][5] [] Series Supplement [for the purpose of refunding its Outstanding Residential Mortgage Revenue Bonds, Series [] (collectively,]the “Refunded Bonds”)]to obtain funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State owned and occupied by persons and families of low and very low income and families of moderate income, to pay lender compensation related to the 202[4][5] [] Mortgage Loans and to pay a portion of the costs of issuance of the Series 202[4][5] [] Bonds], all under and in accordance with the Constitution and the laws of the State; and

[WHEREAS, concurrently with the execution of this 202[4][5] [] Series Supplement, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the “202[4][5] [] Series Supplement”) by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[4][5] [] (the “Series 2024D Bonds”, and together with the Series 202[4][5] [] Bonds, the “Series 202[4][5][] Bonds”) for the purposes described in the 202[4][5] [] Series Supplement; and]

WHEREAS, the execution and delivery of this 202[4][5] [] Series Supplement and the issuance of the Series 202[4][5] [] Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 202[4][5] [] Series Supplement and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 202[4][5] [] Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[4][5] [] Series Supplement, a valid, binding and legal instrument for the security of the Series 202[4][5] [] Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 202[4][5] [] Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 202[4][5] [] Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 202[4][5] [] Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 202[4][5] [] Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this 202[4][5] [] Series Supplement (other than in the form of Series 202[4][5] [] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

2. As used in this 202[4][5] [] Series Supplement (other than in the form of Series 202[4][5] [] Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 202[4][5] [] Bonds created and established in Section 2.10 of this 202[4][5] [] Series Supplement.

“Authorized Denominations” shall mean \$[5,000] principal amount or any integral multiples thereof.

“Authorized Representative of the Department” shall mean the [Chair or Vice Chair of the Board of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director

of Financial Administration of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Board] or any officer or employee of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

“Board” shall mean the Governing Board of the Department.

“Bond Counsel” shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bond Depository” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.7 hereof.

“Business Day” shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

“Certificate Accrued Interest” shall mean the amount of interest received in the month following the month of the purchase of a 202[4][5] [] Mortgage Certificate by the Trustee which represents the number of days of interest on such 202[4][5] [] Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

“Certificate Purchase Date” shall mean, with respect to a 202[4][5] [] Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

“Certificate Purchase Period” shall mean the period from the Issuance Date to and including [], but which may be extended in accordance with Section 5.2 of this 202[4][5] [] Series Supplement.

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

“Compliance Agent” shall mean Hilltop Securities Inc., and its successors and assigns.

“Compliance Agreement” shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Contract for Deed Exception” shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(1)(C) of the Code.

“Costs of Issuance” shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Counsel’s Opinion” shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 5.7 hereof to act as depository of certain moneys and investments.

“Depository Agreement” shall mean that certain [_____] Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 202[4][5] [__] Bonds, together with any amendments or supplements thereto.

“Depository Participant” shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

“Ginnie Mae” shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

“Ginnie Mae Certificate” shall mean a fully-modified, mortgage-backed, pass-through security issued by the Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Servicer into a Ginnie Mae pool.

“Ginnie Mae Certificate Purchase Price” shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 202[4][5] [__] Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

“Ginnie Mae Guaranty Agreement” shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

“IHFA” means the Idaho Housing and Finance Association, an Idaho independent public body corporate and politic.

“Indenture” shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

“Initial Bond” means the Series 202[4][5] [__] Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

[NEW MONEY]“Interest Payment Date” shall mean, with respect to the Series 202[4][5] [__] Bonds, each July 1 and January 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [__] Bonds are subject to redemption.

[REFUNDING]“Interest Payment Date” shall mean, with respect to the Series 202[4][5] [__] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [__] Bonds are subject to redemption.

“Issuance Date” shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 202[4][5] [] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 202[4][5] [] Bonds.

“Letter of Instructions” shall mean, with respect to the Series 202[4][5] [] Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

“Letter of Representations” shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

[NEW MONEY]“Mortgage Loan Principal Payment” shall mean, with respect to any 202[4][5] [] Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of such 202[4][5] [] Mortgage Loan.

[REFUNDING]“Mortgage Loan Principal Payments” shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the [] Transferred Mortgage Certificates.

“Mortgage Origination Agreement” shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

“Mortgage Pool” shall have the meaning assigned to the term “Pool” in the Servicing Agreement.

“Optional Redemption Date” shall mean [OPTIONAL REDEMPTION DATE].

“Other Obligated Person” shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

“Pass-Through Rate” shall mean the interest rate accruing each month on a 202[4][5] [] Mortgage Certificate, which will equal the mortgage rate of the 202[4][5] [] Mortgage Loans backing the 202[4][5] [] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

“Paying Agent” shall mean the Trustee.

“Program” shall mean the Department’s Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

“Program Agreement” shall mean, collectively, the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

“Program Guidelines” shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters providing for the purchase of the Series 202[4][5] [] Bonds by the Underwriters, as amended or supplemented from time to time.

“Rating Agency” shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody’s Investors Service, Inc. and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

“Record Date” shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

“Redemption Price” shall mean, with respect to any Series 202[4][5] [] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[4][5] [] Bond or the Indentures.

[“Refunded Bonds” shall mean all of the Department’s Outstanding Residential Mortgage Revenue Bonds, Series [].]

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representative” shall mean [REPRESENTATIVE].

“Revenues” shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 202[4][5] [] Mortgage Certificates, including any payments received from Ginnie Mae pursuant to the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 202[4][5] [] Mortgage Certificates and all other net proceeds of such 202[4][5] [] Mortgage Certificates.

“RHS” shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, or any successor thereto.

“Series 202[4][5] [] Bonds” shall mean the Bonds of the Department of the Series authorized by this 202[4][5] [] Series Supplement.

“Series Supplement” shall mean this [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture by and between the Department and the Trustee, dated as of [DOC DATE], together with any amendments hereto.

“Servicer” shall mean (i) IHFA, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

“Servicing Agreement” shall mean (i) with respect to IHFA, the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 1, 2021, by and between the Department and IHFA, as amended pursuant to that certain First Addendum to Mortgage Acquisition, Pooling and Servicing Agreement dated as of June 1, 2023; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

“Sinking Fund Installment” means the principal amount of the Series 202[4][5] [] Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in **Error! Reference source not found.** hereof.

“State” shall mean the State of Texas.

“Subaccount” or “Subaccounts” shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 202[4][5] [] Bonds created in certain Accounts pursuant to Section 2.9 hereof.

“202[4][5] [] Administrative Subaccount” shall mean the 202[4][5] [] Administrative Subaccount within the 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.10 hereof.

“202[4][5] [] Bond Proceeds Fund” shall mean the 202[4][5] [] Bond Proceeds Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Cost of Issuance Account” shall mean the 202[4][5] [] Costs of Issuance Account of the Cost of Issuance Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Expense Account” shall mean the 202[4][5] [] Expense Account of the Expense Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Interest Account” shall mean the 202[4][5] [] Interest Account of the Interest Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Mortgage Certificates” shall mean the Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of Section 2.17 hereof which are purchased by the Trustee from amounts available in the 202[4][5] [] Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Indenture and this 202[4][5] [] Series Supplement.

“202[4][5] [] Mortgage Loan Account” shall mean the 202[4][5] [] Mortgage Loan Account of the Mortgage Loan Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Mortgage Loans” shall mean the Mortgage Loans included in each Mortgage Pool represented by a 202[4][5] [] Mortgage Certificate.

“202[4][5] [] Principal Account” shall mean the 202[4][5] [] Principal Account of the Principal Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Residual Revenues Account” shall mean the 202[4][5] [] Residual Revenues Account of the Residual Revenues Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Revenue Account” shall mean the 202[4][5] [] Revenue Account of the Revenue Fund established pursuant to Section 2.10 hereof.

“202[4][5] [] Special Redemption Account” shall mean the 202[4][5] [] Special Redemption Account of the Special Redemption Fund established pursuant to Section 2.10 hereof.

“[] Transferred Mortgage Certificates” shall mean the Mortgage Certificates allocated to the [] Mortgage Loan Account as described in Exhibit B hereto.

“Underwriters” shall mean the Representative and the other underwriters named on the schedule attached to the Purchase Agreement.

Section 1.3. Authority for This 202[4][5] [] Series Supplement. This 202[4][5] [] Series Supplement is adopted pursuant to the provisions of the Act and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

1. For all purposes of this 202[4][5] [] Series Supplement unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 202[4][5] [] Series Supplement.

2. Except where the context otherwise requires, terms defined in this 202[4][5] [] Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

4. This 202[4][5] [] Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 202[4][5] [] Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 202[4][5] [] Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this 202[4][5] [] Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this 202[4][5] [] Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this 202[4][5] [] Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of Series Supplement. Nothing in this 202[4][5] [] Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 202[4][5] [] Series Supplement.

Section 1.11. Governing Law. This 202[4][5] [] Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every “request,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” “instruction,” or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

Section 1.13. Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the DPA Loans and the 202[4][5] [] Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 202[4][5] [] Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 202[4][5] [] Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the DPA Loans and the 202[4][5] [] Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 202[4][5] [] Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 202[4][5] [] Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 202[4][5] [] Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[4][5] [] BONDS

Section 2.1. Authorization, Original Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 202[4][5] [] Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of \$[PRINCIPAL]. Each Bond of this Series of Bonds shall be entitled “Texas Department of Housing and Community Affairs Residential Mortgage Revenue [Refunding] Bond, Taxable Series 202[4][5] [].” The terms of the Series 202[4][5] [] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 202[4][5] [] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of [refunding the Refunded Bonds][acquiring Mortgage Loans by purchasing Mortgage Certificates representing participations therein and paying lender compensation related to the 202[4][5] [] Mortgage Loans].

Section 2.3. The Series 202[4][5] [] Bonds are issued [for the purposes of providing funds to acquire Mortgage Loans, or participations therein, through the purchase of 202[4][5] [] Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, paying lender compensation related to the 202[4][5] [] Mortgage Loans and paying costs of issuance][to provide funds for the purpose of refunding the Refunded Bonds].

Section 2.4. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

1. The Series 202[4][5] [] Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

2. The Series 202[4][5] [] Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 202[4][5] [] Bonds shall be dated as of the Issuance Date.

3. The Series 202[4][5] [] Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 202[4][5] [] Bond within a maturity of the Series 202[4][5] [] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letters Ja or Ju depending on whether the maturity is January or July, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.5. Interest Payment Dates, Interest Rates and Maturities of the Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall bear interest from the date thereof until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[4][5] [] Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 202[4][5] [] Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.8 hereof and Article IV of the Indenture:

<u>Maturity Date</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate</u>
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[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.6. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 202[4][5] [] Bonds and the Trustee hereby accepts such appointment. The principal amount and Redemption Price of the Series 202[4][5] [] Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, “applicable office” shall mean the Trustee’s office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 202[4][5] [] Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 202[4][5] [] Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The principal amount and Redemption Price of and interest on the Series 202[4][5] [] Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 202[4][5] [] Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 202[4][5] [] Bonds and for Holders of not less than \$1,000,000 in aggregate principal amount of the Series 202[4][5] [] Bonds, and except for the final payment of principal of the Series 202[4][5] [] Bonds at maturity, the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[4][5] [] Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.7. Bond Depository; Book-Entry System.

1. Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[4][5] [] Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 202[4][5] [] Bonds (other than the Initial Bond) to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

2. With respect to Series 202[4][5] [] Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 202[4][5] [] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[4][5] [] Bond as the holder and absolute owner of such Series 202[4][5] [] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[4][5] [] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[4][5] [] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[4][5] [] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[4][5] [] Bonds only to or upon the order of the respective registered owners of the Series 202[4][5] [] Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 202[4][5] [] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [] Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 202[4][5] [] Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [] Bond, of any amount with respect to any Series 202[4][5] [] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[4][5] [] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 202[4][5] [] Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 202[4][5] [] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[4][5] [] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[4][5] [] Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 202[4][5] [] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[4][5] [] Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 202[4][5] [] Bonds, of the availability of Series 202[4][5] [] Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[4][5] [] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[4][5] [] Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 202[4][5] [] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[4][5] [] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[4][5] [] Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 202[4][5] [] Bonds, all of the Series 202[4][5] [] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[4][5] [] Bonds outside the book-entry system (including, but not limited to, any initial transfer outside the book-entry system) the Department, Bond Depository, or the transferor of a Series 202[4][5] [] Bond shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

4. Notwithstanding any other provisions in Article II of this 202[4][5] [] Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.8. Redemption Prices and Terms. The Series 202[4][5] [] Bonds shall not be subject to redemption prior to maturity except as follows:

[REDEMPTION PROVISIONS TO COME]

Section 2.9. Notice of Redemption; Selection of Series 202[4][5] [] Bonds to Be Redeemed.

1. Subject to Section 2.7 hereof, notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 202[4][5] [] Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture. If applicable, such notice shall provide that redemption of the Series 202[4][5] [] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

2. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 202[4][5] [] Bonds receives the notice.

3. Except as specified in Section 2.7(2) and Section 2.7(3) hereof, the Series 202[4][5] [] Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 202[4][5] [] Bonds are held by the Bond Depository, Series 202[4][5] [] Bonds shall be selected for redemption as described in Section 2.6 hereof.

Section 2.10. Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.10 for the Series 202[4][5] [] Bonds, an Account in the Interest Fund and the Principal Fund. Each such Account shall be known and designated as the “202[4][5] [] _____ Account”, with the blank containing an appropriate reference to the Fund to which such Account relates. There is also hereby established for the Series 202[4][5] [] Bonds an additional Fund designated as the “202[4][5] [] Bond Proceeds Fund.” Within each of the Cost of Issuance Fund, the Expense Fund, the Mortgage Loan Fund, the Revenue Fund, the Special Redemption Fund and the Residual Revenues Fund, there is hereby established an Account to be known and designated as the “202[4][5] [] _____ Account” with the blank containing an appropriate reference to the Fund to which such Account relates. Within the 202[4][5] [] Mortgage Loan Account, there is also hereby established for the Series 202[4][5] [] Bonds an additional subaccount designated as the “202[4][5] [] Administrative Subaccount.”

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[4][5] [] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 202[4][5] [] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.9 is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.11. Initial Deposits and Transfers into Funds, Accounts and Subaccounts. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 202[4][5] [] Bonds into the 202[4][5] [] Bond Proceeds Fund. There shall be transferred from the 202[4][5] [] Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 202[4][5] [] Bonds, for deposit to the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[4][5] [] Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[4][5] [] Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.12. Transfer of and Representations and Covenants Relating to [] Transferred Mortgage Certificates. All [] Transferred Mortgage Certificates are hereby allocated to the [] Mortgage Loan Account. The Department represents and covenants that each of the [] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.13. Form of Series 202[4][5] [] Bonds. (a) Each Series 202[4][5] [] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[4][5] [] Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[4][5] [] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[4][5] [] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[4][5] [] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, with the following modifications:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

“No.TR-1

Dated Date: [CLOSING DATE]

\$(PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS”

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the “Department”), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each January 1 and July 1 thereafter (each, an “Interest Payment Date”) to the date of maturity or earlier redemption, until the Department’s obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

[Insert maturity schedule from Section 2.5 of the Series Supplement]

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the “Trustee”). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.14. Reserved.

Section 2.15. Transfers from 202[4][5] [] Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 202[4][5] [] Bonds, to the extent funds are not available in the 202[4][5] [] Revenue Account to pay interest or principal due on the Series 202[4][5] [] Bonds, the Trustee shall transfer from the 202[4][5] [] Residual Revenues Account to the 202[4][5] [] Interest Account or the 202[4][5] [] Principal Account an amount which, when added to any amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 202[4][5] [] Bonds on such date.

Section 2.16. 202[4][5] [] Mortgage Loan Account. The 202[4][5] [] Mortgage Loan Account established pursuant to Section 2.10 hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 202[4][5] [] Mortgage Certificates. On [____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 202[4][5] [] Bonds shall be transferred from 202[4][5] [] Mortgage Loan Account to the 202[4][5] [] Special Redemption Account in accordance with **Error! Reference source not found.** hereof.

Section 2.17. 202[4][5] [] Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 202[4][5] [] Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates. Accordingly, the purchase of the 202[4][5] [] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[4][5] [] Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 202[4][5] [] Mortgage Certificate.

2. On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificate Purchase Price from amounts available in the 202[4][5] [] Mortgage Loan Account in accordance with this subsection 2 unless otherwise instructed by the Department in a Letter of Instructions.

3. Each 202[4][5] [] Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates, and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

ARTICLE III

[REDEMPTION]

Section 3.1. Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.

Section 3.2. Sale of [] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).]

ARTICLE IV

RESERVED

ARTICLE V

OTHER MATTERS

Section 5.1. Reserved.

Section 5.2. Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.7.1 hereof, the Trustee shall transfer the amounts set forth in such certification to the 202[4][5] [] Special Redemption Account to redeem Series 202[4][5] [] Bonds pursuant to Section 2.7.1. Any amounts in the 202[4][5] [] Mortgage Loan Account remaining unexpended for acquisition of 202[4][5] [] Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date may be extended as provided herein, shall be transferred to the 202[4][5] [] Special Redemption Account and applied to the redemption of Series 202[4][5] [] Bonds pursuant to Section 2.7.1. The Certificate Purchase Period for amounts in the 202[4][5] [] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

(i) *Intentionally omitted;* and

(ii) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[4][5] [] Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

Section 5.3. Application of Amounts in 202[4][5] [] Revenue Account.

1. Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 202[4][5] [] Bonds, all Revenues received with respect to the 202[4][5] [] Mortgage Certificates shall be deposited in the 202[4][5] [] Revenue Account.

2. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall set aside monthly in the [] Revenue Account, all Mortgage Loan Principal Payments relating to the [] Transferred Mortgage Certificates to be used to redeem Series [] Bonds in accordance with Section 2.7.1 hereof unless otherwise

directed by a Letter of Instructions accompanied by a Cashflow Statement giving effect to the actions directed in such Letter of Instructions.]

3. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(i) First, on each Interest Payment Date or any other date for the redemption of the Series 202[4][5] [] Bonds, to the 202[4][5] [] Interest Account, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 202[4][5] [] Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [] Principal Account, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[4][5] [] Bonds on the next Interest Payment Date; and

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [] Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[4][5] [] Bonds pursuant to **Error! Reference source not found.** hereof.]

Section 5.4. Application of Residual Revenues. The Trustee shall transfer any amounts set forth or described in a Letter of Instructions from the 202[4][5] [] Residual Revenues Account to the 202[4][5] [] Special Redemption Account to redeem Series 202[4][5] [] Bonds in accordance with **Error! Reference source not found.** hereof.

Section 5.5. Limitations on Mortgage Loans. The Department covenants and agrees that each Mortgage Loan contained in a mortgage pool represented by a 202[4][5] [] Mortgage Certificate shall satisfy the following requirements:

(i) each 202[4][5] [] Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

(ii) each 202[4][5] [] Mortgage Loan shall have a term of 30 years and shall provide for level monthly payments and full amortization over the term thereof;

(iii) each 202[4][5] [] Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 202[4][5] [] Mortgage Loan;

(iv) each 202[4][5] [] Mortgage Loan shall be (A) insured by the FHA pursuant to Section 203, 221(d)(2) or 234(c) of the National Housing Act of 1934, as amended, in accordance with the applicable standards of the FHA, (B) guaranteed by the VA under the Servicemen's Readjustment Act of 1945, as amended, in accordance with applicable standards of the VA, or (C) guaranteed by RHS under the Cranston-Gonzales National Affordable Housing Act of 1990;

(v) each 202[4][5] [] Mortgage Loan shall be further secured by Supplemental Mortgage Security in the form of the guaranty provided by Ginnie Mae pursuant to a Ginnie Mae Certificate;

(vi) each residence financed with a 202[4][5] [] Mortgage Loan shall be a single family attached or detached house, a single unit in a condominium development or a planned unit development or a qualifying duplex (but not a triplex or fourplex or manufactured housing that is not permanently affixed to real property owned by the Borrower);

(vii) each 202[4][5] [] Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 202[4][5] [] Mortgage Loan Account during the Certificate Purchase Period; and

(viii) such other requirements as may be set forth in the Program Agreement.

The Department covenants and agrees that each DPA Loan meets the requirements set forth in the Program Guidelines.

Section 5.6. Covenant Relating to the Program Agreement. The Department represents and covenants that the Program Agreement incorporates the requirements set forth in Article IV and Section 5.5 of this 202[4][5] [] Series Supplement. The Department further covenants and agrees to obtain, prior to or upon any amendment thereof, a Counsel's Opinion that: (i) the form and substance of such amendment are consistent with the requirements of the Indenture and this 202[4][5] [] Series Supplement; and (ii) *intentionally omitted*.

Section 5.7. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 5.8. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 5.9. Certain Conditions of Issuance of the Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

- (i) an executed counterpart of this 202[4][5] [] Series Supplement;
- (ii) *intentionally omitted*;
- (iii) an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and
- (iv) the amounts specified in this 202[4][5] [] Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 202[4][5] [] Bonds. The Series 202[4][5] [] Bonds shall be sold to the Underwriters at an aggregate purchase price \$[] (representing the par amount of the Series 202[4][5] [] Bonds plus a premium in the amount of \$[]), subject to the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 5.11. Execution in Several Counterparts. This 202[4][5] [] Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 5.12. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this 202[4][5] [] Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in subsection 2 of Section 512 of the Indenture during any period in which the Series 202[4][5] [] Bonds remain Outstanding.

Section 5.13. No Recourse on Series 202[4][5] [] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[4][5] [] Bonds or for any claim based thereon or on this 202[4][5] [] Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[4][5] [] Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 202[4][5] [] Bonds shall be liable personally on the Series 202[4][5] [] Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

- (i) grant more effectively all or any portion of the Trust Estate;
- (ii) maintain or preserve the lien of the Indenture and this 202[4][5] [] Series Supplement or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 202[4][5] [] Series Supplement;
- (iv) enforce any of the documents executed in connection with this 202[4][5] [] Series Supplement;
- (v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[4][5] [] Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or
- (vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

2. The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 5.14; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 5.14 shall arise only if the Trustee has actual knowledge or has been notified in writing of any failure of the Department to comply with the provisions of this Section 5.14. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 5.14 or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 5.15. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)), for whom financial information and operating data would be presented in any final official statement relating to the Series 202[4][5] [] Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 5.16. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 5.17. Responsibilities of Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee

may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 202[4][5] [] Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 5.18. Compliance with Texas Government Code.

1. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this 202[4][5] [] Series Supplement, the Depository Agreement and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement," and together with this 202[4][5] [] Series Supplement and the Depository Agreement, the "Representation Documents"), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

2. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

3. To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2276.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2276.002, Texas Government Code, as amended, to the extent Section 2276.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

4. To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code.

5. As used in this Section 5.18, the Trustee understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 5.19. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. “Electronic Means” as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 5.20. Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[4][5] [] Series Supplement to be signed, sealed, and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

Department's Signature Page to [NUMBER] Series Supplement

TDHCA (RMRB SERIES 202[3][4] [])

Error! Unknown document property name.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Trustee

By: _____
Authorized Officer

Trustee's Signature Page to [NUMBER] Series Supplement

TDHCA (RMRB SERIES 202[3][4] [__])

Error! Unknown document property name.

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BOND
TAXABLE SERIES 202[4][5] [__]

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF]¹

No. _____ \$ _____

Interest Rate: _____ Dated Date: _____ CUSIP: _____ Maturity Date: _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each January 1 and July 1 thereafter, and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). The interest on each Series 202[4][5] [__] Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 202[4][5] [__] Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books

¹ To be deleted from the Initial Bond, and be included only in Series 202[3][4] [__] Bonds registered in the name of DTC or its nominee.

kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [INITIAL INTEREST DATE], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the “Dated Date”).

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated “Residential Mortgage Revenue [Refunding] Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the “Act”), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled “Amended and Restated Residential Mortgage Revenue Bond Trust Indenture”, dated as of July 1, 2019, as amended and supplemented (herein called the “Indenture”), and a supplemental indenture of the Department entitled “[NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture”, dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the “Series Supplement” and together with the Indenture called the “Indentures”). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated “Residential Mortgage Revenue [Refunding] Bonds, Taxable Series 202[4][5] [___]” (herein sometimes called the “Series 202[4][5] [___] Bonds”) issued in the aggregate initial principal amount of \$[PRINCIPAL] under the Indentures [to provide funds to refund the Refunded Bonds][for the purpose of providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans]. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.]²

The Series 202[4][5] [] Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of \$[5,000] principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 202[4][5] [] Bonds are subject to redemption prior to stated maturity as set forth in the Series Supplement.

In lieu of redeeming Series 202[4][5] [] Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 202[4][5] [] Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[4][5] [] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 202[4][5] [] Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 202[4][5] [] Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

² To be deleted from the initially issued Bonds.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

[[_____] TRANSFERRED MORTGAGE CERTIFICATES]



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 788

Agenda Date: 10/10/2024

Agenda #: 13.

Presentation, discussion and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(vii) of the Qualified Allocation Plan (QAP) relating to the percentage of efficiency and/or one bedroom units for Oak Hill Lofts (#24495).

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Oak Hill Lofts was submitted to the Department on September 20, 2024;

WHEREAS, the unit mix includes more than 30% efficiency and/or one-bedroom units, which exceeds the threshold allowed in 10 TAC §11.101(b)(1)(A)(vii) of the 2024 QAP, thus rendering the development ineligible;

WHEREAS, a waiver has been requested by the applicant; and

WHEREAS, staff does not recommend a waiver be granted pursuant to 10 TAC §11.207 considering the applicant submitted a 2023 4% Housing Tax Credit application for this development that included an eligible unit mix, and then, while aware of the efficiency/1-bedroom limitation, reconfigured the development to include an ineligible unit mix, and subsequently pursued bond financing recognizing the development was ineligible under the QAP;

NOW, therefore, it is hereby

RESOLVED, that a waiver of §11.101(b)(1)(A)(vii) of the 2024 QAP relating to the allowable percentage of efficiency and/or one-bedroom units for Oak Hill Lofts is hereby denied.

BACKGROUND

General Information: Oak Hill Lofts is to be located in Austin, Travis County, and proposes the new construction of 90 units that will serve the general population. The Certificate of Reservation from the Bond Review Board was issued on August 8, 2024, under the Priority 3 designation, which does not require any specific restrictions on rent or income. The applicant has indicated that the development will include a mix of units with rents restricted between 30% and 80% of Area Median Family Income (AMFI).

Waiver Request: Pursuant to §11.101(b)(1)(A)(vii) of the QAP, “any New Construction, Reconstruction, or Adaptive Reuse Development proposing more than 30% efficiency and/or one-Bedroom Units will be considered ineligible. This requirement will not apply to Elderly or Supportive Housing Developments.”

The unit mix for Oak Hill Lofts consists of 50 one-bedroom units, 30 two-bedroom units, and 10 three-bedroom units. The number of one-bedroom units comprises approximately 56% of the total unit count. The applicant has requested a waiver of the aforementioned rule, so that the development may be eligible without necessitating a change to the currently proposed unit mix.

According to the waiver request submitted, the development site was purchased in 2021, and the project was originally contemplated to utilize off-site modular construction. In 2023, the developer submitted a 4% Housing Tax Credit application for this development that adhered to the efficiency/1-bedroom unit limitation, but that application was ultimately withdrawn. Due to issues with suppliers, the developer decided to reconfigure the project, and now proposes traditional new construction instead of modular construction. As a result of that reconfiguration, the proposed development now includes 56% one-bedroom units and is considered ineligible under the 2024 QAP. The applicant notes that the redesign resulted in 21% more bedrooms than the previous configuration; however, it was reconfigured in a way that violates the QAP. Previously, according to the 2023 tax credit application, the development would have included 24 efficiency units and 58 two-bedroom units.

Based on the information provided, the applicant reconfigured the development after the efficiency/1-bedroom provision was included in the QAP, and subsequently made submissions to the issuer and the Texas Bond Review Board, and also submitted architectural plans for the permitting process with the City of Austin, with a unit mix that is ineligible. Moreover, considering that the applicant submitted a 2023 tax credit application that included an eligible unit mix, and then, while aware of the efficiency/1-bedroom limitation, reconfigured the development to include an ineligible unit mix, staff does not believe a waiver of the rule is warranted or fits within the provision of the waiver rule that this was not within the control of the applicant.

Based on the aforementioned factors and timeline associated with the design of Oak Hill Lofts, staff recommends that a waiver of §11.101(b)(1)(A)(vii) not be granted.

Oak Hill Lofts

Ms. Teresa Morales

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Dear Ms. Morales:

Background

The Broadway Homes team has been working on our first TX LIHTC development for years, and finally purchased our proposed development site in March of 2021. Our team's focus has been to try to help solve the imbalance of affordable housing in Austin, and we purchased an expensive site conforming to all rules with the expectation of accessing Austin's RHDA gap funding due to scoring advantages of West Austin.

Rule Changes in the 2023-2024 Qualified Allocation Plan

Unfortunately, the 2023 Qualified Allocation Plan ("QAP") included a change that negatively affects this development opportunity. The first change is in §11.101(b)(1)(A)(vii) concerning Ineligible Developments. The change states as follows:

(vii) any New Construction, Reconstruction, or Adaptive Reuse Development proposing more than 30% efficiency and/or one-Bedroom units. This requirement will not apply to Elderly or Supportive Housing Developments."

Waiver Request

This is a challenging site that began through attempts at utilizing off-site modular construction and a 2021 development model. Due to obstacles with modular suppliers, our team has abandoned this development type and now proposes traditional construction. To better serve the market demand of West Austin families, we've reconfigured the proposal to eliminate the studio units found in modular construction, and instead added three-bedroom units. In total the redesign has 21% more bedrooms than the previous application, however, the updated proposed unit mix still has fifty-five (55%) percent one-bedrooms and is considered an ineligible development under the 2024 QAP.

Oak Hill Lofts

This development is in an area of southwest Austin that has limited affordable housing options for families. This is one of two new construction applications for families submitted in this part of the city in over twenty (20) years. Following the support of the Austin City Council, Broadway Homes was encouraged to expand this LIHTC proposal and has acquired a neighboring parcel. A Phase II application will be submitted for the 2025 bond lottery, which will be in compliance with the QAP rules and substantially reduce the overall one-bedroom percentage. The applicant respectfully requests a waiver of §11.101(b)(1)(A)(vii) concerning the limitations on the percentage of one-bedroom units.

Meeting the Policies and Purposes of Tex. Gov't Code 2306

The application does meet the purposes of §2306.001 and 2306.002 by providing essential services and housing units for individuals and families with incomes at thirty (30%) percent, fifty (50%) percent and sixty (60%) percent of area median income.

Although TDHCA is not the issuer of the bonds for this application, the application does meet the policies of §2306.359 by layering the development with multiple sources including private activity bonds, housing tax credits and local funding to provide the housing for lower income families in the greater Austin area.

The application also meets the purposes of §2306.6701 by providing rental housing for households that have difficulty finding suitable, affordable rental housing in the private marketplace. The development will provide two-hundred and ninety (290) units of affordable housing over two phases in an area of Austin with very limited affordable housing options.

Conclusion

This application has been in process for over three years. Our team has been working diligently with its financial partners to close on the development as quickly as possible, including an expansion to a second Phase due to requests by the City of Austin. Development plans for Phase I are complete and working through the final permitting process with the City of Austin. This waiver request is essential to the progression of the application.

We thank you for your consideration of this request. If you need further information, please contact me.

Thanks in advance,

Brent Stoll

Oak Hill Lofts

Principal - Broadway Homes
5900 Balcones Dr., Suite 100
Austin, TX 78731-4298
(M) 512.567.6784
brent@BroadwayHomes.com



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-006

Agenda Date: 10/10/2024

Agenda #: 14.

Presentation, discussion, and possible action on Inducement Resolution No. 25-006 for Multifamily Housing Revenue Bonds regarding authorization for filing applications for private activity bond authority

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-010

Agenda Date: 10/10/2024

Agenda #: 15.

Presentation, discussion, and possible action on Inducement Resolution No. 25-010 for Multifamily Housing Revenue Bonds or Notes regarding authorization for filing applications to be added to the Department's Waiting List for private activity bond authority and/or submitted for Traditional Carryforward for Braniff Lofts

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-007

Agenda Date: 10/10/2024

Agenda #: 16.

Presentation, discussion, and possible action on Inducement Resolution No. 25-007 for Multifamily Housing Revenue Bonds regarding authorization for filing an application for private activity bond authority for Fiji Lofts (#21608)

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-009

Agenda Date: 10/10/2024

Agenda #: 17.

Presentation, discussion, and possible action on Inducement Resolution No. 25-009 for Multifamily Housing Revenue Bonds regarding authorization for filing an application for private activity bond authority for Murdeaux Villas (#21614)

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-005

Agenda Date: 10/10/2024

Agenda #: 18.

Presentation, discussion, and possible action on Inducement Resolution No. 25-005 for Multifamily Housing Revenue Bonds regarding authorization for filing applications for private activity bond authority for Legacy Riverside Senior Living Community (#20613)

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 792

Agenda Date: 10/10/2024

Agenda #: 19.

Presentation, discussion, and possible action on pre-applications received for consideration of an Inducement Resolution for Multifamily Housing Revenue Bonds to be issued by the Department

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 789

Agenda Date: 10/10/2024

Agenda #: 20.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.9(b)(2)(A) and ownership structure change for Estacado Estates (HTC #23807 / #22153)

RECOMMENDED ACTION

WHEREAS, Estacado Estates (Development) received a 9% Housing Tax Credit (HTC) award in 2022 and a reallocation of tax credits under Force Majeure in 2023 to construct 46 multifamily units in Amarillo, Randall County;

WHEREAS, the HTC Application for the Development received two points for agreeing to include a certified Historically Underutilized Business (HUB) in the ownership structure of the General Partner that would materially participate in the development and operation of the Development throughout the Compliance Period, and receive a combination of ownership interest in the General Partner of the Applicant, cash flow from operations, and developer fee which taken together equal at least 50% and no less than 5% for any category;

WHEREAS, for purposes of achieving a property tax exemption to improve the financial feasibility of the Development, Estacado Estates, L.P. (Applicant) is seeking to revise the ownership structure by replacing the General Partner at time of Application, JES Partnerships-Estacado, L.L.C., with Estacado Estates PRH GP, L.L.C., the sole managing member of which is the Panhandle Regional Housing Finance Corporation, and moving JES Partnerships-Estacado Estates, L.L.C. from the role of General Partner to the new role of Special Limited Partner, with no composition changes to JES Partnerships-Estacado Estates, L.L.C.;

WHEREAS, the Applicant requests approval to revise the HUB requirement for the Development to specify that the HUB must remain in the ownership structure and have an ownership interest in the Special Limited Partner in order to continue to meet the intent of 10 TAC §11.9(b)(2)(A) to have a HUB materially participate in the Development;

WHEREAS, Board approval of a waiver is required because 10 TAC §11.9(b)(2)(A) specifies that the HUB is required to have an ownership interest in the General Partner;

WHEREAS, the HUB, Trinity Realty, will remain in the ownership structure as the sole member of Estacado Estates GPM, L.L.C., the 40% member of the Special Limited Partner, and will continue to materially participate in the Development and receive a combination of ownership interest in the Applicant, cash flow from operations, and developer fee which taken together equal at least 50% and no less than 5% for any category; and

WHEREAS, the requested waiver does not negatively affect the Development, impact the viability of the transaction, impact Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and

2306.6701, or affect the amount of the tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the waiver request and change to the ownership structure for Estacado Estates are 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

Estacado Estates received a 9% HTC award in 2022 and a reallocation of tax credits under Force Majeure in 2023 for the new construction 46 units, all of which are low-income units, of elderly housing in Amarillo, Randall County.

The HTC Application for the Development received two points because the Development was structured to include a Historically Underutilized Business (HUB) in the ownership structure that would have some combination of ownership interest in the General Partner of the Applicant, cash flow from operations, and developer Fee, which taken together equal at least 50% and no less than 5% for any category. The HUB is also required to materially participate in the development and operation of the Development throughout the Compliance Period.

In a letter dated February 26, 2024, Brian Kimes, the Applicant's representative, proposed changes to the ownership structure of the Development, which require a waiver of the provision in 10 TAC §11.9(b)(2)(A) that specifies the HUB is required to have an ownership interest in the General Partner.

The Applicant is seeking to revise the ownership structure by replacing the General Partner at time of Application, JES Partnerships-Estacado Estates, L.L.C., with Estacado Estates PRH GP, L.L.C., the sole member of which is the Panhandle Regional Housing Finance Corporation, and moving JES Partnerships-Estacado Estates, L.L.C. from the role of General Partner, to the new role of Special Limited Partner. The requested changes to the ownership structure will improve the financial feasibility of the Development by providing an ad valorem tax exemption. The proposed new general partner will also be a co-Developer in the transaction.

The Applicant explained that due to construction cost increases, increases in operating costs, particularly payroll, insurance, and property taxes, increases in interest rates, and decreases in equity pricing, the Development is not feasible without significant changes. The Applicant also pointed out that rather than change the construction scope, which would directly impact residents and the number of residents served or decrease the quality of the finished product, the Applicant is proposing a partnership with the Panhandle Regional Housing Finance Corporation that will result in reduced operating expenses by reducing property taxes.

Title to the fee interest in the development site will be transferred to the Panhandle Regional

Housing Finance Corporation at closing, and the Panhandle Regional Housing Finance Corporation will enter into a ground lease with the Applicant. The Applicant also stated that the proposed ownership structure will adhere to Tex. Prop. Tax Code §11.1825, and will be recognized by the Potter-Randall County Appraisal District for ad valorem tax exemption.

However, this change to the ownership structure would result in the HUB no longer meeting the requirements for the two Sponsor Characteristics points awarded at Application because it will no longer be in the ownership structure of the General Partner. Therefore, the Applicant requests to waive this specific requirement and to allow the Development to continue to qualify for the two Sponsor Characteristics points with the HUB in the ownership structure of the Special Limited Partner. The HUB would continue to be required to meet all other requirements in 10 TAC §11.9(b)(2)(A), including the requirement to materially participate in the development and operation of the Development throughout the Compliance Period. This revised ownership requirement would be codified in the LURA for the Development.

On June 25, 2024, the City of Amarillo passed the enclosed Resolution 06-25-24-3, in which it acknowledges the change of the Development to tax-exempt, and re-affirms its support for the Development.

The Applicant states that the need for this waiver was not foreseeable at Application. The granting of the waiver better serves the policies and purposes of Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701 by facilitating the feasibility of the Development, and the HUB will continue to materially participate in the Development.

The Applicant indicated that the proposed structure results in no change to the Development and is a mere change in title, as there will be no change to the role, responsibility, or obligations of the HUB member's participation. The Applicant's request letter states that the new general partner will delegate development and operational authority to the special limited partner. Therefore, the Development will continue to comply with the intent, purpose, and material provisions of the elected Sponsor Characteristics.

The requested change does not materially alter the Development in a negative manner, impact the viability of the transaction, and was not reasonably foreseeable or preventable by the Applicant at the time of Application.

Staff recommends approval of the waiver request and the changes to the ownership structure of the Development as presented herein.



JES DEV CO, INC

February 26, 2024

Mr. Rosalio Banuelos
Director of Multifamily Asset Management
TDHCA
221 East 11th Street
Austin, TX 78701

Re: Change in Ownership Request for Estacado Estates, Amarillo, Randall
County, TDHCA# 22153

Dear Mr. Banuelos:

We are writing to request a Change of Ownership for Estacado Estates, TDHCA #22153. Estacado Estates, L.P. is proposing to admit the Panhandle Regional Housing Finance Corporation (PRHFC) into the existing partnership as General Partner. Its participation in the Partnership makes the development eligible for a 100% property tax exemption. Due to construction cost increases, increases in operating costs (payroll, insurance, property taxes), increases in interest rates, and decreases in equity pricing, Estacado Estates is not feasible without significant changes.

In July of 2023, the TDHCA Board found that circumstances justified the application of Force Majeure to this application and granted an extension to the placed-in-service date to December 31, 2025. Specifically, the Board found that the disruptions that started with pandemic had not eased, that material and labor costs had significantly increased, and that interest rate hikes by the Federal Reserve justified an extension to allow developers to find ways to fill the funding gaps caused by the market. Since then, equity prices have dropped from \$0.87-\$0.88 to \$0.80-\$0.82, further compounding project feasibility.

Rather than change the construction scope which would directly impact residents and the number of residents served and could also decrease the quality of the finished product, Estacado Estates is proposing a partnership with the Panhandle Regional

Housing Finance Corporation to reduce operating expenses. The only potential way to realistically reduce operating expenses is through a public-private partnership which would allow us to reduce property taxes. This change is necessary to maintain feasibility and deliver critically needed housing to seniors in Amarillo and Randall County. A reorganization of the ownership to qualify for ad valorem tax exemption and the admission of a co-developer with senior housing experience in Amarillo will materially benefit the development. This will improve the financial viability of the development by allowing the project to carry additional debt and provide financial support, experience, and operating capacity to the project. A separate Ownership Transfer form and supporting documents are included in this submittal. The current ownership entity, Estacado Estates, L.P. will be modified as follows:

- The sole general partner of the Partnership will be replaced by a to be formed entity named Estacado Estates HFC GP, L.L.C., of which the sole member shall be the Panhandle Regional Housing Finance Corporation (PRHFC). The PRHFC, or an affiliate, will own 100% of the new general partner and shall own .0051% of the Partnership.
- JES Partnership-Estacado Estates, L.L.C. will become the Special Limited Partner (SLP) owning .0049% of the Partnership. JES Partnerships Member, L.L.C. will own 100% of the SLP. The new general partner will delegate development an operational authority to the SLP.
- The Investor Limited Partner shall remain the same and shall own 99.99% of the Partnership
- The duties of the General Partner and the SLP will be set forth in an amended and restated Partnership Agreement, to be entered into at the closing among the General Partner, the SLP, and the Investor LP.
- Title to the fee interest in the development site will be transferred to PRHFC at closing, and PRHFC will, as ground lessor, enter into a ground lease with the Partnership, as ground lessee. The Partnership will be the owner of the leasehold interest in the land, as well as the buildings and other improvements located on the land. The ground lease will provide a nominal annual rental. Upon termination of the Ground Lease, ownership of the improvements constituting the Development will revert to PRHFC or its designer.

This structure has been successfully utilized across Texas to achieve tax exemption and has been approved by the TDHCA Board on numerous other transactions. The original and revised organizational chart is attached as Exhibit C. This ownership structure will adhere to Texas Property Tax Code section 11.1825 and will be

recognized by the Potter-Randall County Appraisal District for ad valorem tax exemption.

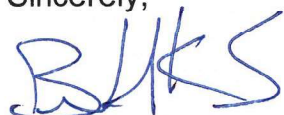
The resulting tax exemption lowers operational costs, allowing greater permanent loan proceeds, and combined with the other amendments, contributes to financial feasibility. Documents from the City of Amarillo acknowledging the tax-exempt organizational change and reaffirming its support for the development will be submitted upon receipt.

The unforeseen construction and financial market upheaval has had a significant negative impact on affordable housing developments across Texas. The proposed ownership change is absolutely necessary to keep Estacado Estates feasible and a reality for the seniors of Amarillo and Randall County.

We understand that this application is not 100% complete. Given time constraints and the ever-shortening time to place these projects in service, we are submitting this application to start discussions with THDCA and allow TDHCA to begin its analysis for this requested to be included on the April Board Meeting Agenda. It is our intent to supplement the application as documents come in and to have all the documents such as the MOU and letter acknowledging the city's ongoing support in TDHCA's hands in time to include in the board packet.

Please let us know if you need any additional information at this time.

Sincerely,

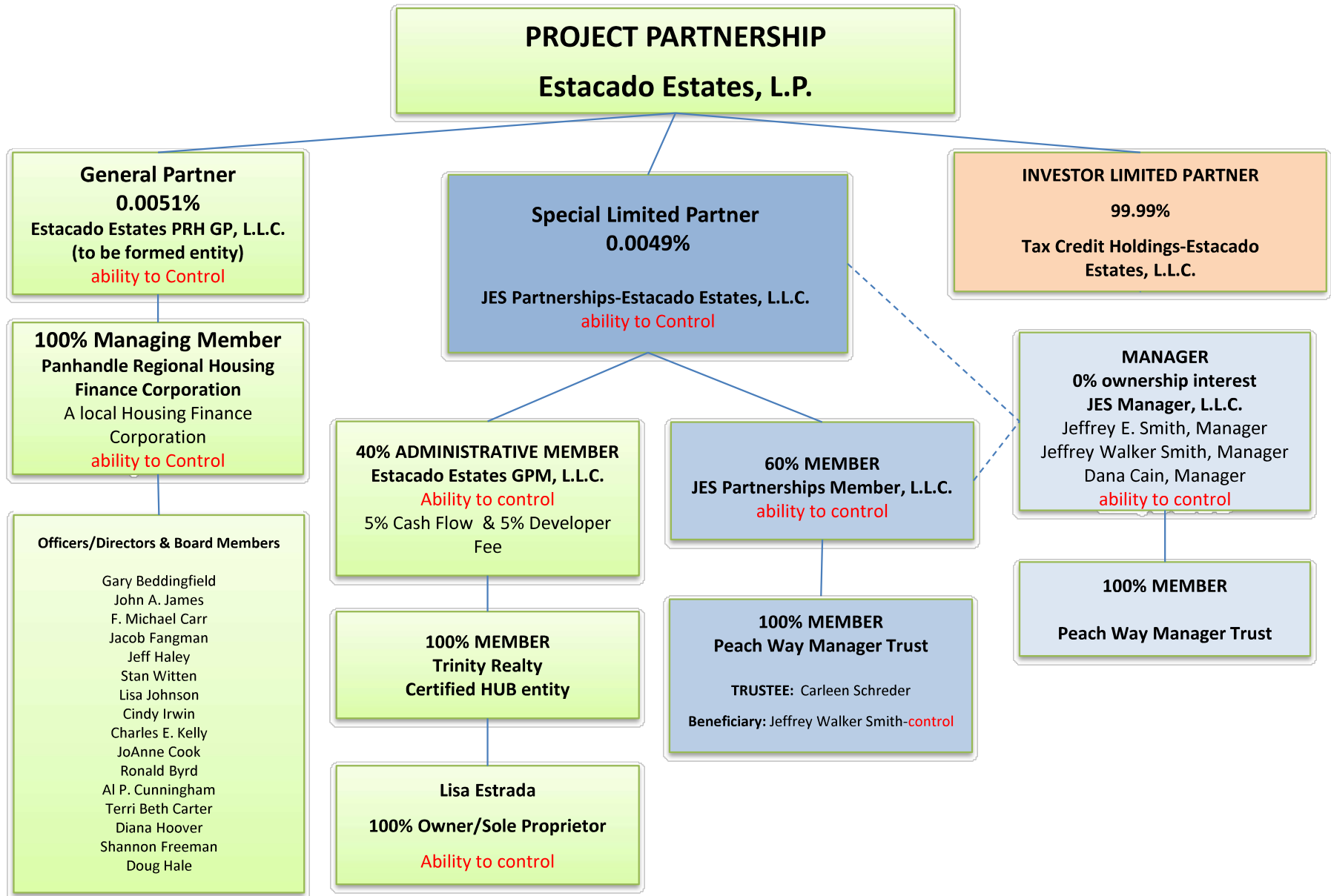


Brian Kimes

Authorized Representative

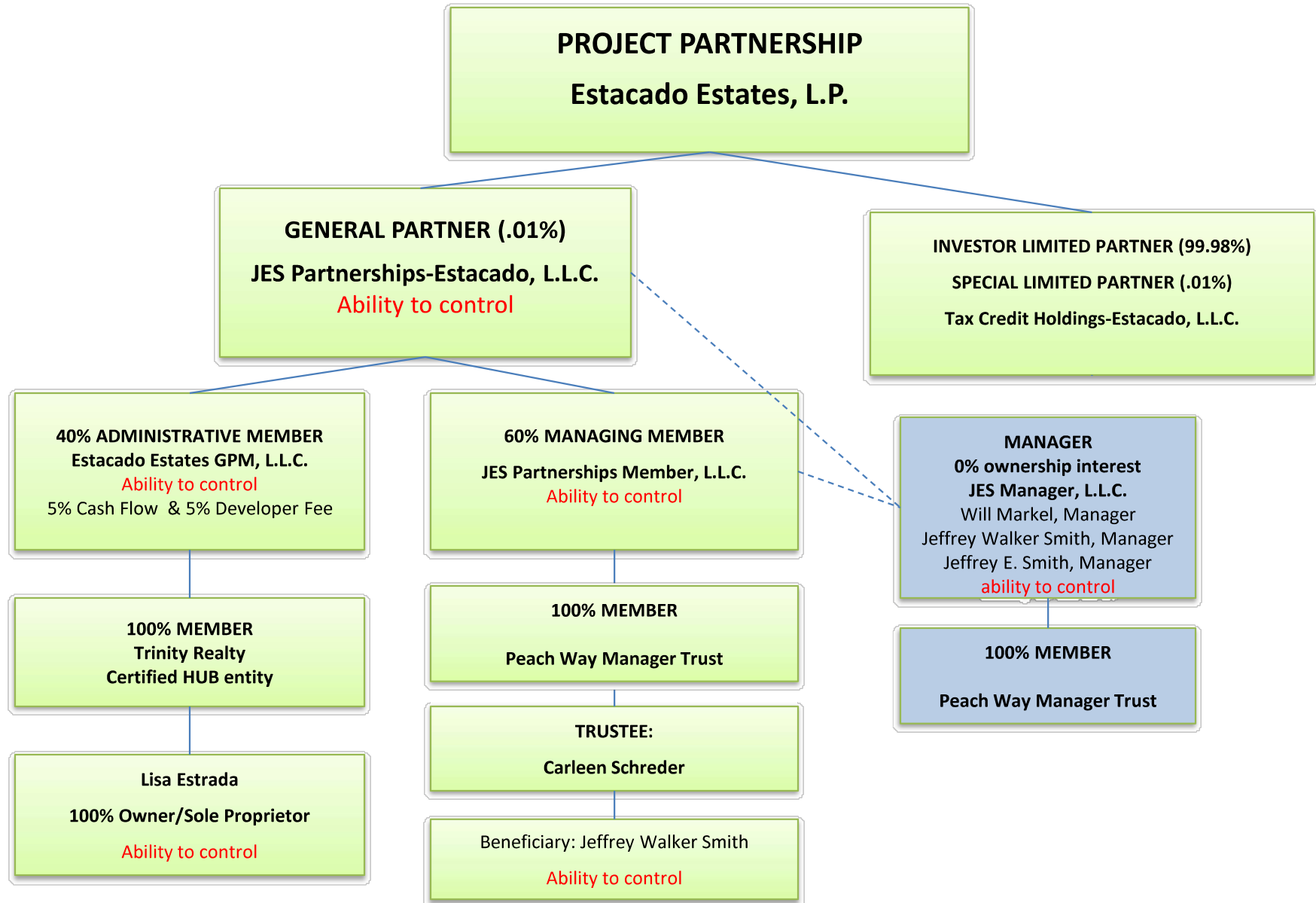
Estacado Estates, Amarillo, TX – post-transfer

Organizational Structure – Owner/Partnership



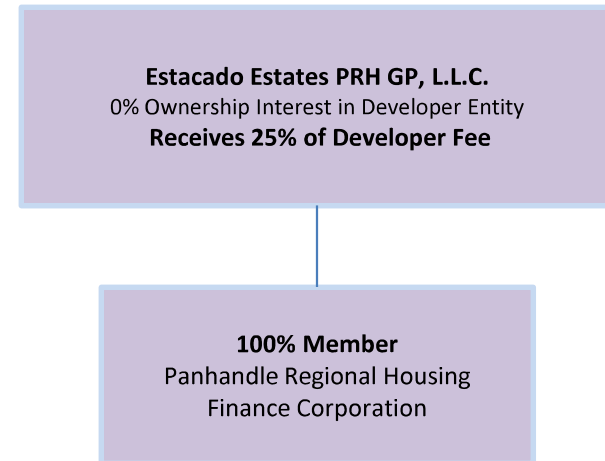
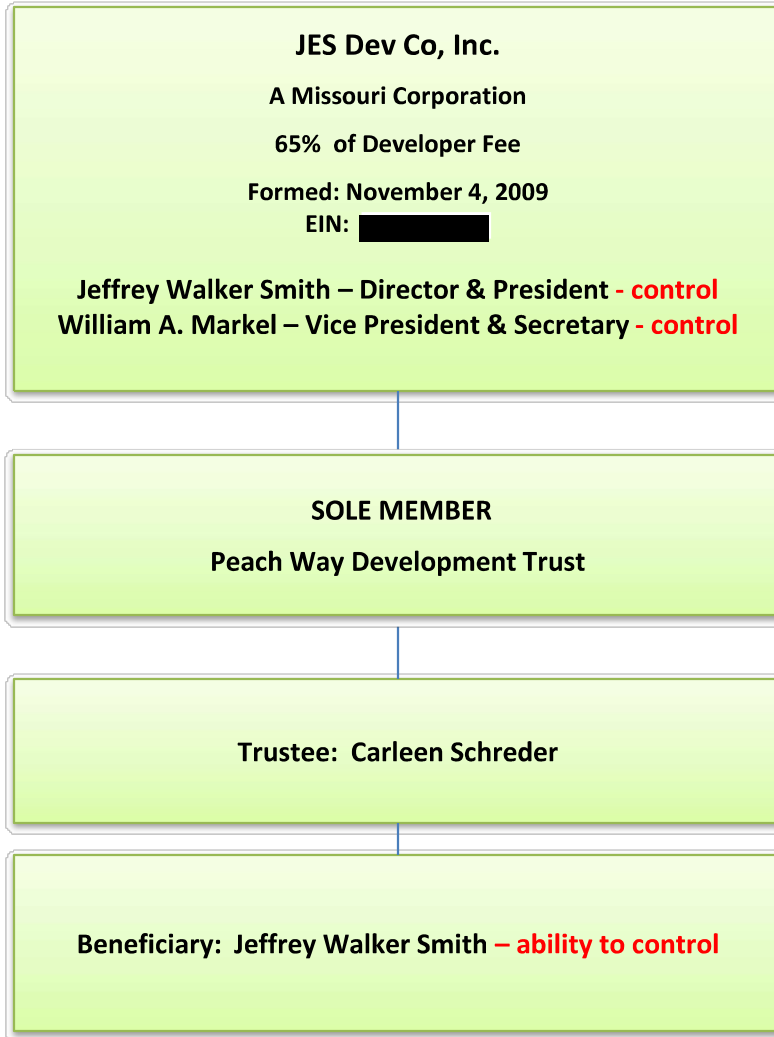
Estacado Estates – pre-transfer

Organizational Structure – Owner/Partnership



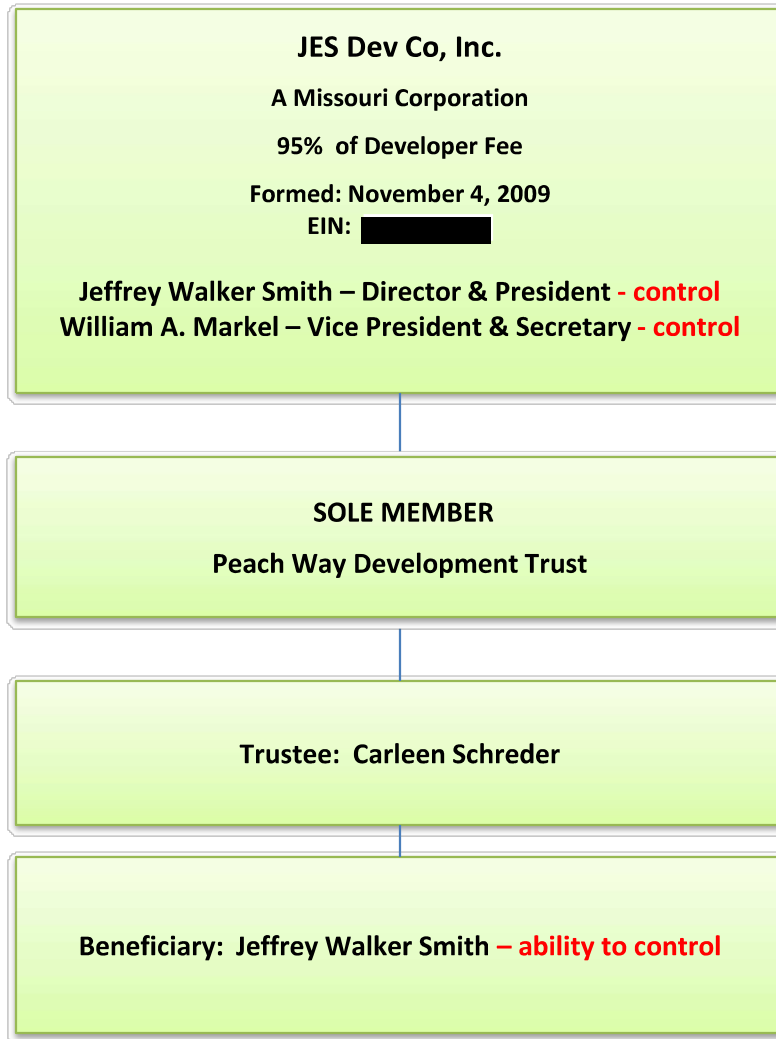
JES Dev Co, Inc. – post-transfer

Project Developer



JES Dev Co, Inc. – pre-transfer

Project Developer



RESOLUTION NO. 06-25-24-3

A RESOLUTION OF THE CITY OF AMARILLO CITY COUNCIL: SUPPORTING ESTACADO ESTATES IN ITS PROPOSED AFFORDABLE RENTAL HOUSING DEVELOPMENT AT THE NORTHWEST CORNER OF S.W. 58TH AVENUE AND S. WASHINGTON STREET IN THE CITY OF AMARILLO, TEXAS; MAYOR IS AUTHORIZED TO SIGN ALL DOCUMENTS RELATED TO THIS RESOLUTION TO SUPPORT SUCH FUNDING; PROVIDING FOR A REPEALER; PROVIDING FOR A SAVINGS CLAUSE; AND AN EFFECTIVE DATE.

WHEREAS, the City Council finds there is a continuing need for additional affordable and low income housing in Amarillo, Texas; and

WHEREAS, JES Development Company, Inc./Estacado Estates, L.P. ("Estacado Estates") has proposed an affordable rental housing development at the Northwest corner of S.W. 58th Avenue and S. Washington St., named Estacado Estates, in the City of Amarillo, Randall County, Texas; and

WHEREAS, JES Development Company, Inc submitted an application to the Texas Department of Housing and Community Affairs for 2022 Competitive 9% Housing Tax Credits for Estacado Estates; and

WHEREAS, the City of Amarillo approved a Resolution of Support on behalf of the development for JES Development Company, Inc. to submit in support of its application for tax credits; and

WHEREAS, Estacado Estates has received an allocation of tax credits in July of 2022; and

WHEREAS, Estacado Estates has been unable to close on the financial transaction due to construction pricing, labor markets, interest rates, and tax credit investment prices rendering the development financially infeasible; and

WHEREAS, Estacado Estates will enter into a partnership with the Panhandle Regional Housing Finance Corporation (PRHFC) that will result in the development being tax-exempt.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AMARILLO TEXAS:

SECTION 1. The City of Amarillo, acting by and through its governing body, hereby confirms that it continues to support Estacado Estates' development located at the Northwest corner of S.W. 58th Ave. and S. Washington St., TDHCA Application numbers 22153/23807.

SECTION 2. This Resolution is a formal action to place on record the City of Amarillo City Council's opinion on June 25th, 2024.

SECTION 3. Mayor Cole Stanley is authorized and empowered on behalf of the governing body to certify this Resolution to the Texas Department of Housing and Community Affairs.

SECTION 4. Should any part of this Resolution conflict with any other resolution, then such other resolution is repealed to the extent of the conflict with this Resolution.

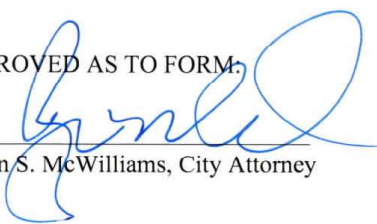
SECTION 5. Should any word, phrase or part of this Resolution be found to be invalid or unconstitutional, such finding shall not affect any other word, phrase, or part hereof and such shall be and continue in effect.

SECTION 6. This Resolution is effective on the date of its approval.

INTRODUCED AND PASSED by the City Council of the City of Amarillo, Texas, this 25th day of June, 2024.


Cole Stanley, Mayor

APPROVED AS TO FORM:


Bryan S. McWilliams, City Attorney

ATTEST:


Stephanie Coggins, City Secretary



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 791

Agenda Date: 10/10/2024

Agenda #: 21.

Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for Bridge at Canyon View (HTC #19411)

RECOMMENDED ACTION

WHEREAS, Bridge at Canyon View (the Development) received a 4% Housing Tax Credit (HTC) award in 2019 for the new construction of 215 units for the general population in Austin, Travis County;

WHEREAS, construction of the Development has been completed, and Bridges at Canyon View, LP (the Development Owner or Owner) requests, at cost certification, to increase the annual HTC amount from \$1,620,343, the amount reflected in the Determination Notice, to \$3,021,497, a difference of \$1,401,154, which represents a 86.47% increase;

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

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

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

NOW, therefore, it is hereby

RESOLVED, that the housing tax credit increase for Bridge at Canyon View 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

Bridge at Canyon View received a 4% HTC award in 2019 for new construction of 215 units for the general population in Austin, Travis County. On November 12, 2019, a Determination Notice was issued with an approved annual tax credit amount of \$1,620,343. The residential buildings in the Development placed in service in 2023 and 2024, and the cost certification documentation was received by the Department on July 16, 2024.

In a letter dated September 24, 2024, Jason Trevino, the representative for the Development Owner, requested an annual tax credit award of \$3,021,497, and this amount represents an increase of \$1,401,154 (86.47%) from the amount reflected in the Determination Notice. The representative for the Development Owner explained that the Development incurred increased costs during construction and construction delays.

A comparison of the development costs from the time of the Application, in 2019, to Cost Certification indicates that total development costs increased approximately \$19.7MM (42.84%), from \$45,891,321 to \$65,551,071. The Owner explained that direct construction costs were underestimated at the time of application, as the applicant did not have actual construction bids at that time. Therefore, Building Costs and Site Works 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. Lumber had a significant price escalation during this timeframe. There was also a new soil stabilization redesign utilizing shotcrete that increased design costs and delayed construction. Additional insulation to meet AEGB requirements added to materials and labor costs. Non-prototype buildings mandated by the City of Austin significantly increased the materials and labor costs. Mitigation for a water infiltration issue in the garages increased materials and labor costs. General Conditions and Overhead costs increased due to the lengthened schedule caused by construction delays. Construction delays caused an increase to financing costs such as construction interest. Developer fees increased 24.03%, but did not go up to the limit of 15% of the project's eligible costs.

In addition, the credit calculation at application was based on an applicable percentage of 3.42%, whereas at cost certification the percentage was adjusted due to the enactment of the Consolidated Appropriations Act of 2021. In this instance, a supplemental bond was funded on May 1, 2023, allowing the Owner to take advantage of the new 4% floor rather than the applicable percentage based on the placed in service date of each building. All else held equal, without this change to the applicable tax credit percentage, the increase to the annual HTC amount would have been 60.70% using the applicable tax credit percentages based on the placed in service date of each building.

Staff's analysis of this transaction at cost certification has concluded that the Development supports an annual tax credit allocation of \$3,021,497 and that the recommended 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 an 86.47% increase from \$1,620,343, the original annual HTC amount in the Determination Notice. In accordance with 10 TAC §10.401(d), Board approval is required because the requested tax credit amount exceeds 120% of the HTC amount reflected in the Determination Notice. The Development Owner will be required to submit the Tax-Exempt Bond Credit Increase Request Fee required in 10 TAC §11.901(8) for the increase to the HTC amount prior to issuance of Forms 8609. Additionally, all required pending documentation for the cost certification review must be provided for the issuance of 8609s.

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

EXPENSES	% of EGI	Per Unit	Per SF						Per SF	Per Unit	% of EGI	
General & Administrative	3.41%	\$566	\$0.56	\$121,715	\$98,464	-25%	\$91,375	\$91,375	(\$30,340)	\$0.42	\$425	2.55%
Management	2.50%	\$415	\$0.41	\$89,203	\$99,867	30%	\$99,867	\$115,723	\$26,520	\$0.54	\$538	3.23%
Payroll & Payroll Tax	8.73%	\$1,449	\$1.44	\$311,579	\$281,957	3%	\$301,000	\$321,000	\$9,421	\$1.49	\$1,493	8.95%
Repairs & Maintenance	5.29%	\$878	\$0.87	\$188,794	\$165,335	-32%	\$165,335	\$129,000	(\$59,794)	\$0.60	\$600	3.60%
Electric/Gas	1.75%	\$291	\$0.29	\$62,554	\$43,182	-14%	\$53,500	\$53,500	(\$9,054)	\$0.25	\$249	1.49%
Water, Sewer, & Trash	5.01%	\$831	\$0.83	\$178,616	\$172,019	-10%	\$161,500	\$161,500	(\$17,116)	\$0.75	\$751	4.50%
Property Insurance	1.81%	\$300	\$0.30	\$64,500	\$69,479	0%	\$64,500	\$64,500	\$0	\$0.30	\$300	1.80%
Property Tax	0%	\$0	\$0.00	\$0	\$0	# DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
Reserve for Replacements	1.51%	\$250	\$0.25	\$53,750	\$53,750	0%	\$53,750	\$53,750	\$0	\$0.25	\$250	1.50%
Cable TV	0.00%	\$0	\$0.00	\$0	\$0	# DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
Supportive service contract fees	0.74%	\$123	\$0.12	\$26,400	\$8,600	# DIV/0!	\$8,600	\$26,400	\$0	\$0.12	\$123	0.74%
TDHCA Compliance fees	0.24%	\$40	\$0.04	\$8,600	\$8,600	0%	\$8,600	\$8,600	\$0	\$0.04	\$40	0.24%
Bond Trustee Fees	1.02%	\$169	\$0.17	36,335	\$4,500	0%	\$4,500	\$36,335	\$0	\$0.17	\$169	1.01%
Security	0.51%	\$85	\$0.08	\$18,275	\$18,275	0%	\$18,275	\$18,275	\$0	\$0.08	\$85	0.51%
Other	0.00%	\$0	\$0.00	\$0	\$0	# DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
TOTAL EXPENSES	32.52%	\$5,397	\$5.37	\$1,160,322	\$1,024,028	-7%	\$1,030,802	\$1,079,958	(\$80,364)	\$5.00	\$5,023	30.10%
NET OPERATING INCOME	67.48%	\$11,199	\$11.14	\$2,407,796	\$1,829,316	4%	\$1,822,542	\$2,507,447	\$99,651	\$11.60	\$11,663	69.90%

DEBT									
First Lien: Redstone			\$1,291,388	\$1,544,505	0%	\$1,544,527	\$1,291,388	\$0	
Other: Redstone			\$436,728		0%	\$0	\$436,728	\$0	
Other: Redstone			\$360,000		0%	\$0	\$360,000	\$0	
TOTAL DEBT SERVICE			\$2,088,116	\$1,544,505	0%	\$1,544,527	\$2,088,116	\$0	
NET CASH FLOW			\$319,679	\$284,811	31%	\$278,015	\$419,330	\$99,651	
AGGREGATE DEBT COVERAGE RATIO			1.15	1.18		1.18	1.20		
RECOMMENDED DEBT COVERAGE RATIO			1.15						

CONSTRUCTION COST	% of TOTAL	Per Unit	Per SF	TDHCA CC	TDHCA -Prior		APP - Orig	Owner CC		Per SF	Per Unit	% of TOTAL
Land Acquisition	4.42%	\$13,422	\$13.36	\$2,885,627	\$2,885,627	7%	\$2,885,627	\$3,102,035	\$216,408	\$14	\$14,428	4.73%
Building Acquisition	0.00%	\$0	\$0.00	\$0	\$0	# DIV/0!	\$0	\$0	\$0	\$0	\$0	0.00%
Closing costs & acq. legal fees	0.21%	\$624	\$0.62	\$134,056	\$0	0%	\$0	\$134,056	\$0	\$1	\$624	0.20%
Off-Sites	0.00%	\$0	\$0.00	\$0	\$0	# DIV/0!	\$0	\$0	\$0	\$0	\$0	0.00%
Sitework	12.24%	\$37,195	\$37.01	\$7,996,863	\$3,805,629	0%	\$3,805,629	\$7,996,862	(\$1)	\$37	\$37,195	12.20%
Site Amenities					\$291,000		\$291,000					
Other Construction Cost					\$4,744,502	# DIV/0!			\$0			
Building Costs	42.77%	\$129,973	\$129.33	\$27,944,170	\$16,105,820	0%	\$20,059,500	\$27,944,171	\$1	\$129	\$129,973	42.63%
Contingency					\$1,426,899	# DIV/0!	\$1,426,899		\$0			
Contractor's Fees	7.42%	\$22,548	\$22.44	\$4,847,842	\$3,381,859	0%	\$3,381,859	\$4,847,842	\$0	\$22	\$22,548	7.40%
Indirect Construction	6.60%	\$20,045	\$19.95	\$4,309,677	\$2,628,901	0%	\$2,628,901	\$4,309,677	\$0	\$20	\$20,045	6.57%
Developer's Fees	12.16%	\$29,308	\$29.16	\$6,301,262	\$5,080,506	0%	\$5,080,506	\$6,301,262	\$0	\$29	\$29,308	9.61%
Financing	15.66%	\$47,587	\$47.35	\$10,231,166	\$5,173,005	0%	\$5,173,005	\$10,231,166	\$0	\$47	\$47,587	15.61%
Reserves	1.05%	\$3,181	\$3.17	\$684,000	\$1,158,395	0%	\$1,158,395	\$684,000	\$0	\$3	\$3,181	1.04%
TOTAL COST	100%	\$303,882	\$302	\$65,334,663	\$46,682,143	0%	\$45,891,321	\$65,551,071	\$216,408	\$303	\$304,889	100%
Construction Cost Recap	55.01%	\$167,168	\$166.34	\$35,941,033			\$35,941,033			\$166.34	\$167,168	54.83%

SOURCES OF FUNDS							% TDC			
First Lien: Redstone	38%	\$116,279	\$116	\$25,000,000	\$30,343,000	18%	\$30,343,000	\$25,000,000	38%	\$25,000,000
Other: Redstone	11%	\$34,628	\$34	\$7,445,000	\$0	# DIV/0!	\$0	\$7,445,000	11%	\$7,445,000
Other: Redstone	6%	\$18,605	\$19	\$4,000,000	\$0	# DIV/0!	\$0	\$4,000,000	6%	\$4,000,000
HTC Equity: CITI - ESG LIHTC Partners I, LLC	38%	\$116,721	\$116	\$25,095,079	\$15,066,173	-67%	\$15,066,173	\$25,095,079	40%	\$25,818,824
Adjusters	-1%	(\$2,002)	(\$2)	(\$430,513)	\$0	# DIV/0!	\$0	(\$430,513)	-2%	(\$1,154,258)
- Investment Earnings on Bond Funds	0%	\$0	\$0	\$0	\$0	# DIV/0!	\$0	\$0	0%	\$139,189
Bridges at Canyon View GP, LLC	0%	\$0	\$0	\$100	\$0	# DIV/0!	\$0	\$100	0%	\$100
Bridges at Canyon View SLP, LLC	0%	\$0	\$0	\$100	\$0	# DIV/0!	\$0	\$100	0%	\$100
Deferred Developer Fee: LDG Multifamily, LLC	7%	\$20,657	\$21	\$4,441,305	\$482,148	-821%	\$482,148	\$4,441,305	6%	\$4,085,708
Additional (Excess) Funds Req'd	0%	(\$1,007)	(\$1)	(\$216,408)	\$790,822	100%	\$0	\$0	0%	\$0
TOTAL SOURCES				\$65,334,663	\$46,682,143	-40%	\$45,891,321	\$65,551,071	100%	\$65,334,663

RECOMMENDED	Developer Fee Available	% of Dev. Fee Deferred	15-Yr Cumulative Cash Flow
\$25,000,000	\$6,301,262	65%	\$9,225,323
4,000,000			
25,818,824			
(1,154,258)			
139,189			
100			
100			
4,085,708			
0			
\$65,334,663			

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Bridges at Canyon View, Austin, # 19411

PROPOSED PAYMENT COMPUTATION

First Lien: Redstone	\$25,000,000	Amort	480
Int Rate	4.20%	DCR	1.86
Other: Redstone	\$7,445,000	Amort	480
Int Rate	5.10%	DCR	1.39
Other: Redstone	\$4,000,000	Amort	420
Int Rate	9.00%	DCR	1.15

Interest Only

RECOMMENDED FINANCING STRUCTURE: TDHCA NOI

First Lien: Redstone	\$1,291,388
Other: Redstone	436,728
Other: Redstone	360,000
Other:	0
TOTAL DEBT SERVICE	\$2,088,116

Interest Only

First Lien: Redstone	\$25,000,000	Amort	480
Int Rate	4.20%	DCR	1.86
Other: Redstone	\$7,445,000	Amort	480
Int Rate	5.10%	Aggregate DCR	1.39
Other: Redstone	\$4,000,000	Amort	420
Int Rate	9.00%	Aggregate DCR	1.15
Other:	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

Interest Only

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	\$3,568,117	\$3,659,152	\$3,732,335	\$3,806,982	\$3,883,122	\$4,287,280	\$4,733,504	\$5,226,171	\$5,770,115	\$6,370,673	\$7,033,738	\$7,765,815
LESS: TOTAL EXPENSES	1,160,322	1,194,731	1,229,658	1,265,615	\$1,302,632	1,504,749	\$1,738,501	2,008,867	2,321,617	2,683,428	3,102,038	3,586,407
NET OPERATING INCOME	\$2,407,796	\$2,464,421	\$2,502,677	\$2,541,367	\$2,580,490	\$2,782,531	\$2,995,003	\$3,217,303	\$3,448,498	\$3,687,245	\$3,931,700	\$4,179,408
LESS: DEBT SERVICE	2,088,116	2,088,116	2,088,116	2,088,116	2,088,116	2,088,116	2,088,116	2,088,116	2,088,116	2,088,116	2,088,116	2,088,116
NET CASH FLOW	\$319,679	\$376,305	\$414,561	\$453,251	\$492,374	\$694,415	\$906,887	\$1,129,187	\$1,360,382	\$1,599,129	\$1,843,583	\$2,091,291
CUMULATIVE NET CASH FLOW	\$319,679	\$695,984	\$1,110,545	\$1,563,796	\$2,056,170	\$5,119,906	\$9,225,323	\$14,422,886	\$20,759,084	\$28,274,540	\$37,001,705	\$46,962,024
DEFERRED DEVELOPER FEE BALANCE	\$3,766,029	\$3,389,724	\$2,975,163	\$2,521,912	\$2,029,538	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.15	1.18	1.20	1.22	1.24	1.33	1.43	1.54	1.65	1.77	1.88	2.00
EXPENSE/EGI RATIO	32.52%	32.65%	32.95%	33.24%	33.55%	35.10%	36.73%	38.44%	40.24%	42.12%	44.10%	46.18%

HTC ALLOCATION ANALYSIS - Bridges at Canyon View, Austin, # 19411

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	\$3,102,035	\$2,885,627				
Purchase of buildings	\$0	\$0				
Closing costs & Acq. Legal Fees	\$134,056	\$134,056				
Off-Site Improvements	\$0	\$0				
Sitework	\$7,996,862	\$7,996,863			\$7,996,862	\$7,996,863
Building Costs	\$27,944,171	\$27,944,170			\$27,909,015	\$27,909,014
Contingency	\$0	\$0				
Contractor's Fees	\$4,847,842	\$4,847,842			\$4,847,842	\$4,847,842
Indirect Construction	\$4,309,677	\$4,309,677	\$0	\$0	\$4,223,258	\$4,223,258
Interim Financing	\$10,231,166	\$10,231,166	\$0	\$0	\$6,827,477	\$6,827,477
Developer Fees						
Developer Fees	\$6,301,262	\$6,301,262	\$0	\$0	\$6,301,262	\$6,301,262
Development Reserves	\$684,000	\$684,000				
TOTAL DEVELOPMENT COSTS	\$65,551,071	\$65,334,663	\$0	\$0	\$58,105,716	\$58,105,716

Deduct from Basis:						
	(\$216,408)					
Describe:						
Describe:						
Describe:						
Describe:					\$0	\$0
TOTAL ELIGIBLE BASIS			\$0	\$0	\$58,105,716	\$58,105,716
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$0	\$0	\$75,537,431	\$75,537,430
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$0	\$0	\$75,537,431	\$75,537,430
Applicable Percentage			0.00%	0.00%	4.00%	4.00%
TOTAL AMOUNT OF TAX CREDITS			\$0	\$0	\$3,021,497	\$3,021,497

Syndication Rate	0.8545	\$0	\$0	\$25,818,826	\$25,818,826
Total Tax Credits (Eligible Basis Method)				\$3,021,497	\$3,021,497
Syndication Proceeds				\$25,818,826	\$25,818,826
Requested Tax Credits				\$3,021,497	
Syndication Proceeds				\$25,818,826	
Gap of Syndication Proceeds Needed				\$29,904,532	
Total Tax Credits (Gap Method)				\$3,499,635	
Recommended Tax Credits				3,021,497	
Syndication Proceeds				\$25,818,824	

9/24/2024

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

Re: Bridge at Canyon View #19411 – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 11/12/2019 for the above referenced application reflected an Annual Tax Credit Amount of \$1,620,343. The final Eligible Basis of \$58,105,716 (Adjusted \$75,537,432) now calculates an Annual Tax Credit amount of \$3,021,497 which is approximately 86% 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.
- Soil Stabilization Redesign: a new stabilized design utilizing shotcrete increased design costs and delayed construction.
- Additional insulation to meet AEGB requirements added to materials and labor costs.
- Non-Prototype buildings mandated by the City of Austin significantly increased the materials and labor costs.
- Mitigation for a water infiltration issue in the garages increased materials and labor costs.
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

Construction Delays:

- Austin Energy initially denied project transformers. (+11 months delay)
- Unexpected Offsite construction led to delays in the issuance of a permanent water meter from The City of Austin. (+5 months delay)
- Soil Stabilization Redesign: as discussed above, the stabilized design utilizing shotcrete increased design costs and delayed construction. (+10 months delay)
- Water infiltration issue: as discussed above, mitigation for water infiltration added to the construction timeline. (+2 months delay)
- Engineering encountered an extended delay in getting the detention pond details approved by the City of Austin. (+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
LDG Development, LLC
512-578-8488



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 778

Agenda Date: 10/10/2024

Agenda #: 22.

Presentation, discussion and possible action on regarding approval of a HOME-ARP Allocation Plan Second Amendment to add reallocated funds to the nonprofit capacity building/operating cost assistance, non-congregate shelter activities and administration activities to be released for public comment

RECOMMENDED ACTION

WHEREAS, under Section 3205 of the American Rescue Plan (ARP) Act, the Texas Department of Housing and Community Affairs (TDHCA) was allocated \$132,969,147 of HOME-ARP Program funds from the U.S. Department of Housing and Urban Development (HUD) in 2021;

WHEREAS, HUD notified TDHCA in October 2023 that the HOME-ARP Allocation was being reduced by \$3,808,153 due to a federal allocation error;

WHEREAS, in 2023 and 2024, the HOME-ARP Division awarded \$57,649,564 in rental development and \$3,224,229 in nonprofit capacity building and operating funds;

WHEREAS, HUD offered \$4,317,058 in reallocated funds to TDHCA in August 2024 from areas in Texas that had not submitted a plan to use their HOME-ARP funds, and the net increase in funds inclusive of the allocation error reduction in 2023 is \$508,905;

WHEREAS, HUD requires a HOME-ARP Allocation Plan amendment to accept the reallocated funds;

WHEREAS, staff is proposing that the reallocated funds and funds remaining available from other program activities be programmed into three HOME-ARP activities: non-profit operating/capacity building funds, non-congregate shelter development and administration; and

WHEREAS, upon Board approval of the HOME-ARP Plan Amendment, the Plan will be made available for at least 15 days to accept public comment;

NOW, therefore, it is hereby

RESOLVED, that should the comment received on the HOME-ARP Plan not require significant revisions of the Plan, staff is hereby authorized to make appropriate revisions and proceed with submission of the Plan to HUD without returning to the Board; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to post on the Department's website and to publish a notification in the *Texas Register*, the applications for the

activities within the HOME-ARP Plan Amendment.

BACKGROUND

TDHCA was allocated \$132,969,147 of funds from HUD under Section 3205 of the American Rescue Plan Act, which HUD has called the HOME-ARP Program. The HOME-ARP Division programmed funds into Non-Congregate Shelter (NCS) Development, Rental Housing Development, Nonprofit Capacity Building and Operating Funds, and Administration/Planning. In April 2023, HOME-ARP submitted an Allocation Plan amendment adjusting the method of distribution for non-congregate shelter (NCS) development and nonprofit capacity building and operating funds (NCO), which received no comments from HUD.

There have been several adjustments made to the original HOME-ARP allocation since the funding was programmed. HUD notified TDHCA in October 2023 that the HOME-ARP allocation for the state was reduced by \$3,808,153 due to their allocation error. This reduction was offset in two ways: through reducing the amount remaining in NCO, and through reducing some of the Department's administrative funds.

Throughout 2023 and 2024, the Board awarded approximately \$56.5 million for rental development activities and reallocated approximately \$1.1 million from NCO into rental development to have sufficient funds to award to a final rental development. Also in 2024, HOME-ARP contracted for approximately \$3.2 million to support an organization with NCO Funds to undertake NCS development. Finally, HOME-ARP released an Invitation to Apply in July 2024 for NCS Development with approximately \$56.5 million available in funding. This Invitation to Apply has a maximum award of \$50 million and has currently been sent to one organization.

In August 2024, HUD reallocated \$4,317,058 to TDHCA. The reallocated funds are required to have a geographic preference for Odessa, Bryan or Pasadena, which are the areas from which the reallocation came. The net change from the reduction made by HUD in 2023 and the reallocation in 2024 is \$508,905. Funds from the reallocation are being added to NCO, NCS, and administration. The amount for administration is 15% of the \$4.3 million, which is the allowed percentage for HOME-ARP, and helps to offset the reduction in administration that was implemented after the federal allocation reduction.

HOME-ARP staff anticipates continuing with the strategy of awarding NCO funds to support one or more nonprofits that plan to undertake NCS development. Capacity building expenses are defined as reasonable and necessary general operating costs that will result in expansion or improvement of an organization's ability to successfully carry out eligible HOME-ARP activities. The nonprofit capacity building and operating assistance must specifically expand the ability of the organization to develop an NCS. As depicted in the table below, the HOME-ARP budget after the reallocation leaves \$750,000 still remaining for NCO. The main changes from the original award for the NCO is that in the plan amendment the NCS could be of a size appropriate for the community as determined in the Application (instead of having the size proscribed to 50 or more units); the Application for an NCS must be submitted within nine months of the organization's receipt of NCO funds (rather than 16 months); and that the organization would have 48 months to expend the NCO funds (instead of 24 months).

Staff released an NCS Invitation to Apply (ITA) in July 2024, which had approximately \$56.5 million available. Per HUD CPD Notice 21-10, NCS is defined as "one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy

agreement” (page 55). The future NCS project must be occupied by qualified populations (QP) for HOME-ARP, including persons experiencing homelessness; persons who were formerly homeless but housed with temporary resources; persons at-risk of homelessness; persons at greatest risk of housing instability; and individuals fleeing or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. The maximum request for NCS in the ITA was \$50 million, leaving approximately \$6.5 available. An addition of approximately \$3 million into the NCS ITA through this Plan Amendment makes the new development or rehabilitation of a second shelter more obtainable. A new minimum application amount for the remaining/reallocated NCS funds would be \$2 million, instead of \$5 million.

HOME-ARP Budget Changes

Activity	Original budget	Original % of Grant	Updated Funding Amount	Updated % of Grant	Net Change in \$ from original
Non-Congregate Shelters (NCS)	\$56,511,887	43%	\$59,531,387	45%	\$3,019,500
Affordable Rental Housing	\$56,511,887	43%	\$57,649,564	43%	\$1,137,677
Non-Profit Operating/Non-Profit Capacity Building (NCO)	\$6,648,458	5%	\$3,974,229	3%	(\$2,674,229)
Administration and Planning	\$13,296,915	10%	\$12,322,872	9%	(\$974,043)
Total HOME ARP Allocation	\$132,969,147	100%	\$133,478,052	100%	\$508,905*

* This figure of \$508,905 accounts for both fund adjustments made by HUD - the reduction of \$3,808,153 and the reallocation/increase of \$4,317,058.

The NCO funds may be released competitively statewide or awarded in areas that meet criteria demonstrating high need for a noncongregate shelter. As required by HUD, there will be a preference for Odessa, Bryan, and Pasadena in which the Plan amendment confirms need for new or rehabilitated NCS in those areas. This preference would be achieved by including a point incentive in the Notice of Funding Availability or Invitation to Apply for organizations that have in-person office space located in Bryan, Odessa, or Pasadena, or organizations that have an active grant or award for a federally funded shelter, housing, or services for the homeless population in Bryan, Odessa, or Pasadena.

The attached Plan reflects the original HUD-approved HOME-ARP Plan, with changes tracked reflecting the proposed amended language. Upon approval of the draft amendment, staff will publish the amendment for comment from October 14, 2024, to October 28, 2024, which is 15 days. If no changes will be made as a result of public comment, staff requests authority for the Executive Director to proceed with submission of the Plan Amendment to HUD as approved by the Board as presented. HUD has 45 days for review.



**Texas Department of Housing and Community Affairs
HOME-ARP Allocation Plan**

First~~Second~~ Amendment for Resubmission to HUD, ~~April 2023~~October 2024

In 2021, TDHCA was allocated \$132,969,147 of funds from the U.S. Department of Housing and Urban Development (HUD) under Section 3205 of the American Rescue Plan Act, which HUD has called the HOME-ARP Program. A first amendment was approved by HUD in April 2023, which added more details around the NCO and NCS activities.

In 2023, HUD reduced TDHCA's HOME-ARP Allocation by \$3,808,153 due to a federal allocation error.

In 2024, HUD reallocated \$4,317,058 to TDHCA from other places in Texas.

The following document is the Department's Plan, as amended, for these funds which will be submitted to HUD for approval.

Items in the Plan in *italics* are instructions from HUD for a given section or item.

Participating Jurisdiction: Texas Dept. of Housing and Community Affairs (TDHCA)

Date: May 2022, [as amended in April 2023 and further amended in October 2024](#)

I. CONSULTATION PROCESS AND INPUT

Consultation

Before developing its plan, a PJ must consult with the CoC(s) serving the jurisdiction’s geographic area, homeless and domestic violence service providers, veterans’ groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities, at a minimum. State PJs are not required to consult with every PHA or CoC within the state’s boundaries; however, local PJs must consult with all PHAs (including statewide or regional PHAs) and CoCs serving the jurisdiction.

Summarize the consultation process:

TDHCA held 9 consultations to garner initial input on the state’s planning of HOME-ARP funds. The consultations were held from October 7 to October 22, 2021. In all consultations information on the program was shared with those attending and often many questions were asked and answered. In the interest of brevity, the consultation feedback summaries following the table below do not include questions posed or answers provided, but focus on summarizing input and comments made.

List the organizations consulted, and summarize the feedback received from these entities.

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Mobile Loaves and Fishes – Community First Village	Nonprofit Homeless Provider	Video Conference (October 7)	See summary below
Haven for Hope	Nonprofit Homeless Provider	Video Conference (October 7)	See summary below
Multiple (see Appendix A)	Continuums of Care and Domestic Violence Providers	Video Conference (October 13)	See summary below
Foundation Communities and New Hope Housing	Nonprofit Perm. Supp. Housing Developers	Video Conference (October 15)	See summary below

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Multiple (see Appendix A)	Public Housing Authorities	Webinar (October 15)	See summary below
Multiple (see Appendix A)	TX Interagency Council for Homelessness	TICH Meeting also hosted as consultation (October 19)	See summary below
Multiple (see Appendix A)	Fair Housing and Disability Advocates	Webinar (October 20)	See summary below
Multiple (see Appendix A)	Veterans Services Providers	Webinar (October 22)	See summary below
Multiple (see Appendix A)	Homelessness Services Providers	Webinar (October 22)	See summary below

Consultation with Mobile Loaves and Fishes

Mobile Loaves and Fishes (MLF) operates Community First! Village, a master planned community that provides affordable, permanent housing and a supportive community for men and women coming out of chronic homelessness in Austin.

- MLF shared that they are expanding their village of RV/park homes and micro-homes; they estimate that 80% of the population will fall into the definition of chronically homeless. They estimate it will take approximately \$150 million of capital investment; some of those funds have been committed already by Travis County. MLF indicated that most of their referrals come from CoCs or other referring agencies but not all come through Coordinated Entry (CE).
- MLF has a successful model in place in which households pay a flat monthly rent for a specific unit type, and that amount is often more than 30% of their income. They indicated they would likely not find these funds attractive for their plans if households were limited to paying only 30% of their income.
- Uses of the Funds: MLF supported a focus on capital investment with the funds. They would like to see that capital investment is used for both tiny home models and associated congregate facilities (kitchens, baths). It was discussed that varied types of units have varying levels of kitchen or bathroom facilities (with robust shared facilities) such that HOME-ARP may be able to be used for some unit types but perhaps not others. It was also discussed that TDHCA would need to confirm with HUD that such models would be allowable. MLF also supported some funds for capacity building as they ramp up operations.
- Populations/Preferences: MLF indicated they would like to see the most vulnerable populations assisted with these funds; they suggested that a preference should be allowed for the chronically homeless and that funds not just go to the households that

could be seen as more sympathetic, such as families with children and veterans.

- Use of Coordinated Entry (CE): MLF did not want to be limited to only taking those households that score the highest in the CE assessment. They tend to assist persons with a variety of vulnerability levels and do not prefer that all housed with HOME-ARP be referred only through CE.

Consultation with Haven for Hope

Haven for Hope (HFH) is a San Antonio nonprofit operating as a “one stop” campus for people who are experiencing homelessness, bringing together service providers in a single location.

- HFH shared that doing NCS as an activity is a challenge without operating expenses being provided to help support it, but did note that they would be interested if in fact operating funds could be assured. They indicated that HFH most needed flexible spending to use on housing for households that don’t qualify for CE, particularly for older persons with disabilities, who are awaiting a voucher or other benefits, something that could be an extension of rapid rehousing.
- HFH discussed the unique role some of their shelter staff play as they are both operational staff, but also trained in client-facing assistance roles such as case work and other services identified in 24 CFR §578.53. These Life Safety Officers also have access to HMIS and HFH would hope to classify these staff as case management and service provision, although they are also serving in an operational role.
- HFH discussed that the reason for not being more interested in NCS with hotel conversions as an activity is that the maintenance and upkeep is extreme, they feel it is preferable to just do new construction. They also feel that hotel conversions are better for Permanent Supportive Housing (PSH), and that while there is a need for PSH, only a fraction of their clients go to PSH.
- HFH provided that past criminal eviction history hurts clients seeking units and suggested that any HOME-ARP funds used for rental housing should require a lower standard for entry into the housing.
- When discussing the possible idea of serving the role of a sponsor who could access a block of units through a master lease, they felt that while this would be attractive to have a guarantee, it was not ideal because it adds undue risk for the nonprofit and also does not allow the person being housed to establish a direct lease relationship with the landlord, which they find important.
- Services needed include housing specialists, intake, housing navigation and bridge psychiatric services that can provide a quick diagnosis and access to medications on an outpatient basis in close coordination with the local Mental Health Authority. HFH specifically noted that funds for these needs would not be fully addressed through the ERA2 Housing Stability Services funds, of which there is approximately \$84 million being released for competition through TDHCA in the fall of 2021. They thought some of the HOME-ARP funds should be used for this purpose also to address the long term effects of the pandemic.
- Uses of the Funds: As noted in the bullets above, HFH felt for them the best use of funds

would be for TBRA and supportive services with long contract terms, such as at least a 3 year contract for TBRA to serve as a bridge to households accessing a permanent voucher.

- Populations/Preferences: HFH felt that high priority groups included older persons currently homeless or at risk of homeless, often with disabilities, who don't qualify for CE and those awaiting vouchers or benefits. Shelters are not the most appropriate place for these persons. They have about 30 people who need a nursing home in terms of the level of care required but don't qualify for Medicaid. They also felt that families are the biggest unmet need because many are newly homeless or doubled up so don't rank as high need on CE.
- Use of Coordinated Entry (CE): HFH did not support being restricted to only allowing CE and feels it is very important for these housing funds to be able to assist those not in CE, or not ranking highly in CE.

Consultation with Continuums of Care (CoCs) and Domestic Violence (DV) Providers

Representatives from the San Antonio/Bexar County CoC; Dallas City and County, Irving CoC; Fort Worth, Arlington/Tarrant County CoC; the El Paso City and County CoC; the Houston, Pasadena, Conroe/Harris, Fort Bend, Montgomery Counties CoC; the Balance of State CoC represented by the Texas Homeless Network (THN); and the Texas Council on Family Violence were in attendance.

- Significant focus has been on rapid rehousing and bridging folks to permanent housing (Houston, El Paso, Dallas) and some noted an interest in more rental assistance to support these efforts (Houston), or to support gaps in services (Houston, El Paso). Houston discussed going from homelessness to housed and not needing to use shelter facilities.
- However, other CoCs felt they had sufficient funds for the vouchers/rental assistance and services, and felt the highest need was in actual production of units (PSH) as there are challenges in finding units for voucher holders (Tarrant, Dallas, San Antonio). Some noted interest in allowing small acquisition/rehabilitation developments that they thought could be brought online more quickly and others were specific that the PSH should include units for large families and deeply affordable units (below 30%). There was discussion of use of HOME-ARP to bring units up to Uniform Physical Condition Standards.
- There was support for funds to support capacity building for homeless services providers, especially in rural areas of the state.
- Several CoCs felt that a priority/scoring preference should include that the applicant is connected to housing authority resources and other subsidies (Houston, Dallas) although the BoS noted that this would be more challenging since they have less access to other funds. There was also discussions in how to use HOME-ARP to address racial disparities.
- Commenters felt there needed to be ways to incentivize the developers to give second chances for poor rental and credit/criminal history and these funds should not allow anything more restrictive than the local housing authority. Others felt the housing

authority's barriers were too high.

- There was possible interest in NCS if it could be 'flexed' for use as PSH and interest in NCS for the domestic violence (DV) population.
- They wanted to be able to consider those At-Risk as a broader definition than that provided by HUD, also noting that often DV cases do not classify as At-Risk but need housing to leave their abuser.
- There was fairly unanimous support that having at least coordinated with the CoC should be an application requirement.

Uses of the Funds: Because the needs of the CoCs varied there was interest in keeping the funds flexible. The most common request for the uses of HOME-ARP was development of supportive housing and NCS. There was greatest interest in NCS and development of units from the Balance of State (BoS) CoC. There were also requests to use the funds for TBRA and services and capacity building, though requests for these activities were not as common as for capital funds.

- Populations/Preferences: There was support for allowing subrecipients to establish preferences, but not limiting the funds at the state policy level to only certain populations. Preferences suggested included: persons experiencing literal homelessness, persons with disabilities, persons fleeing Domestic Violence, unsheltered homeless, and those with a history of homelessness.
- Use of Coordinated Entry (CE): CoCs from larger areas preferred CE be used and felt it ensured there is coordination and alignment. Alternatively for DV and the BoS they did not want to see the program limited to only CE.

Consultation with Developers of Permanent Supportive Rental Housing

Foundation Communities and New Hope Housing are two of the primary PSH developers in the state. The summary below also include comments received in writing from a PSH consultant, True Casa Consulting, who could not attend the session.

- Providers felt that the 70% of rental units that are required to serve qualified households would have to be underwritten as zero income so felt the biggest challenges related to operating. While they realized and appreciated that HOME-ARP allows for capitalized operating expenses they felt it would need to be for the whole affordability period. Additionally, they voiced concern for the residents of those units at the end of the 15-year HUD affordability period; as soon as the HUD operating subsidy and LURA restriction ends, for the properties to support operations on the units they would have to increase the rents on those households from 30% of their income to either market rate or the rent level of any other affordability term (likely housing tax credits).
- Two of the commenters also noted that their models of housing did not generally support having market rate units at the property to subsidize the other units (due to lack of interest by market rate tenants).
- Commenters raised concern and felt strongly that to do such transactions requires significant experience not just with supportive housing development, but also in serving the specific populations, and they felt there should be a standard or requirement relating to experience.

- Regarding leasing criteria they noted that their fair housing counsel advises that they not have different leasing criteria for some units, so whatever criteria they would have for HOME-ARP would need to be the same as all the units and therefore acceptable to the other funders as well. They did not want to see the state dictate what the leasing criteria should be. One commenter did suggest that barriers for criminal history should be reduced.
- Regarding sizes of the developments, commenters felt that smaller size properties for PSH are not able to achieve sufficient economies of scale with the ideal size being 120-150 units. They note that because of local processes, smaller deals do not necessarily get done any faster, and that a small deal would almost certainly need a more robust subsidy.
- While not specifying that funds should be used for services, one commenter did note that gaps in services include behavioral health, transportation, health and dental, peer support, case management and housing subsidies.
- It was noted that clients should not have burdensome documentation requirements.
- Uses of the Funds: Commenters supported use of the funds for rental housing development. They provided input that the program would need to have no debt requirements. They supported the possibility of the funds being grants, or allowing the funds to be passed through to a sponsor entity to limit the tax event for the property. The one activity they proposed other than rental and capitalized operating, was to possibly allow for capitalized services as they will have to guarantee to the investor sufficient funds for service provision (capitalized service reserves).
- Populations/Preferences: Because these types of developments often have to layer financing from different funders, each with their own priorities and preferences, they felt it would be important for the funds to not limit preferences at the state level, but allows preferences at the property level. Preferences contemplated for the plan would include older adults with one or more ADL needs, adults with disabilities, chronically homeless, unstably housed and at-risk of homelessness and low income (at 200% or below federal poverty level).
- Use of Coordinated Entry (CE): They would find a preference for CE acceptable, or having it as an option, but not as a requirement as they want to see a range of tenants gaining access to their properties, not only chronically homeless.

Consultation with Public Housing Authorities

Outreach for this consultation was targeted to public housing authorities; more than 62 registered to attend the virtual session, and 34 actually logged on to the session. The summary below includes several comments received in writing from PHAs who could not attend the session.

- Across the PHAs on the call, there was support for capital development for more rental units in good condition. There was support for these funds to be used to ‘buy down’ 60% HTC units to 30% units or to add soft financing, as well as off-site costs. There was interest in layering with RAD conversions, allowing sponsorship structures, and for giving an award preference for those rehabilitating large properties to make them deeply

affordable. Others asked if there could be point preferences for larger developments, and if HOME-ARP could be used for infrastructure to the development. For rental development there was interest in making sure that PHAs could use these funds in conjunction with issuing 'Faircloth' vouchers on a private development or other public housing and that it was important to make funds available for rural areas.

- There was support voiced for the funds to be used as rental assistance like HOME TBRA and TDHCA's COVID TBRA Program, for services such as security deposit assistances, furnishings and appliances, youth employment programs, job searches, assistance accessing benefits, financial literacy, parenting skills and scholarships for trade schools.
- There was not support for adding any state-required leasing criteria, or making them more lenient, but rather that it be flexible so it could be layered with other funding sources. One commenter suggested allowing alternate means for lowering barriers such as the tenant attending rehab classes, or being flexible on references.
- Uses of the Funds: As noted above the primary interest was for rental development, as well as more limited support for TBRA and services.
- Populations/Preferences: Support no preferences, or if any, persons experiencing homelessness and Domestic Violence households. There was interest in prioritizing any households below 80% AMI since those are often quick to become unstable.
- Use of Coordinated Entry (CE): There was not support for CE to be a requirement; in some areas CE is not readily available, and such a requirement would harm properties and those in need.

Consultation with Texas Interagency Council for the Homeless (TICH)

The TICH is a statutorily created council supported by TDHCA with public and private membership. The TICH meets quarterly and at its quarterly meeting in October 2021, a presentation was made on the HOME-ARP funds, and the opportunity for input was extended. While questions were asked, no specific comments were received in regards to planning of the funds.

Consultation with Fair Housing and Disability Advocates

Outreach for this consultation was targeted to fair housing and disability providers and advocates. More than 185 registered to attend the virtual session, and 91 actually logged on to the session. The summary below includes several comments received in writing from disability or fair housing advocates who could not attend the session or followed up with more information in writing.

- Most of the attendees that spoke indicated a significant need for more permanent supportive rental housing, most speaking of the need specifically for those with those with Intellectual or Development Disabilities (IDD) and Mental Health disorders (MH) to be stably housed in the community. Attendees emphasized the importance of services. There was support that such housing needs to be in high opportunity areas so that it was close to transportation, jobs, stores, services, and medical supports. Several commenters mentioned the needs of adult children with IDD/MH who the parents are no longer able to care for them. It was noted that any funds used for PSH should have

robust targets for accessibility and visitability and a higher percentage of units built as fully accessible for physical disabilities than is required in the Housing Tax Credit (HTC) program. Commenters noted that housing should be for low income housing (not workforce housing). They noted that it was important that capitalized operating subsidies be provided. There was also interest that the funds be able to be used for recovery housing.

- Alternatively, one commenter noted that because the need is pressing and urgent now, that some of the funds should go to 'right now' solutions such as rental assistance for persons with disabilities.
- Several comments also supported use of the funds for NCS and a focus on best practices that would allow NCS to transition to other uses.
- One comment supported use for TBRA and several supported use for services specifically service coordinators, resident coordinators, and landlord incentives.
- One commenter felt the funds should allow shared housing (roommate arrangements) and noted successes with that model in Connecticut; there was discussion around risk, leases, and the fact that currently this has not been used in affordable housing or with voucher holders.
- This group voiced frustration at landlord's unwillingness to accept voucher holders, the challenges in landlords not accepting those with criminal/credit history, and unreasonable minimum income requirements. One commenter felt the funds should be used for providing the payments needed to meet minimum income requirements.
- They suggested that the NOFA have an award preference for those with lowest barrier policies for those with justice involvement.
- Uses of the Funds: Most support for PSH and limited support for NCS, TBRA, and services.
- Populations/Preferences: There was interest for the provider to be able to identify preferences, but that the state should not do so which would limit flexibility. Wide support among the group for preferences for those with dual diagnoses (Mental Health Disorder (MH) and Intellectual/Developmental Disabilities (IDD)) and for seniors with disabilities, as they are seeing increases in IDD and MH folks that senior centers and Medicaid are not able to assist. Also interest in young adults aging out of foster care and veterans. There was also interest in allowing properties to grant a preference on their fully accessible units for those with a physical disability, in having a preference for those getting discharged for rehabilitation centers, psychiatric hospitals or released from incarceration to prevent them from exiting into homelessness. It was requested that these funds should definitely be allowed for seniors, particularly since 811 Program does not allow older than age 62.
- Use of Coordinated Entry (CE): There was some support of using CE but not as a mandatory requirement. Several speakers gave examples of where CE is not effective and would greatly limit the ability to assist including those in state hospitals for more than 90 days are no longer considered homeless upon exit under CE, many who need housing who don't get ranked highly enough in CE. Alternatively one commenter did think CE should be required and that CE assessments address racial inequities.

Consultation with Veterans Services Providers

(Outreach for this consultation was targeted to the Texas Veterans Commission and veteran's services providers; 21 persons registered to attend the virtual session, and 12 actually logged on to the session.)

- This session focused significantly on answering questions including eligible uses of the funds, allowable service activities, and length of assistance. One commenter was interested in uses of the funds that were not eligible.
- It was noted that the funds should not require veterans to have a DD 214 or require that the veteran must be honorably discharged. There was discussion of different military discharge statuses. There was interest in assisting vets re-entering the community from incarceration.
- It was suggested that priority in awards be given to those willing to take those perceived as higher risk tenants.
- Uses of the Funds: Interest in capital investment for rental and NCS and in making sure funds are available rurally.
- Populations/Preferences: Veterans.
- Use of Coordinated Entry (CE): They wanted to be sure funds are not limited to those in CE as many in need will get overlooked.

Consultation with Homelessness Service Providers

Outreach for this consultation was targeted to providers of homeless services; more than 158 registered to attend the virtual session, and 117 actually logged on to the session. The summary below includes several comments received in writing from providers who could not attend the session or who followed up with more detail after the session.

- There was strong interest to use funds for one time capital investments for PSH and NCS. There was input that NCS is especially helpful for families, those fleeing domestic violence and those with MH or Post Traumatic Stress Disorder (PTSD) where congregate care can be detrimental to treatment. Most speakers felt there are sufficient resources for rental assistance, and there are those in need with vouchers in hand who can't find units; there is particularly need for the deepest income units. There was emphasis that the rental housing needed to come with operating reserves and allow for sponsorship structures. Commenters encouraged the construction funds be flexible so recipients can try to fund smaller properties or respond flexibly to families in crisis. Several attendees emphasized the importance of funds being made available for rural areas and that they not have to compete against urban areas.
- Several commenters noted that it would be important to not just fund capital investment, but to focus on long term supports including operations, homelessness prevention, case management, employment services, and landlord incentives (with thoughtful consideration relating to fair housing issues).
- One commenter supported sober living beds/transitional beds and some Single Room Occupancy (SRO) design.
- Because of the urgent need now, there was also interest from several providers for TBRA since other rental funds are starting to end. They also note that accessing rental

assistance should not first require having an eviction status which is what is often required from other funding sources.

- One commenter supported the funds for nonprofit development and black-led organizations.
- One commenter suggested that awarding of projects should be prioritized for long term (20-30 year) shelter assistance.
- Uses of the Funds: While varied, there was strong support for PSH and NCS, with less significant support for TBRA, services, and nonprofit operations and capacity building.
- Populations/Preferences: Chronically homeless, disabled, and homeless youth (18-24 years old).
- Use of Coordinated Entry (CE): Most attendees felt strongly that CE should not be a requirement. However two commenters did think CE should be required. Because CE prioritizes persons with the highest scores, those with the greatest needs are getting assisted, but many who could be rapidly assisted are not captured in CE and have lower scores, including those activity working with case workers and in school.

II. PUBLIC PARTICIPATION PROCESS AND INPUT

*PJs must provide for and encourage citizen participation in the development of the HOME-ARP allocation plan. Before submission of the plan, PJs must provide residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of **no less than 15 calendar days**. The PJ must follow its adopted requirements for “reasonable notice and an opportunity to comment” for plan amendments in its current citizen participation plan. In addition, PJs must hold **at least one public hearing** during the development of the HOME-ARP allocation plan and prior to submission.*

For the purposes of HOME-ARP, PJs are required to make the following information available to the public:

- *The amount of HOME-ARP the PJ will receive,*
- *The range of activities the PJ may undertake.*

Describe the public participation process, including information about and the dates of the public comment period and public hearing(s) held during the development of the plan:

Upon approval of a draft Plan by the TDHCA Board, the draft plan was released for a 17 day public comment period from January 14, 2022 to January 31, 2022. TDHCA adhered to its citizen participation plan. Two hearings were held during the comment period.

Virtual Hearing

Friday, January 21, 2022 at 10:00 a.m. Austin Local Time. There were 51 individuals registered to attend, and 38 attendees. Seven persons commented.

In-Person Hearing

Thursday, January 27, 2022 at 2:00 pm in Austin, Texas. There were no in-person attendees.

After the Plan was presented to the Board for approval to submit to HUD on March 10, 2022, staff determined that several additional revisions were needed, based in part on further guidance from HUD. While not vastly different from the version approved by the Board initially, the Plan was returned to the Board on April 14, 2022 for its approval. Notice of the Plan being re-presented to the Board was made prior to the meeting, and the public was given the opportunity to again comment on the Plan at the meeting of Board.

For the HOME-ARP Allocation Plan First Amendment, the Draft Amended Allocation Plan showing the amended text was approved at the April 13, 2023 Board meeting to release for public comment. The public comment period was April 17, 2023 to May 2, 2023. The draft amendment was posted on TDHCA's website for viewing. Notification of the public comment period was sent via email list and published in the April 28, 2023 edition of the *Texas Register*.

[For the HOME-ARP Allocation Plan Second Amendment, the Draft Amended Allocation Plan showing the amended text is expected to be presented at the October 2024 Board meeting to be release for public comment. The public comment period will be October 14, 2024 to October 28, 2024. The draft amendment will be posted on TDHCA's website for viewing. Notification of the public comment period will be sent via email list and published in the *Texas Register*.](#)

Describe any efforts to broaden public participation:

TDHCA held both an in-person hearing in Austin and a virtual hearing to accept comment. Notice of the hearings was published in the Texas Register and sent via TDHCA's subscription email lists to the homeless-focused topics and the multifamily topics, which reached approximately 9,700 subscribers. The notice included how individuals could request a language interpreter, auxiliary aids or services for the hearings. The information on how to request an interpreter was also included in Spanish. Comments were also accepted via mail or email. Finally, the plan was posted online for ease of access during the public comment period.

A PJ must consider any comments or views of residents received in writing, or orally at a public hearing, when preparing the HOME-ARP allocation plan.

Summarize the comments and recommendations received through the public participation process:

Fifteen persons commented on the HOME-ARP draft plan. The comments and staff changes

to the plan have been summarized below, along with staff responses.

For the HOME-ARP Allocation Plan First Amendment, no comments were received.

[For the HOME-ARP Allocation Plan Second Amendment, any responses to comments will be published in the submitted version of the plan.](#)

1. Comment: Clarify if HOME-ARP can be used with National Housing Trust Fund (NHTF) in the same development

Summary: Jennifer Hicks (*TrueCasa Consulting, Austin*) requested clarification on whether NHTF can be layered on the same development.

Staff response: While NHTF was not named specifically in the draft HOME-ARP Plan, NHTF was included in the umbrella category of “other federal funds” able to be layered with HOME-ARP. However, this question prompted several critical discussions among HOME-ARP and Multifamily staff. There may be developments previously awarded NHTF that face increased costs, putting the developments in jeopardy of not being able to be completed. If not completed, the Department may lose access to these NHTF funds. Prioritizing the use of the HOME-ARP funds to these developments allows the NHTF funds to remain in Texas, and also will expedite early delivery of some of the HOME-ARP units more quickly than will be the case for new applications. Therefore, staff revised the Plan to designate that up to \$10 million of HOME-ARP funds may be directly awarded, without competition, to certain NHTF active applications or awardees. These developments will be required to submit an abbreviated application upon approval of the Plan from HUD, but will not be required to compete for funds under the HOME-ARP Rental Development Notice of Funding Availability (NOFA). Specifically, the following provisions are now included in the HOME-ARP Plan:

“Applications for HOME-ARP that are for developments with an active application for, or that were awarded, NHTF from the Department may be submitted directly and awarded non-competitively if the applicant:

- applied for NHTF in 2020 or 2021 and the application was not terminated by staff or voluntarily withdrawn by the applicant;
- can demonstrate cost increases that necessitate the need for additional investment;
- has not started construction or has previously received a 24 CFR Part 58 review if construction has started;
- the deferred developer fee does not decrease and developer fee does not increase; and
- returns HOME-ARP application materials to the Department within the timeframe provided by the Department and before the application due date of NOFAs for HOME-ARP rental housing.

Up to \$10 million in HOME-ARP funds will be available for NHTF awardees that meet the criteria in this section. If the Department receives less than \$10 million in

applications by the time of the rental development NOFA application due date, the remaining funding will be used to increase the amount available for rental development awards. If the applications received for this limited pool exceed the total available, the applications will be processed based on their submission date. In the event that more than \$10 million is requested per application received on the same date, the Development with the lowest HOME-ARP capital cost per unit will be awarded.

In addition, applications layered with NHTF will also be accepted during the application cycle for HOME-ARP rental development. However, there may be programmatic limitations on having HOME-ARP and NHTF in the same unit.”

2. Comments: Support and clarification of TDHCA HOME-ARP availability in Participating Jurisdictions

Summary: Two comments were received regarding the ability to use HOME-ARP in Participating Jurisdictions (e.g., areas of Texas that receive HOME-ARP funds directly from HUD).

One comment was from James Wooldridge (*Habitat for Humanity, Fort Hood*) who asked for clarification on availability within Participating Jurisdictions. The second comment was from Judy Telge (*Coastal Bend Center for Independent Living, Corpus Christi*) who encouraged use of HOME-ARP in Participating Jurisdictions.

Staff response: The HOME-ARP draft Plan stated that funds will be made available statewide. Staff has added a clarification that applicants must demonstrate the unmet need among qualifying populations for the type of housing proposed in their geographical area through a market assessment or other source of data for greater conformance to HUD’s requirements. The Department will conduct outreach to encourage applications from both urban and rural areas to be submitted. Distribution may be affected by State laws or limitations, such as Tex. Gov’t Code §2306.111(c), if at such time existing state waivers expire.

3. Comment: Increase the maximum amount of HOME-ARP rental development awards to \$15 million

Summary: Sabrina Butler (*Foundation Communities, Austin*) asked to increase the maximum amount of assistance for rental housing development from \$10 million to \$15 million. She stated a larger cap of \$15 million would be needed to be able to scale the rental housing program, which also can include operating subsidies.

Staff response: Staff agrees with the comment, and has increased the maximum award amount for rental housing from \$10 million to \$15 million, although this amount may be further limited in the NOFA.

In addition, staff has increased the maximum award amount for the NCS activity to the maximum amount released in the NOFA. This will encourage applicants to request their actual need; large-scale shelter innovations may allow for more impactful changes in access to shelter.

4. Comment: Apply the per project maximum request to the capital request only for rental development

Summary: Sabrina Butler (*Foundation Communities, Austin*) suggested applying the per project maximum request to the capital request, not including any additional operating reserve request.

Staff response: The Plan had not been specific on whether the per application cap did or did not include the operating reserves. Clarification was needed, however the clarification made to the Plan was not what was requested, but rather that the maximum per project award includes operating reserves. HUD CPD Notice 21-10 allows for capitalized operating costs to be used in conjunction with acquisition, rehabilitation, or construction of affordable rental housing. Operating costs are not a separate activity and, as such, will be included in the entire application amount. Further, with the limited funds available, the Department wants to stretch the dollars to assist more developments if possible.

5. Comment: Allow HOME-ARP capital dollars to be loaned through a deferred forgivable loan at 0% interest

Summary: Sabrina Butler (*Foundation Communities, Austin*) requested that HOME-ARP loans be structured as a deferred, forgivable loan at 0% interest, as the HOME-ARP units will not be able to support debt service.

Staff response: Staff anticipates offering a range of loan types in the NOFAs with different options that developments can choose from to suit their financial structure. One of those loan products will be a deferred forgivable loan at 0% interest. Clarification on the types of loans available is included in the Plan, and the specifics on the loan terms will depend on the financial structure of the application and contract terms described in further program guidance.

6. Comment: Allow HOME-ARP units to float

Summary: Sabrina Butler (*Foundation Communities, Austin*) requested that HOME-ARP units be allowed to float, unless otherwise restricted by additional funding sources on the development.

Staff response: Generally, TDHCA supports floating units unless prohibited by other federal sources. However, because a unit's nature as being fixed or floating affects the underwriting of the development, the NOFA will outline whether units must be fixed

or floating.

7. Comments: HOME-ARP rental housing should assist special needs populations

Summary: Four commenters included their perspective on serving persons experiencing homelessness, and listed specific populations that would benefit from HOME-ARP rental housing.

Dr. Flora Brewer (*Paulos Foundation, PF Residential and Paulos Properties, Fort Worth*) and R. Steve Christian (*New Leaf Community Services, Fort Worth*) commented that funds should be programmed into creating housing especially for persons with long periods of homelessness, disabilities, chronic illness, behavioral health disorders, and those who are elderly.

Deirdre P. Browne (*MHMR Tarrant County Behavioral Health Services*) commented that HOME-ARP's rental housing should serve persons with long histories of homelessness, disabilities, chronic illness, and behavioral health disorders.

Judy Telge (*Coastal Bend Center for Independent Living, Corpus Christi*) commented that HOME-ARP should not be restricted to persons with disabilities who have senior status. She stated that there is need for affordable housing for younger individuals with disabilities.

Staff response: The populations listed by the commenters are within or could be a subset within populations listed already in the HOME-ARP Plan under preferences for rental housing. It should also be noted that the draft Plan included "Persons with Disabilities" with no mention of age as a possible limiting factor. While the persons listed by commenters above were not added separately to the HOME-ARP Plan, the Plan has been revised to further describe the needs and gaps of the qualified populations, and adds three additional possible preference populations: persons who are experiencing homelessness, persons who were formerly homeless and temporarily housed, and persons prioritized through Coordinated Entry for non-congregate shelter and rental housing.

Furthermore, the wording and types of the preferences between the NCS and Rental Housing activities were made more uniform and revised in response to HUD's guidance. While several edits were made, most preferences remained, but using different wording to conform to terms used by HUD. For example, "Persons Fleeing Domestic Violence" was removed because it is included in the "Persons with Violence Against Woman Act (VAWA) Protections and Human Trafficking" preference. Likewise, "Youth Aging out of the Foster Care System" was removed because this population is included in the "Persons Exiting Institutions or Systems of Care/Reentry" preference. The Plan also clarified that Veterans and Families with Children preferences could be established if these populations were also experiencing homelessness or at-risk of homelessness. The only preference population deleted was Public Housing Residents, which was deleted due to a statutory prohibition between the two funding sources in this regard.

In addition, staff added clarification regarding the use of the Coordinated Entry system. If a property is intending to use only Coordinated Entry and not a project-specific waitlist, the Coordinated Entry system must meet the requirements in HUD CPD notice 21-10, which requires sufficient referrals to the project and that all qualifying populations have an opportunity to participate within the project's geographic region. This may mean the addition of certain qualifying populations and ensuring the Coordinated Entry includes the primary market area of the rental development, as defined in 11.303(d)(8). Coordinated Entry may also be used with other referral methods, if the Owner establishes prioritization criteria between the Coordinated Entry and other referral methods and maintain any waitlists in chronological order. If the requirements of 21-10 are not met, then a project-specific waitlist must also be used by the development. The project-specific waitlist must take persons in chronological order, with priority given to those with preferences stated in the written agreement between the developer and the Department. In addition, if up to 30% of the HOME-ARP units are reserved for low-income household who are not qualifying populations, a project-specific waitlist must be used for these units.

8. Plan clarification: Unused non-profit capacity building and non-profit operating cost assistance will be offered as non-congregate shelter or rental housing development activity funds, and the application process for the non-profit capacity building and operating funds may be independent of the other activities.

Clarification: The Plan was updated to provide a clarification on the flow of funds under the non-profit capacity building and operating cost assistance line items. While the NP Operating and NP Capacity Building are shown as one line item in the table for the purpose of receiving requests for either category, the Department will commit these activities to each project separately in IDIS as needed. The NP Operating and NP Capacity Building Assistance applications may be included as part of the NOFAs for NCS and Rental Housing development, or as separate NOFAs released in advance to assist nonprofits to strengthen capacity and planning prior to applying under the NCS or Rental Housing NOFAs. If awards for NP Operating and NP Capacity Building for NCS or Rental Housing do not fully utilize those funds, those unused funds may be shifted into NCS or Rental Housing for those activities.

In addition, because staff is establishing the application process of the non-profit capacity building and operating funds to be more independent of the NCS or Rental Housing activities, a minimum and maximum amount was established. An award may be offered for the greater of up to 50% of an organization's operating budget or \$50,000, or as further described in the NOFA.

Summarize any comments or recommendations not accepted and state the reasons why:

9. Comments: Varied comments relating to the proportional amount of funds being allocated for rental housing and non-congregate shelter.

Summary: There was one comment to support the current allocation in the draft plan, and eleven comments to move funds from non-congregate shelter to rental housing development. G. Roderick Henry (*Temple Chamber of Commerce*) wrote in support of the current allocation proposed in the draft, with the evenly allocated program funds of approximately \$56 million in both non-congregate shelter and rental housing development. He describes possible risks in congregate shelters and the possible struggle to maintain employment while at a congregate shelter. He makes a connection between shelters as a steppingstone toward permanent affordable housing. A letter of support with a similar comment was also submitted by State Representative Brad Buckley, Texas House District 54, outside of the official public comment period.

Alternatively, there were eleven comments to move funds from non-congregate shelter to rental housing development. The comments varied in the amounts to move from one category to the other.

There were five comments that supported moving an unspecified amount of funding from non-congregate shelter to rental housing development. These comments were from (1) Lauren King, (*Tarrant County Homeless Coalition*); (2) Sabrina Butler (*Foundation Communities, Austin*); (3) Jyme Gordy (*Presbyterian Night Shelter, Fort Worth*); (4) Toby Owen (*Presbyterian Night Shelter, Fort Worth*); and (5) Madeline Reedy (*CitySquare, Dallas*).

There were three comments that supported moving a moderate amount of funds from non-congregate shelter to rental housing development. Comments were received from (1) Ken Cates (*Habitat for Humanity, Fort Hood*), (2) Tara Perez (*City of Fort Worth*), and (3) Debbi Rabalais (*Presbyterian Night Shelter, Fort Worth*). Ken Cates commented that rental housing development should be budgeted at approximately \$60 million and non-congregate shelter would be approximately \$52 million. He stated that there is an opportunity for partners to combine non-congregate shelter and affordable housing options. Tara Perez and Debbi Rabalais both requested that approximately \$87 million be programmed into rental housing development and \$25 million be programmed into non-congregate shelter. Tara Perez gave an example of a hotel conversion to Permanent Supportive Housing (PSH) in Fort Worth that no longer needs to be supported by emergency shelter operating funds. The project created a reduction in homelessness metrics for the City of Fort Worth. Both Debbi Rabalais and Toby Owen of the Presbyterian Night Shelter also included the example of the hotel conversion in Fort Worth, commenting that the Presbyterian Night Shelter provides supportive services for persons in the newly-converted development. They encouraged a similar program in other HOME-ARP rental developments.

There were three comments that supported moving approximately \$56 million from the non-congregate shelter funds to rental housing development. This change would result in the non-congregate shelter activity budget being essentially zero. These comments were from: (1) Dr. Flora Brewer (*Paulos Foundation, PF Residential and Paulos Properties, Fort Worth*); (2) R.

Steve Christian (*New Leaf Community Services, Fort Worth*); (3) Deirdre P. Browne (*MHMR Tarrant County Behavioral Health Services*). Dr. Flora Brewer and R. Steve Christian both told of their experience working to end homelessness, and were convinced that funding should be invested in housing. Deirdre P. Browne noted that rental housing and specialized wrap-around services are key to eliminating homelessness and returns to homelessness.

Staff response: While staff agrees that more permanent housing is necessary to alleviate homelessness, emergency shelter is also necessary in certain situations. The draft HOME-ARP Plan has a provision that if applications received in either non-congregate shelter or rental housing do not fully use the allocation, the funds may be shifted between the two categories. Considering this provision, staff recommends retaining the allocation levels between rental housing and non-congregate shelter as proposed in the draft. Therefore, no changes were made to the Plan as a result of the comment.

Staff agrees that successful rental housing developments may include partnerships between developers and non-profits that provide services. Staff also anticipates that there will be partnerships between non-congregate shelter providers and rental housing developments as well.

10. Comment: HOME-ARP should be used for tenant-based rental assistance and supportive services

Summary: Judy Telge (*Coastal Bend Center for Independent Living, Corpus Christi*) supported the draft Plan's programming of funds into non-congregate shelter and rental housing development, and also requested for funding to be programmed into tenant based rental assistance (TBRA) and supportive services such as case management. She advocate for TBRA and supportive services to bridge gaps until the shelters or developments are constructed.

Staff response: While staff recognizes a range of support and housing options are needed, the overwhelming support for HOME-ARP through the consultations and public comments have been for non-congregate shelter and rental housing development. In addition, TDHCA offers other program sources for rental assistance and supportive services. The draft Plan also has a provision that if sufficient applications are not received for non-congregate shelter or rental housing, funds may be reprogrammed into supportive services or TBRA. No changes were made to the Plan as a result of this comment.

11. Comments: Allow HOME-ARP to be used with project-based vouchers, tenant-based vouchers, and other types of rental subsidies.

Summary: Jennifer Hicks (*TrueCasa Consulting, Austin*) asked for clarification regarding use of HOME-ARP with project-based vouchers or tenant based vouchers and gave several examples (found in Attachment C). She also asked for clarification of the rental amount for a qualified population with a tenant-based voucher.

Staff response: Both project-based vouchers and tenant-based rental assistance may be allowed in HOME-ARP projects, dependent on the overall financial structure and funding sources. A tenant who is in a qualified population would pay 30% of his/her income for rent; if that project also had a project-based subsidy or the tenant had a tenant-based rental subsidy, the payment for the tenant would still be 30% of his/her income, but the development could charge the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program). However, TDHCA will only underwrite to the project-based subsidy because that is the only subsidy that stays with the project. Other types of rental subsidies may potentially be allowed, depending on the source of funds and requirement. In addition, the use of project-based vouchers or rental subsidies may affect access to capitalized operating costs, underwriting (if known at the time of application), layering with HOME annual or NHTF, whether units are fixed versus floating, and mandatory services. Further program guidance on layering with types of rental assistance will be provided. No changes to the Plan were made as a result of this comment.

12. Comment: Allow HOME-ARP to have a tax exemption

Summary: Jennifer Hicks (*TrueCasa Consulting, Austin*) asked to pair HOME-ARP with 100% tax exemption for developments that are focused on the hardest to serve populations (she gave an example of persons experiencing chronic homelessness).

Staff response: HOME-ARP does not have the authority to grant tax exemptions, nor does the Department want to limit applicants to only those that can attain such an exemption. Developers should pursue these exemptions from the appraisal district in which the property is located as needed. No changes to the Plan were made as a result of this comment.

13. Comments: Further guidance or clarification is needed on how to assist the qualified populations in units with operating cost assistance after the federal affordability period and operating cost assistance ends

Summary: Two commenters requested further guidance on how the development/owner would assist the qualified populations when the federal affordability period ends and the operating cost assistance ends. The qualified populations will be paying 30% of their income toward rent in units that may be supported by capitalized operating costs. Capitalized operating costs are sized to last until the end of the federal affordability period, which is 15 years. The state affordability period is a minimum of 30 years.

Sabrina Butler (*Foundation Communities, Austin*) suggested the use of HOME-ARP capitalized operating assistance to fund a reserve for after the federal affordability period ends at year 15, so that qualified populations could experience gradual rent increases up to post-HOME-ARP affordability standards. She also suggested finding an alternative funding source to pay for a portion of the higher rents until the qualified populations could pay the full rents under

the state affordability period.

Jennifer Hicks (*TrueCasa Consulting, Austin*) asked for clarification if the owner would need to seek out other sources to cover the operating costs if the tenant is not able to pay more than 30% of his/her income for rent after year 15.

Staff response: HOME-ARP affordability period for rental development is 15 years. At the end of that period the tenants will be required to pay rents at the rent level established in the LURA for years 16 to the end of the state affordability period, because Tex. Gov't. Code 2306.185(a)(c) requires that most properties have affordability for at least 30 years. Accordingly, most properties will have to show viability through underwriting for the full state affordability period of at least 30 years at the time of application for HOME-ARP funding. The financial feasibility of HOME-ARP will likely require use of many different models and types of assistance, especially after the federal affordability period ends. In addition, the HUD notice 21-10 does not list rental assistance nor creation of a reserve for rental assistance as eligible costs for operating assistance. The operating assistance reserve is sized for costs throughout the 15-year federal affordability period. Using the capitalized operating costs to fund a reserve beyond the federal affordability period would not be in line with the size of the reserve (with the possible exception of payments into the replacement reserve for major systems, which is specifically listed in the HUD Notice 21-10 as eligible). The State must use the definition of operating costs in the HUD CPD Notice when calculating the size of the assistance. No changes were made to the Plan as a result of these comments.

14. Comments: Maintain full HUD-allowed flexibility for the capitalized operating assistance

Summary: Sabrina Butler (*Foundation Communities, Austin*) had several comments regarding the flexibility of the capitalized operating assistance.

One comment was to allow underwriting to determine the maximum per-project cap of the capitalized operating assistance, instead of creating a per-project maximum.

A second comment was to allow the operating cost assistance to fund the prorated share of HOME-ARP units' contribution to the capital replacement reserve.

Staff response: HUD notice 21-10 has no proposed maximum project capitalized operating cost. In addition, the HUD notices states that the operating cost assistance may fund the replacement reserve. However, HOME-ARP funds cannot be used to both capitalize a reserve for replacement and provide payments to the reserve for replacement from a capitalized operating reserve. The draft Plan does not create limits on the capitalized operating reserve beyond the regulations in HUD notice 21-10, other than the total limit for a development which includes both the development and operating reserves jointly. No changes to the Plan were made as a result of these comments.

15. Comment: Allow the capitalized operating fund to be drawn based on projected deficits yearly

Summary: Sabrina Butler (*Foundation Communities, Austin*) requested to draw on the operating reserve in advance of each calendar year based on projected deficits. She suggested establishing a process to allow for funds overdrawn or underdrawn to be reconciled at the end of the year, with an option to reconcile earlier if actual rents of the year are lower than projected and impact the development's short-term liquidity. This will help ensure sufficient cash on hand to cover monthly expenses throughout the year.

Staff response: HUD CPD Notice 21-10 requires TDHCA to review each requested distribution from the operating reserve, including supporting documentation. In addition, TDHCA must review the size of the operating reserve account annually to determine the account is appropriately sized. More details on the draw frequency and the process for periodic review of the reserve and its deficits will be issued with additional program guidance. No changes to the Plan were made as a result of this comment.

16. Comment: Allow the capitalized operating fund to cover a reasonable vacancy rate

Summary: Sabrina Butler (*Foundation Communities, Austin*) requested that operating reserves cover the fixed operating costs incurred even during HOME-ARP unit vacancy periods during initial lease-up and at unit turnover. She requested TDHCA apply a reasonable vacancy rate in sizing the reserve considering the market, the potential for lengthier unit re-leasing timelines depending on the target population, and source of applicant referrals.

Staff response: HUD-Notice 21-10 states that operating cost assistance is for HOME-ARP-assisted units restricted for occupancy by qualifying populations, which would account for up to 70% of the HOME-ARP units. The HUD notice does not specify whether the qualified population units need to be currently occupied in order to receive the operating cost assistance. In addition, HOME-ARP offers an optional initial operating reserve (not to exceed 12 months) for the low-income households, which would account for up to 30% of the HOME-ARP units in the development. The Department is seeking clarification from HUD on whether the capitalized operating costs can be used for vacant units either during lease-up for the first 12 months or when temporarily vacant. It should be noted that a vacancy rate is already applied during the underwriting process to ensure the Development is viable. Further guidance will be released once clarification is received from HUD and processes are established at the Department. No changes to the Plan were made as a result of this comment.

17. Comment: Allow for underwriting to take into account capitalized operating costs.

Summary: Sabrina Butler (*Foundation Communities, Austin*) requested for a waiver category for TDHCA underwriting infeasibility conclusions for projects that have HOME-ARP operating reserve funds, to the extent any projected deficit is mitigated by these reserve funds.

Staff response: HUD Notice 21-10 requires that capitalized operating cost assistance reserve be included in the underwriting. The capitalized operating costs assistance should mitigate certain projected deficits. No waiver to underwriting criteria would be necessary. No changes to the Plan were made as a result of this comment.

18. Comment: Allow acquisition costs incurred prior to commitment to be an eligible cost

Summary: Sabrina Butler (*Foundation Communities, Austin*) requested that, to the extent allowable under HUD rules, allowance of acquisition costs incurred prior to commitment be considered an eligible cost in the calculation of the maximum eligible HOME-ARP capital request.

Staff response: The draft Plan does not set any additional limitations on acquisition other than federal regulations. Note that the HOME-ARP Draft Plan specifically states that National Environmental Protection Act (NEPA) requirements apply to these funds, which is also included in HUD Notice 21-10. NEPA may affect the eligibility of acquisition costs, which is a choice limiting action and not allowed in most cases prior to commitment. Furthermore, 24 CFR §92.206(g) contains some limitations on costs incurred before the application for HOME-ARP funds is accepted. No changes to the Plan were made as a result of this comment.

19. Comment: Allow for HOME-ARP funding to be awarded to a sponsor entity and passed through to an awardee of Housing Tax Credits.

Summary: Sabrina Butler (*Foundation Communities, Austin*) requested allowing the HOME-ARP funding to be awarded to the sponsor entity and “passed through” to the tax credit ownership entity. In this way the sponsor can apply a maturity date and interest rate (if required by investor) to avoid the forgivable loan being treated as taxable income.

Staff response: Awarding HOME-ARP funds to a sponsor to then enter into an agreement with a project owner is prohibited per HOMEfires Volume 16, Number 1. For HOME funds (including HOME-ARP), the agreement and provision of funds must be between the State and the owner. No changes to the Plan were made as a result of this comment.

20. Comment: Require Applicants for rental housing to have meaningful involvement from a nonprofit

Summary: Sabrina Butler (*Foundation Communities, Austin*) requested that applicants must demonstrate true, meaningful involvement from a nonprofit with deep experience serving the target population. She asked for a priority for nonprofit sponsorship, as developments intended to be served by this program are unlikely to generate a profit and will likely require additional fundraising to offset the cost of services.

Staff response: The Plan as drafted was designed intentionally to allow both supportive housing and general rental housing developments to apply for HOME-ARP. As such,

meaningful involvement with a nonprofit that provides services may not be needed in all cases. No changes to the Plan have been made as a result of this comment.

21. Comment: Scattered site general housing and supportive housing models should both be used with HOME-ARP, without priority of one over the other

Summary: Jennifer Hicks (*TrueCasa Consulting, Austin*) stated that both scattered site general housing developments and supportive housing with wrap-around services are both needed for persons experiencing homelessness. One model should not be prioritized over the other.

Staff response: Staff agrees and the draft HOME-ARP Plan does not prioritize one type of development over another. No changes were made to the Plan as a result of this comment.

22. Comments: Clarify proportionality of HOME-ARP units and allow for Applicants to designate more units

Summary: Two comments were received regarding the minimum number of HOME-ARP units required.

One comment from Jennifer Hicks (*TrueCasa Consulting, Austin*) requested clarification on the number of HOME-ARP units required based on the proportional investment of HOME-ARP funds.

One comment from *Sabrina Butler (Foundation Communities, Austin)* suggested allowing developers to commit more units to HOME-ARP than the required minimum. By allowing a higher level of commitment, more units can reach the deeper affordability of the HOME-ARP program and qualify for the operating reserve subsidy.

Staff summary: Applicants may be permitted to commit more HOME-ARP units than the minimum amount specified by applying cost allocation per CPD Notice 16-15. It is anticipated that HOME-ARP units designated for qualifying populations will be eligible for capitalized operating reserves; however, the additional investment of HOME-ARP funds will necessitate a revised cost allocation calculation and could trigger additional requirements such as Davis-Bacon or a longer affordability period.

23. Comments: Waive specific sections of Texas Administrative Code

Summary: Two commenters included requests for waivers of existing Texas Administrative Code (TAC).

One comment from *Sabrina Butler (Foundation Communities, Austin)* asks for a waiver of the HOME max per-unit subsidy for HOME-ARP per 10 TAC §13.7(b)-(c).

One comment from Jennifer Hicks (*TrueCasa Consulting, Austin*) requested that TDHCA waive the criminal history criteria in the Supportive Housing definitions in the Qualified Allocation Plan (10 TAC §11.1(a)(122)(B)(v)). She stated that if a goal is to use the Coordinated Entry list,

the screening criteria under the Supportive Housing definition may pose barriers.

Staff response: The draft HOME-ARP Plan does not specify any rules will be waived, however staff does plan to list any sections of the rules that will be waived in program guidance or the NOFA in order to allow the program to reflect the flexibility of the HUD Notice 21-10. No changes were made to the Plan as a result of this comment.

III. NEEDS ASSESSMENT AND GAPS ANALYSIS

PJs must evaluate the size and demographic composition of qualifying populations within its boundaries and assess the unmet needs of those populations. In addition, a PJ must identify any gaps within its current shelter and housing inventory as well as the service delivery system. A PJ should use current data, including point in time count, housing inventory count, or other data available through CoCs, and consultations with service providers to quantify the individuals and families in the qualifying populations and their need for additional housing, shelter, or services. The PJ may use the optional tables provided below and/or attach additional data tables to this template.

Homeless Needs Inventory and Gap Analysis Table - 1

Homeless													
	Current Inventory					Homeless Population				Gap Analysis*			
	Family		Adults Only		Vets	Family HH (at least 1 child)	Adult HH (w/o child)	Vets	Victims of DV	Family		Adults Only	
	# of Beds	# of Units	# of Beds	# of Units	# of Beds					# of Beds	# of Units	# of Beds	# of Units
Emergency Shelter	5,385	1,463	8,285	N/A	972								
Transitional Housing	2,190	618	1,916	N/A	1,916								
Permanent Supportive Housing	4,847	1,695	9,950	N/A	5,633								
Other Permanent Housing						N/A	N/A	N/A	N/A				
Sheltered Homeless						5,783	8,234	1,117	2,242				
Unsheltered Homeless						506	12,686	831	744				
Current Gap										n/a	506	n/a	12,686

Data Sources: 1. 2020 Point in Time Count (PIT); 2. 2020 Continuum of Care Housing Inventory Count (HIC)

*There may not be a direct correlation between the types of housing offered in this chart and the number of people experiencing homelessness, as not every person experiencing homelessness would need or want to use emergency shelter, transitional housing, or permanent supportive housing.

The CoC's HIC shows the current inventory of beds, though the occupancy status of those beds is unknown. The CoC's PIT shows the current number of persons or households experiencing sheltered or unsheltered homelessness in 2020. When analyzing the data, the gap in shelter could be the number of unsheltered households, since persons in those households do not have beds or units. Because household size was not reflected in this chart, the gap of the number of beds is not reflected. In addition, many persons experiencing homelessness could move to other permanent housing, without the need of emergency shelter, transitional housing or permanent supportive housing, so the gap in units for the shelter/housing types in this chart may not be as high as the number of unsheltered households.

[In August 2024, TDHCA received reallocated funds from HUD that had been originally designated for Odessa, Bryan, and Pasadena, with the understanding that the reallocated funds would have a preference in those areas. Odessa and Pasadena are located within two CoCs, so the PIT data is not specific to those areas and difficult to analyze specifically for those areas. TDHCA has identified several emergency shelters in all three areas, demonstrating a locally-identified need for emergency shelter. A number of shelters may be congregate shelters that would also benefit by being rehabilitated into non-congregate shelters. In addition, these areas also have fair market rent by county for 1-bedroom units that increased by 30% or more between 2021 and 2025; and HUD-published one-bedroom fair market rents by county for FY2025 of \\$1,000 or more. These factors support that there are rapidly increasing costs of living, which could necessitate the need for additional emergency shelter.](#)

Housing Needs Inventory and Gap Analysis Table - 2

Non-Homeless			
	Current Inventory	Level of Need	Gap Analysis*
	# of Units	# of Households	# of Households
Total Rental Units	3,686,845		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	340,420		161,460
Rental Units Affordable to HH at 50% AMI (Other Populations)	546,190		-278,125
0%-30% AMI Renter HH w/ 1 or more severe housing problems (At-Risk of Homelessness)		501,880	
30%-50% AMI Renter HH w/ 1 or more severe housing problems (Other Populations)		268,065	
Current Gaps			-116,665

Data Sources: 1. 2015-2019 American Community Survey (ACS); 2. 2014-2018 Comprehensive Housing Affordability Strategy (CHAS)

*There may not be a direct correlation between the affordable rental units and the households with a housing problem at that income level; this chart does not reflect the housing mismatch, which shows the difference between the households

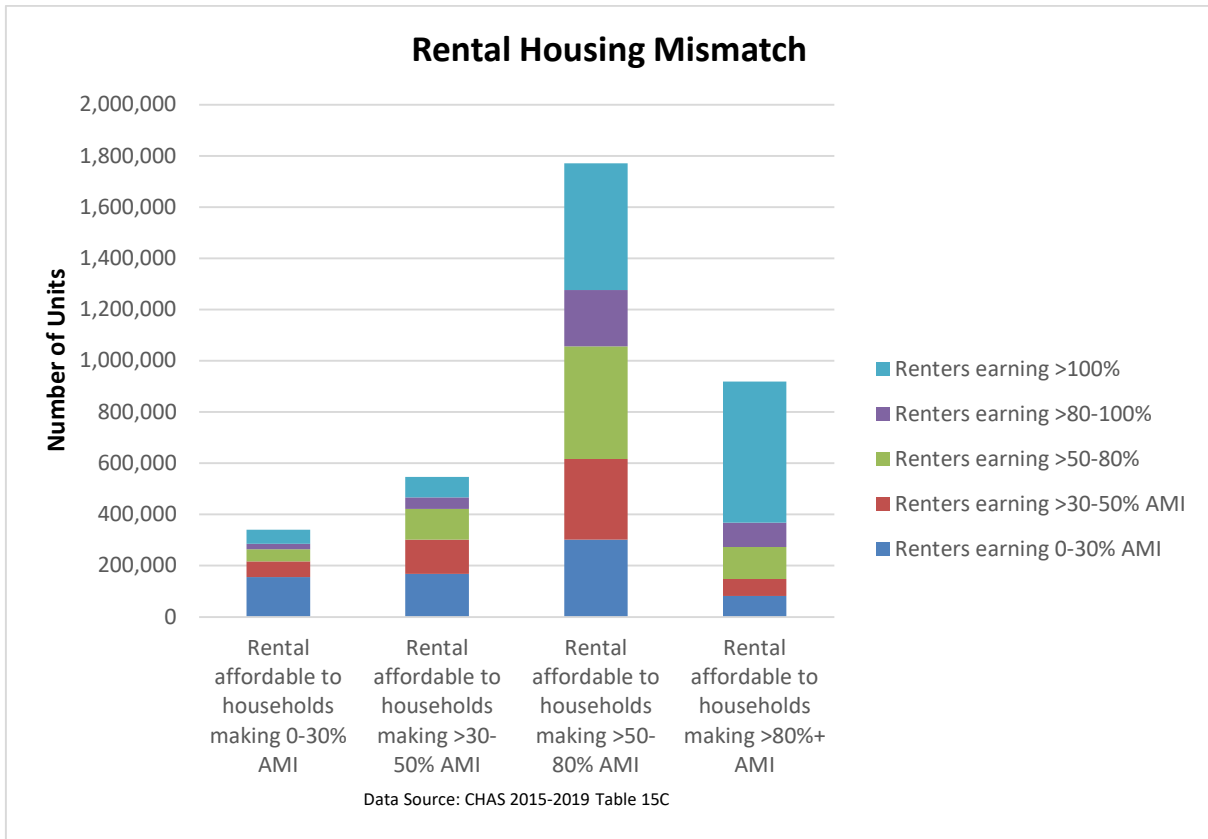
that can afford the rental units and the households living in the rental units.

There are more affordable units for households with incomes between 0-50% AMI than households in this income range with one or more severe housing problems. However, there is a housing mismatch since there are far fewer units affordable to households at 0-30% AMI with a housing problem than households in this range. If all the households at 0-30% AMI with a housing problem were in the units listed in the first column, 161,460 households would be paying more than 30% of their income on rent. Though the relationship between the columns on the chart is not a direct correlation, the comparison appears to support the need for affordable housing for households that have incomes under 30% AMI.

Rental Housing Mismatch Table – 3

Rental Housing Mismatch	Renters earning 0-30% AMI	Renters earning >30-50% AMI	Renters earning >50-80%	Renters earning >80-100%	Renters earning >100%	Total
Rental affordable to households making 0-30% AMI	155,585	61,075	47,650	21,135	54,975	340,420
Rental affordable to households making >30-50% AMI	167,530	134,250	119,555	44,755	80,100	546,190
Rental affordable to households making >50-80% AMI	301,075	315,540	439,685	219,140	495,335	1,770,775
Rental affordable to households making >80%+ AMI	81,435	66,655	124,645	95,715	550,090	918,540
Total	705,625	577,520	731,535	380,745	1,180,500	

Data Source: 2014-2018 CHAS Data



1. Describe the size and demographic composition of qualifying populations within the PJ's boundaries:

Homeless

For HOME ARP, two of the qualifying populations are persons/households experiencing homelessness, and households who have previously been qualified as “homeless” as defined in 24 CFR §91.5 who are housed due to temporary or emergency assistance and need additional housing assistance or supportive services to avoid a return to homelessness. According to HUD’s 2020 Point-in-Time count for Texas, there were approximately 22,544 Homeless Households comprised of 27,229 Homeless Persons. This is an increase of 5% from 2019 of Homeless Persons in the State of Texas.

In 2020, 58% of the counted homeless population in Texas identified as White, 37% identified as Black or African American, 0.75% identified as Asian, 1.3% identified as American Indian or Alaska Native, 0.32% identified as Native Hawaiian or Other Pacific Islander and 3% identified as being of multiple races.

Individuals who are identified as chronically homeless make up 14.8% of the State’s homeless

population. Through consultation with stakeholders around the State of Texas it was noted that this segment of the population is often the hardest to reach and hardest to assist. It was also noted through consultation that often the chronically homeless are the most visible segment of the homeless population as they often make up a large portion of unsheltered homeless individuals.

In addition, there were 1,948 homeless Veterans making up 7.2% of the State’s homeless population and 1,408 unaccompanied youth making up 5.2% of the homeless population.

The table below shows each Continuum of Care (CoC) in the State of Texas and the number of homeless individuals in the areas covered by each respective CoC based on data from the HUD 2020 Point-in-Time count.

Table 4 – Population of Homeless Individuals by CoC

Metropolitan Area	Continuum of Care	Number of Homeless Individuals	Percent of all Homeless Individuals in the State
Amarillo	Amarillo CoC	600	2.2%
Austin	Austin/Travis County	2,506	9.2%
Bryan/College Station	Bryan, College Station/Brazos Valley CoC	109	0.4%
Dallas	Dallas City & County, Irving CoC	4,471	16.4%
El Paso	El Paso City & County CoC	843	3.1%
Fort Worth	Fort Worth, Arlington/Tarrant County CoC	2,126	7.8%
Houston	Houston, Pasadena, Conroe/Harris, Fort Bend, Montgomery Counties CoC	3,974	14.6%
San Antonio	San Antonio/Bexar County CoC	2,932	10.8%
Waco	Waco/McLennan County	234	0.9%
Wichita Falls	Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties CoC	236	.09%
All other areas of Texas	Texas Balance of State CoC	9,198	33.7%
Total Homeless Individuals in the State		27,229	100%

As can be seen in Table 4 just under 60% of the State's homeless population (58.8%) is located in the five largest Metropolitan areas, Austin, Dallas, Fort Worth, Houston and San Antonio. This is expected due to the large concentration of general population in these areas, close proximity to public services, such as transportation, hospitals/clinics, other social services as well as a greater lack of affordable housing and increased cost of housing in these areas.

At-risk of Homelessness

Per 24 CFR §91.5, an individual or family is considered at-risk of homelessness if their income is below 30% area median family income, do not have sufficient resources or support networks, and have experienced housing instability. Below is an analysis of 0-30% AMI renters.

Individuals or families with extremely low incomes (30% or below area median income) are often service sector workers, including those who earn minimum wage. Individuals or families at risk of homelessness are also often straining the willingness of their social networks to provide housing supports over an extended period, such as living with family or friends over an extended period.

There are 705,625 Renter Households in the State of Texas earning between 0 and 30% of Area Median Income (AMI) according to 2014-2018 HUD Comprehensive Housing Affordability Strategy (CHAS) data. This is roughly 20% of all Texas Renter Households. Of those 705,625, roughly 501,880 Households also have one or more of the four severe housing problems identified by HUD which are: 1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room (overcrowding), and 4. Cost burden over 50%. This means that 71% of 0-30% AMI renters are living with one of these serious housing problems that impact their daily lives in addition to being low income. 28% of renters with one or more of the severe housing problems identify as White, 24% identify as Black/African American and 42% identify as Hispanic.

Other Families Requiring Services or Housing Assistance to Prevent Homelessness

One qualifying population for HOME-ARP is defined as households who have previously qualified as homeless, are currently housed due to temporary or emergency assistance, and who need additional housing assistance or supportive services to avoid a return to homelessness. Broadly, assistance to persons experiencing homelessness may be time limited depending on the program requirements and the availability of funds.

Specific to the homeless program resources in Texas, the Emergency Solutions Grants (ESG) Coronavirus Aid, Recovery, and Economic Security (CARES) Act funds infused approximately 10 times more funds than the annual amount of ESG funds and have an initial expenditure deadline of September 30, 2022. TDHCA's ESG CARES program received approximately \$97 million, and other participating jurisdictions for ESG CARES in Texas received approximately \$148 million directly from HUD available in 2020.

One of the four activities of ESG/ESG CARES is rapid re-housing assistance, which is for services or housing assistance for persons experiencing homelessness and often associated with entry

into housing. TDHCA's ESG CARES program served 5,821 unduplicated persons through rapid re-housing as of this writing. TDHCA anticipates that other persons who experienced homelessness received rapid re-housing through ESG CARES received by local jurisdictions. In cases where ESG CARES funding ends, there may be need for further supports or assistance that may be provided by several sources, including services through TDHCA's Housing Stability Services (funded through Treasury's Emergency Rental Relief), Emergency Housing Vouchers (authorized by ARPA), or HOME-ARP.

Another large funding source for persons exiting homelessness is Continuum of Care (CoC) rental assistance, which is funded by HUD directly to service providers. In 2020, HUD awarded over \$33 million to rapid re-housing projects. While CoCs provide point in time counts and housing inventory counts annually, the data on persons exiting homelessness through rapid re-housing was not able to be found because CoC reports focus on beds, not persons or households exiting homelessness. The population that exited homelessness through CoC rapid re-housing is not currently known.

The demographics for households who have previously qualified as homeless is estimated to be extremely similar to the homeless population demographics, since the formerly homeless demographic had been a part of the homeless demographic in the past.

At Greatest Risk of Housing Instability

Two qualified populations (QPs) eligible for HOME-ARP program are those at greatest risk of housing instability: (1) households making 0-30% of AMI that are also severely cost burdened (paying 50% or more of their income in rent); and (2) households who would qualify as at-risk of homelessness per 24 CFR §91.5, except their incomes are up to 50% AMI instead of below 30% AMI.

There are 417,345 or roughly 60% of all 0-30% AMI renters paying more than 50% of their income in rent. According to 2014-2018 CHAS data 48% of all 0-50% AMI renter households in the state are paying more than 50% of their income in rent.

There are an additional 577,520 Renter Households in the State of Texas earning between 30 and 50% of AMI according to 2014-2018 CHAS data. This is roughly 16% of all renter households. 46% or roughly 268,065 households have one or more of the four severe housing problems noted above. For renters at 30-50% AMI with one or more of the severe housing problems, 33% identify as White, 20% identify as Black/African America and 42% identify as Hispanic.

According to the data, there are currently 340,420 units of rental housing affordable to households making 0 to 30% AMI in the State of Texas and an additional 546,190 units of rental housing affordable to households making 30-50% AMI.

To understand the number of households in the state that may be in need of assistance to prevent becoming homeless or to help with housing instability, the population served by the Texas Rent Relief (TRR) Program serves as a representative sample of these populations that may currently need assistance throughout Texas. The TRR Program served 309,850 households between February 2021 and May 2022. Of these households, 254,328 (82.08%) were at or below 50% AMI, with 179,926 (58.07%) of total households under 30% AMI. There were 155,129 (50.06%) households assisted that identified as Black or African American and 74,943 (24.18%) identifying as Hispanic or Latino. This data is one measurement of need for programs that create more affordable housing and other safety nets to keep households from entering into homelessness for households within incomes at or below 50% AMI. It should be noted that far more households applied than those described above as assisted, further supporting the demand.

Individual or family fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking

It is recognized that domestic violence is one of the main factors of homelessness or being at-risk of homelessness for families. Texas Council on Family Violence provided consultation on the State of Texas 2020-2024 Consolidated Plan noting, “90% of survivors accessing family violence services experienced homelessness as a result of fleeing an abusive relationship at least once”.

According to the National Intimate Partner and Sexual Violence Survey 2010-2012 State Report, in the State of Texas 27% of Hispanic Women, 37% of Non-Hispanic Black women, and 44% of Non-Hispanic White Women experienced Sexual Violence.

Domestic violence contributes to homelessness. When a person decides to leave an abusive relationship, they often have nowhere to go. This is particularly true of women with few resources. Lack of affordable housing and long waiting lists for assisted housing mean that many women and their children are forced to choose between abuse at home and life on the streets. Approximately 63% of homeless women have experienced domestic violence by an intimate partner in their adult lives according to the National Network to End Domestic Violence. Statistics released in the 2020 Domestic Violence Counts Report by National Network to End Domestic Violence show that Texas emergency shelters or transitional housing provided by local domestic violence programs served 5,950 victims of domestic violence in one day. 3,712 adult and child victims of domestic violence found refuge in emergency shelters, transitional housing, or other housing provided by local domestic violence programs. On this day, 948 Texas survivor’s request for services went unmet, 341 of which were for housing and emergency shelter.

For program year 2020, September 1, 2020 – August 31, 2021, TDHCA’s Emergency Solutions Grants (ESG) Subrecipients across the state of Texas served 25,666 households that identified as having a history with domestic violence or fleeing domestic violence. These households were assisted through emergency shelter, rapid rehousing, and other ESG-related services.

Veterans

Veterans may qualify for HOME-ARP if they meet one of the qualifying population criteria. According to the 2019 5-year American Community Survey, there are approximately 1.4 million Veterans in Texas, which is about 5.1% of the total population. Veterans are overrepresented in homeless statistics compared to their share of the state population. According to the 2021 PIT count in Texas, there were 950 veterans in emergency shelter or transitional housing, which makes up 6.7% of the homeless population. There will likely be overlap between Veterans and the Qualifying Populations in HOME-ARP.

The State of Texas is not suggesting expanding the program eligibility beyond the populations noted above and those at greatest risk of housing instability (under 30% AMI and severely cost burdened), as provided by HUD.

2. Describe the unmet housing and service needs of qualifying populations, including but not limited to:

- ***Sheltered and unsheltered homeless populations;***
- ***Those currently housed populations at risk of homelessness;***
- ***Other families requiring services or housing assistance or to prevent homelessness; and,***
- ***Those at greatest risk of housing instability or in unstable housing situations:***

Through analysis of the data presented in Tables 1, 2 and 3 above we can identify the unmet housing needs of the HOME-ARP qualifying populations.

As identified in Table 1 there are 12,686 unsheltered homeless adults without children and 506 unsheltered homeless families in the State of Texas at a point in time in January. This appears to indicate that there is a gap in housing options of at least 13,192 beds. This could be emergency shelter beds, transitional housing beds, permanent supportive housing beds, beds in private rental units, or beds in private rental units supported by rental assistance. Likewise, there are 8,234 sheltered adults without children and 5,783 sheltered families with children, which could indicate a gap in housing options for transitional housing beds, permanent supportive housing beds, beds in private rental units, or beds in private rental units supported by rental assistance in order to move the households out of emergency shelter into housing.

The need for more affordable units can be seen in the data in tables 2 and 3 above as well as in the Housing Mismatch Chart. As noted above there are 705,625 renter households in the state earning between 0-30% of the Area Median Income, of those 0-30% AMI renter households only 155,585 or 22% are living in a unit that is affordable to households making 0-30% AMI. In the state, according to 2015-2019 CHAS data there are only 340,402 units affordable to households making 0-30% AMI, this is only enough units to house 48% of all households in the state with incomes between 0-30% AMI. 54% of housing stock that is

affordable to households at 0-30% AMI is being occupied by households making between 30-100%+ of AMI, this is due to naturally occurring affordable housing that is not restricted by income being rented by households that can afford a more expensive unit. It is also due to the location of naturally occurring affordable housing, which is primarily found in areas with a lower cost of living. In Texas this equates to locations that are not near the largest metro areas in the state. Higher numbers of low-income households can be found in urban areas due to relative proximity to service jobs. This lack of affordable housing in metro areas leads to a majority of households in the 0-30% AMI range (78%) renting units that are not affordable to them with many in the state (43%) renting units that are considered affordable to households in the 50-80% AMI range, as seen in the housing mismatch chart above. This overall leads to a need of 520,790 units that are available to only renters making 0-30% of AMI.

As noted above 43% of the 0-30% AMI households are renting units affordable to households making 30-50% AMI, these lower income renters are occupying 30% of the housing stock intended for 30-50% AMI renters. This helps contribute to 66% of 30-50% AMI households renting housing that is not affordable to them. 28% of all rental housing affordable to 50%+ AMI households is occupied by households earning 0-50% of AMI. If all units affordable to 30-50% AMI households were occupied by households in the same income bracket only an additional 31,330 units would be needed for 30-50% AMI renter households.

One of the largest unmet needs of renter households in the state is the lack of efficiency or one-bedroom housing units. According to the 2015-2019 ACS, 26% of households in the state are non-family one-person households. Meaning for these persons to be housed efficiently and affordable they would only need access to efficiency and one-bedroom units. Currently, there are 1,206,627 efficiency and one-bedroom units being occupied, if all of those units were being occupied by a single person only 47% of one-person households would be living in a unit suitable to their needs. We know this is not the case and that multiple person households reside in efficiency and one-bedroom units, leading to a majority of one-person households to rent units that are larger and more expensive.

The types of rental housing, tenant-based rental assistance, shelter and service needs for each QP are listed below.

(1) Needs: Sheltered and unsheltered homeless populations

- Rental Housing
 - Consultations for HOME-ARP indicated a significant need for more rental housing. There was support that such housing needs to be in high opportunity areas so that it was close to transportation, jobs, stores, services, and medical supports. Several commenters mentioned the needs of adult children with IDD/MH who the parents are no longer able to care for them. It was noted that any funds used for PSH should have robust targets for accessibility and visitability and a higher percentage of units built as fully accessible for physical disabilities than is required in the Housing Tax Credit (HTC) program. Commenters

noted that funding should be for low-income housing (not workforce housing).

- Tenant Based Rental Assistance
 - TBRA could be used by homeless populations, though there would still be the challenge of finding a landlord willing to take the government assistance program, a challenge that was discussed during the consultations. In addition, persons experiencing homelessness may have greater history of housing instability, which could cause them to be high-risk tenants. The need for landlord incentives may also be needed with TBRA.
- Non-Congregate Shelter
 - HFH stated a need for new construction of NCS since hotel conversions' maintenance and upkeep is extreme. They feel it is preferable to just do new construction. NCS is not designed to be a permanent solution, given the absence of leases and occupancy agreements. However, the availability of NCS may assist persons experiencing homelessness avoid literal homelessness, and provide a safe space while building resources to secure permanent housing.
- Service Needs
 - Several commenters from the consultation with Fair Housing and Disability Advocates supported use for services specifically service coordinators, resident coordinators, and landlord incentives. Several commenters for the consultation with Homelessness Service Providers noted that it would be important to not just fund capital investment, but to focus on long-term supports including operations, homelessness prevention, case management, employment services, and landlord incentives (with thoughtful consideration relating to fair housing issues).

(2) Needs: Currently housed populations at risk of homelessness

- Rental Housing
 - Persons at-risk of homelessness demonstrate housing instability, such as living in the home of another because of economic hardship, or living in a hotel/motel paid by the household. This population also has extremely low incomes at 30% AMI and lack of resources and supports. Availability of affordable rental housing so that they will pay no more than 30% of their income toward rent may assist in decreasing housing instability for this population.
- Tenant Based Rental Assistance
 - HFH felt the best use of funds would be for TBRA and supportive services with long contract terms, such as at least a 3-year contract for TBRA to serve as a bridge to households accessing a permanent voucher. There was also support voiced from the PHAs for the funds to

be used as rental assistance like HOME TBRA and TDHCA's COVID TBRA Program, for services such as security deposit assistances, furnishings and appliances, youth employment programs, job searches, assistance accessing benefits, financial literacy, parenting skills and scholarships for trade schools. One commenter noted that because the need is pressing and urgent now, that some of the funds should go to 'right now' solutions such as rental assistance for persons with disabilities.

- Non-Congregate Shelter
 - Several comments from the consultation with Fair Housing and Disability Advocates supported use of the funds for NCS and a focus on best practices that would allow NCS to transition to other uses, such as CoC housing or permanent affordable housing.
- Service Need
 - Services needs listed in the consultations included, but are not limited to, case management, child care, education services, employment assistance, job training, outpatient health services, legal services, life skills training, mental health services, and transportation.

(3) Needs: Other families requiring services or housing assistance to prevent homelessness

- Rental Housing
 - Persons who were formerly homeless but temporarily housed with assistance may benefit from an option of rental housing that is deeply affordable as a permanent solution. If ongoing assistance to prevent homelessness continues to be needed, permanent rental housing that is affordable may offer a more sustainable option without having to continually apply for and coordinate assistance.
- Tenant Based Rental Assistance
 - There was interest from several providers for TBRA since other rental funds are starting to end. They also note that accessing rental assistance should not first require having an eviction status which is what is often required from other funding sources.
- Non-Congregate Shelter
 - In the event that the temporary assistance ends and a household re-enters homelessness, NCS may be a safe shelter to stay to prevent literal homelessness in a place not meant for human habitation.
- Service Need
 - Persons who were formerly homeless and temporarily housed may need service coordination if one type of assistance is ending and another is beginning.

(4) Needs: Those at greatest risk of housing instability or in unstable housing situations

- Rental Housing
 - Elevated levels of funding received over the previous 18 months have been focused on homelessness-prevention activities to ensure that households that have lost a job, seen a decrease in hours, lost a home, or are sick with no pay do not fall into homelessness. As can be seen from the analysis of shelter and housing inventory, more affordable rental housing is needed to help house persons with severe cost burden and provide more affordability to those at-risk of homelessness even with incomes up to 50% AMI.
- Tenant Based Rental Assistance
 - HFH indicated the most need for flexible spending to use on housing for households that don't score highly on CE, particularly for older persons with disabilities who are awaiting a voucher or other benefits, something that could be an extension of rapid rehousing.
- Non-Congregate Shelter
 - For those at-greatest risk of housing instability, NCS would be used if the housing instability resulted in homelessness.
- Service Need
 - Extremely low income severely cost burdened households or households at-risk of homelessness with incomes up to 50% AMI may need services to increase household income or the assist in reducing frequent moves or overcrowding.

(5) Needs: Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking

- Rental Housing
 - There was a significant focus during the Consultation with CoCs and DV Providers concerning rental housing, specifically on rapid rehousing and bridging folks to permanent housing (Houston, El Paso, Dallas CoCs). Some CoCs noted an interest in more rental assistance to support these efforts (Houston), or to support gaps in services (Houston, El Paso). Houston CoC discussed going from homelessness to housed and not needing to use shelter facilities. There was emphasis that the rental housing needed to come with operating reserves and allow for sponsorship structures.
- Tenant Based Rental Assistance
 - Because the needs of the CoCs and DV providers varied, there was interest in keeping the funds flexible. Most speakers felt there are sufficient resources for rental assistance, and there are those in need with vouchers in hand who can't find units; there is particularly need for the deepest-subsidized units.
- Non-Congregate Shelter

- There was strong interest to use funds for one-time capital investments for PSH and NCS. There was input that NCS is especially helpful for families, those fleeing domestic violence and those with MH or Post Traumatic Stress Disorder (PTSD) where congregate care can be detrimental to treatment.
- Service Needs
 - Lastly, a service need for survivors of domestic violence may be specific case management and support focused on safety.

3. *Identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing:*

Currently in the State of Texas, there is an unprecedented level of funding for Homeless related services and rental assistance. The State of Texas alone received \$97,792,616 in Emergency Solutions Grants (ESG) funding from the Coronavirus Aid Relief and Economic Security (CARES) Act, in addition to the roughly \$8 to 9 million annual appropriation received by the state. These amounts do not include funding provided to local Participating Jurisdictions directly from HUD. The state also received roughly \$2 billion as part of both the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act to provide Emergency Rental Assistance and Housing Stability Services (HSS), which the state is currently providing through its Texas Rent Relief and Housing Stability Services Program.

This increased amount of ESG and HSS funding provides local subrecipients crucial funds to help keep individuals and families housed through rapid rehousing and rental assistance for individuals and families who would have become homeless without the assistance and street outreach which has assisted local providers in reaching more unsheltered homeless during the pandemic. Currently, the State of Texas does not primarily use its annual allocation of ESG funds for shelter rehabilitation purposes, but does allocate funds to Emergency Shelter activities that help subrecipients operate shelters and continue to provide emergency shelter services to homeless individuals and families.

In addition to ESG funds the state also receives an annual allocation of HOME funds of which the state dedicates on average between \$6 and 8 million for Tenant Based Rental Assistance (TBRA), which is used to help low income individuals with rent and security deposits. During the pandemic additional funds from the state's annual allocation were added to support TBRA activities to assist households that were affected by the pandemic.

The primary method used by the state to fund Permanent Supportive Housing (PSH) is through the Low-Income Housing Tax Credit (LIHTC) program. This has helped fund 877 units of PSH in the State of Texas in the last two program cycles 2020 and 2021, and 2,385 units since 2012.

These elevated levels of funding received over the previous 18 months have been focused on prevention related activities to ensure that households that are have lost a job, seen a decrease in hours, lost a home, or are sick with no pay do not fall into homelessness. As can be seen from the analysis of shelter and housing inventory, more units are needed to help house more of the homeless and provide more affordability to those at-risk of homelessness.

4. *Identify any gaps within the current shelter and housing inventory as well as the service delivery system:*

Existing gaps in the current shelter inventory

The Homeless Needs Inventory and Gap Analysis Table 1 shows a possible gap in the shelter and housing inventory of 506 households with children and 12,686 households consisting of adults without children. These households were reported as unsheltered in the PIT count reported by the CoCs in 2020. Through consultation with CoCs and DV providers, it was noted that some of the state’s more rural communities may have a greater need for non-congregate shelter to help get people off the street and provide services so they may transition to affordable units in their community.

Existing gaps in the current housing inventory

The Housing Needs Inventory and Gap Analysis Table 2 shows there are far fewer affordable units for households with incomes under 30% AMI than there are households at that income level with a housing problem. In addition, the Rental Housing Mismatch Table 3 shows the greatest need is for units affordable to renters earning between 0-50% AMI. The data shows that 550,040 renters earning 0-30% AMI, and 382,195 renters earning >30-50% AMI are in units that result in cost burden.

A common theme through all consultations was the need for more affordable units. In each consultation, the greatest need was for rental units for persons experiencing homelessness, primarily for deeply affordable Supportive Housing units. The term Supportive Housing is defined in 10 Texas Administrative Code (TAC) §11.1(d)(126) which, among many specific criteria, is housing “intended for and targeting occupancy for households in need of specialized and specific non-medical services in order to maintain housing or transition into independent living...” The need for more Supportive Housing is of course not the need for every community, but is available for a larger populations than those eligible for PSH, and could include all QPs.

In addition, CoCs and DV providers felt they had sufficient funds for the vouchers/rental assistance and services, and the highest need was in actual production of units as there are challenges in finding units for voucher holders (Tarrant, Dallas, San Antonio CoCs). Some noted interest in allowing small acquisition/rehabilitation developments that they thought could be brought online more quickly and others were specific that the PSH should include units for large families and deeply affordable units (affordable to households making below 30% AMI).

Existing gaps in the current service delivery system

During the consultations for HOME-ARP there were a few mentions of gaps in services, but the gaps primarily had to do with lack of funds, and not one particular service type. Needed services included housing specialists, intake, housing navigation and bridge psychiatric services that can provide a quick diagnosis and access to medications on an outpatient basis in close coordination with the local Mental Health Authority. One commenter added that gaps in services were needed in behavioral health, transportation, health and dental, peer support, case management and housing subsidies.

During the consultations, there were several inquiries into the Housing Stability Services Program, which was anticipated to release a NOFA for approximately \$105 million in legal services, outreach services, shelter services, community services, and services. HFH specifically noted that funds for these needs would not be fully addressed through the ERA2 Housing Stability Services funds. They thought some of the HOME-ARP funds should be used for this purpose also to address the long term effects of the pandemic. There was support for capacity building for homeless services providers, especially in rural areas of the state.

5. Identify the characteristics of housing associated with instability and an increased risk of homelessness if the PJ will include such conditions in its definition of “other populations” as established in the HOME-ARP Notice:

The State of Texas is not suggesting expanding the program eligibility beyond the populations noted above and those at greatest risk of housing instability (under 30% AMI and severely cost burdened) as provided by HUD in CPD Notice 21-10.

6. Identify priority needs for qualifying populations:

Based on the consultations, priority needs include:

- Deeply affordable quality housing (particularly for those with 0-30% MFI);
- Accessible units;
- Housing subsidies so that no more than 30% of income goes to housing (not housing cost burdened);
- Reduced barriers to entry to rental housing;
- Mental health and behavioral health services;
- Transportation services;
- Health and dental care; and
- Case management (geriatric case management, crisis case management, housing stability case management, financial case management, coordinating basic needs).

The priority needs above may apply to each qualified population, as the issues can affect households who are unstably housed. One additional priority need and further detail on the priority needs per qualified population is also included below.

(1) Homeless, as defined in 24 CFR 91.5

- Priority Needs:
 - One priority need not listed above is emergency shelter, which is not applicable to all QPs, but is especially applicable to persons experiencing homelessness while determining if transitional or permanent housing is available.
 - All priority needs listed above also apply to persons experiencing homelessness.
 - While already included in the priority needs listed above, the need for reduced barriers to rental housing may apply especially to the homeless population, as persons exiting incarceration have a higher rate of homelessness than the general population. According to a report released in 2018, the National Low Income Housing Coalition found that formerly incarcerated persons are almost ten times more likely to experience homelessness (<https://nlihc.org/resource/formerly-incarcerated-people-are-nearly-10-times-more-likely-be-homeless>). Tenant leasing criteria with shorter look-back

periods or that allows for mitigating factors for persons with criminal backgrounds may benefit this population. Per the definition of Supportive Housing in 10 TAC §11.1(d)(126)(i)(b)(II), “Mitigation [of criminal screening criteria] may include personal statements/certifications, documented drug/alcohol treatment, participation in case management, letters of recommendation from mental health professionals, employers, case managers, or others with personal knowledge of the tenant.”

(2) At-risk of homelessness (McKinney Act definition at 24 CFR 91.5)

- Priority Needs:
 - All priority needs listed above.
 - While already included above, housing subsidies so that the household pays no more than 30% of their income on rent may be especially relevant to this population since this population has an extremely low-income and has demonstrated housing instability.

(3) Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking

- Priority Needs
 - All priority needs listed above.
 - While already included above, case management may be especially relevant to this population due to safety planning requirements for this population.

(4) Other Populations where assistance would:

(a) Prevent the family’s homelessness;

- Priority Needs:
 - All priority needs listed above.
 - While already included above, case management may be especially relevant to coordinate services and resources as one funding stream ends and another begins, or in order to create a situation in which the household will no longer need assistance when assistance ends.

(b) serve those with the Greatest Risk of Housing Instability (if applicable)

- Priority Needs:
 - All priority needs listed above.
 - While already included above, deeply affordable housing may be especially relevant to households who are extremely low income and severely cost burdened or households at-risk of homelessness with incomes up 50% AMI since these populations demonstrated housing instability.

7. Explain how the level of need and gaps in its shelter and housing inventory and service delivery systems based on the data presented in the plan were determined:

The level of need and gaps in housing inventory and service delivery systems were determined through careful review and analysis of Census and CHAS data. In addition,

qualitative information was provided at all the consultations noted in this plan that assisted in determining the focus of the State of Texas’s HOME-ARP funds.

IV. HOME-ARP ACTIVITIES

1. Describe the method for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors and whether the PJ will administer eligible activities directly:

TDHCA will primarily solicit applications through several NOFAs seeking developers or subrecipients. At this time, TDHCA does not plan to administer activities directly, but would do so if directed by its Board of Directors.

Rental Housing and Supportive Housing

HOME-ARP Rental Housing and Supportive Housing (RHSH) funds will be made available as follows and as further described in a NOFA:

- Funds will be made available competitively statewide. The allocations may include a set-aside, allocation, or priority for rural applications. Consistent with the guiding HUD Notice, Applicants must demonstrate the unmet need among qualifying populations for the type of housing proposed in their geographical area through a market assessment or other source of data. The Department will conduct outreach to encourage that applications from both urban and rural areas be submitted. Distribution may be affected by State laws or limitations, such as Tex. Gov’t Code §2306.111(c), which requires that 95% of the HOME-ARP funds be used in non-participating jurisdictions, if existing state waivers of this section expire.
- Applications may be for Supportive Housing or for HOME-ARP Units within Multifamily Developments, including Developments with any Target Population, as defined in 10 TAC §11.1. If Applicants apply for Rental Housing, the NOFA may include additional points for the inclusion of services.
- Applications may be able to be layered with other local, state, or federal funds, including but not limited to HTC (both 9% and 4% credits). Per 24 CFR §92.206(g), there are some limitations on costs incurred before the application for HOME-ARP funds is accepted. National Environmental Protection Act (NEPA) requirements are applicable for these funds.
- Direct Awards of HOME-ARP for National Housing Trust Fund (NHTF) Developments. To expedite delivery of some of the HOME-ARP units into rental developments more quickly than will be the case for new applications, and to preserve existing Department investments in NHTF-funded developments that may otherwise be at risk of not being completed, up to \$10 million of HOME-ARP funds may be directly awarded, without competition, to certain Department awardees of NHTF. These developments will be required to submit an abbreviated application upon approval of the Plan from HUD, but will not be required to compete for funds under the HOME-ARP Rental Development Notice of Funding

Availability (NOFA).

Applications for HOME-ARP that are for developments with an active application for, or that were awarded, NHTF from the Department may be submitted directly and awarded non-competitively if the applicant:

- applied for NHTF in 2020 or 2021 and the application was not terminated by staff or voluntarily withdrawn by the applicant;
- can demonstrate cost increases that necessitate the need for additional investment;
- has not started construction or has previously received a 24 CFR Part 58 review if construction has started;
- the deferred developer fee does not decrease and developer fee does not increase; and
- returns HOME-ARP application materials to the Department within the timeframe provided by the Department and before the application due date of NOFAs for HOME-ARP rental housing.

Up to \$10 million in HOME-ARP funds will be available for NHTF awardees that meet the criteria in this section. If the Department receives less than \$10 million in applications by the time of the rental development NOFA application due date, the remaining funding will be used to increase the amount available for rental development awards. If the applications received for this limited pool exceed the total available, the applications will be processed based on their submission date. In the event that more than \$10 million is requested per application received on the same date, the Development with the lowest HOME-ARP capital cost per unit will be awarded.

In addition, applications layered with NHTF will also be accepted during the application cycle for HOME-ARP rental development. However, there may be programmatic limitations on having HOME-ARP and NHTF in the same unit.

- Units serving Qualified Populations are only able to charge a household 30% of the tenant's income.
 - Applications may request and be awarded capitalized operating reserves. Amounts for operating reserves will be established by TDHCA and if approved, the costs may be capitalized at the time of closing or with the first draw. While the operating reserve per unit is not established based on the amount of rent 'lost' by only charging the household 30% of their income, it is estimated that roughly 80% or more of the expenses that would have been covered by those rents are eligible costs to be included in the capitalized operating reserves. Operating reserves for a unit will be for administrative expenses, property management fees, insurance, utilities, property taxes, maintenance of a unit, and other expenses described in HUD CPD Notice 21-10. Operating costs cannot cover debt service for the HOME-ARP units.
 - Applications must follow TDHCA's existing rules and policies for rental housing and/or Supportive Housing, unless otherwise described in the NOFA.
 - At the end of the HOME-ARP affordability period and depletion of the capitalized operating reserves, units will not be required to only charge 30% of tenant's

- income, but will still have a state-required affordability period.
- Up to 30% of the HOME-ARP units may be for low-income households that are not Qualified Populations, as allowed by the HUD CPD Notice 21-10.
 - HOME-ARP units may float or be fixed in the Developments per 24 CFR §92.252(j). However, the NOFA will outline whether units must be fixed or floating.
 - TDHCA may adopt the utility allowance schedule for Developments in which awarded Applicants are using the PHA utility allowances, unless prohibited by other fund sources or any of the other allowable utility methods under TDHCA rules. TDHCA's maximum allowances for utilities and services will be updated annually. Awarded Applicants may choose to use the PHA utility allowance after notification to or approval of TDHCA during the compliance period.
 - Minimum Request Amount: \$500,000
 - Maximum Request Amount: \$15 million, up to 100% of the HOME-ARP eligible costs, and is inclusive of capitalized operating costs. However, the total maximum request may be further limited in the NOFA.
 - Eligible award amounts will be capped at the proportional share of HOME eligible costs for the HOME-ARP units.
 - Must designate at least the lesser of 50% of units or 10 units for HOME-ARP assistance.
 - Funds may be loaned at amortizing, cash-flow, or deferred terms, and may be interest bearing or at 0% or other interest rate in order to meet underwriting requirements. Loan terms will depend on financial structure of the projects and contract terms.

Non-Congregate Shelter

- [The initial funding for NCS was released in July 2024 as an Invitation to Apply as described below. The total Invitation to Apply was \\$56,511,887, with a maximum request of \\$50,000,000 for an NCS development. The below allocation plan amendment is divided into an "Initial funding for NCS" regarding the Invitation to Apply released in July 2024, and "reallocated/remaining funding for NCS" which pertains to the amount in the Invitation to Apply not requested from the organization sent the Invitation to Apply in July, and any funds reallocated from HUD or moved to NCS from other budget categories.](#)
- **Initial funding for NCS --** HOME-ARP NCS funds will be reserved for nonprofit capacity building/nonprofit operating cost awardees who submit the following information within sixteen months of the initial Board award, which may be extended for up to six months by the Executive Director for good cause and as further outlined in Part II of the Invitation to Apply:
 - Site information including, but not limited to, status of site control, location, ingress/egress and easements, replatting or vacating requirement, title commitment or policy, proximity to regularly-scheduled public transportation or planned public transportation routes.
 - Development narrative including, but not limited to, target population, referral methods and preferences, and supportive services.

- Architectural drawings per 10 TAC §11.204(9) including specifications, building type configurations, accessibility requirements, common amenities, unit sizes, and parking requirements.
- Offsite costs and site work cost breakdown, and development cost schedule.
- Operating pro forma for the length of the compliance period.
Annual operating expenses and demonstration that there is sufficient operating funds to support any NCS activity.
- Schedule of sources showing all funding in the NCS Development with loan terms, and supporting documentation.
- Organizational charts showing ownership structure and a listing of the Development team members.
- Third party reports to include Part 50 or 58 environmental clearance, as required.
- Reallocated/Remaining funding for NCS – The requirements for the reallocated funds for NCS will be the same as the Initial funding for NCS with the following exception:
 - The application must be submitted within nine months of the initial Board award of NCO, which may be extended for up to three months by the Executive Director for good cause and as further outlined in Part II of the Invitation to Apply.
- Initial funding for NCS --Minimum Request Amounts: \$5,000,000
- Reallocated/Remaining funding for NCS – Minimum Request Amounts: \$2,000,000
- Both Initial funding for NCS and Reallocated/Remaining funding for NCS **Maximum Request Amount:** Up to 100% of the NCS funds allocated in this Allocation Plan and not to exceed 100% of the HOME-ARP eligible costs as further identified in HUD’s Notice and state laws and rules. If demand for NCS outweigh the demand for nonprofit capacity building and operating cost assistance, TDHCA may reprogram the nonprofit capacity building and operating cost assistance into NCS. However, the total maximum request may be further limited in the Invitation to Apply.
- Both Initial funding for NCS and Reallocated/Remaining funding for NCS **Unit Commitment:** Must designate at least the lesser of 50% of units or 10 units for HOME-ARP assistance.
- Both Initial funding for NCS and Reallocated/Remaining funding for NCS **Terms:** Funds may be provided in the form of amortizing, cash flow or deferred term loans, and may be interest bearing or at 0% or other interest rate in order to meet underwriting requirements if the shelter converts to permanent housing. Loan terms will depend on financial structure of the projects and contract terms.

Nonprofit Capacity and Operations Assistance

References to the “Initial Funding for NCO” below is related to NCO funds released in 2022 and 2023. The “reallocated funding for NCO” pertains to the funds reallocated from HUD or moved to NCS from other budget categories to be released in after the second amendment is approved. Nonprofit capacity and operations assistance will be made available as follows and as further described in NOFA(s) or for supporting organizations that plan to undertake NCS

Development as selected according to characteristics below:

- [**Initial funding for NCO Release of Funds --**](#) Nonprofit capacity building and operations (NCO) assistance will be selected based on need of the area in Texas, or available for competition combined in NOFAs with RSHS. If nonprofit capacity building and operations assistance is awarded prior to a RSHS, the application process will direct awards only to those organization for which it is reasonable to expect that the applicant organization will be provided RSHS funds within 24 months of award.
- [**Reallocated funding for NCO Release of Funds – Nonprofit capacity building and operations \(NCO\) assistance will be selected based on need of the area in Texas, or may be made available for competition combined in NOFAs or an Invitation to Apply for NCS. If nonprofit capacity building or operations assistance is awarded prior to an NCS, the application process will direct awards only to those organization for which it is reasonable to expect that the applicant organization will be provided NCS funds within 24 months of award.**](#)
- [**Initial funding of NCO Need --**](#) For NCO supporting organizations that plan to undergo NCS Development, funds will be distributed to areas that show need of a NCS according to the following characteristics:
 - Unsheltered homeless populations that are 400 persons or above as of the 2022 point in time count, published by HUD;
 - Fair market rent by county for 1-bedroom units that increased 20% or more between 2019 and 2023; and
 - HUD-published one-bedroom fair market rents by county for FY2023 of \$930 or more, which is the top 15% of rents in the state.
- [**Reallocated funding for NCO Need – Funds will be available to areas that show need for an NCS according to the following characteristics:**](#)
 - [Fair market rent by county for 1-bedroom units that increased 30% or more between 2021 and 2025; and](#)
 - [HUD-published one-bedroom fair market rents by county for FY2025 of \\$1000 or more, which is the top 10% of rents in the state.](#)
- [**Initial funding of NCO Organizational Requirements –**](#) For NCO supporting organizations that plan to undergo NCS Development, funds will be awarded to one or more 501(c)(3) or 501(c)(4) nonprofits that have the following characteristics in areas per the above that are also:
 - Subject to a Previous Participation Review by the Department per 10 TAC §1.302, and recommended for an award or an award with Conditions by the Executive Award Review and Advisory Committee;
 - Be registered in the System for Award Management (SAM) by the time of Contract, but no later than 90 days after award which may be extended by the Executive Director up to six months for good cause;
 - Have a current annual operating budget of at least \$500,000 and Single Audit or Audit Certification Form submitted to the Department in a satisfactory format in accordance with [10 TAC §1.403;](#)
 - Agree to follow 2 CFR Part 200 regarding Uniform Administrative

Requirements, Cost Principles, and Audit Requirements (including procurement) as a Subrecipient;

- Agree to become knowledgeable of HOME-ARP program guidelines, HUD CPD Notice 21-10 and Appendix, and Federal and State Rules and Regulations;
- Agree to receive both nonprofit capacity building and nonprofit operating funds, with the minimum amount being \$50,000 for each fund;
- Have prior experience in innovative shelter programs and related service provision through coordinated efforts with other agencies, institutions, and other community service organizations;
- Agree to be the fee simple owner, the sole general partner (with no special limited partner), or the sole managing member to develop a NCS of 50+ units;
- The nonprofit capacity building and operating assistance must specifically expand the ability of the organization to develop a NCS -- the nonprofit must commit to provide a clear plan and strategy within six months of Board award for how the organization will prepare for and complete an NCS including, but not limited to: number of beds, potential services and partners, staffing plan for shelter; estimated financial requirements and funding needs/gaps of a future NCS;
- Be able to expend 40% of NCO funds by month 12 of the Contract (subject to negotiation upon award), and 100% by month 24, Contract end date; and
- Submit materials to meet the requirements of the NCS reservation within 16 months of the NCO Board award, as described under NCS activity within this Allocation Plan.

• Reallocated funding of NCO Organizational Requirements -- For NCO supported organizations that plan to undergo NCS Development, funds will be awarded to one or more 501(c)(3) or 501(c)(4) nonprofits that:

- Have the same requirements as the “Initial funding for NCO” above with the following changes:
 - Agree to be the fee simple owner, the sole general partner (with no special limited partner), or the sole managing member to develop or rehabilitate an NCS of appropriate size for the community;
 - Are able to expend 40% of NCO funds by month 24 of the Contract (subject to negotiation upon award), and 100% by month 48 of the Contract end date; and
 - Submit materials to meet the requirements of the NCS reservation within nine months of the NCO Board award, as described under NCS activity within this Allocation Plan.
- Show a successful history of serving persons experiencing homelessness and demonstrate that the organization has community support and connections, and other competitive criteria as indicted in the NOFA.
- A preference will be given for organizations that are located in or serve Bryan, Odessa and/or Pasadena. This preference would be achieved by including a point incentive in the Notice of Funding Availability or Invitation to Apply for organizations that have in-person office space located in Bryan, Odessa, or

Pasadena, or organizations that have an active grant or award for a federally funded shelter, housing, or services for the homeless population in Bryan, Odessa or Pasadena.

- **Initial funding of NCO Selection --** TDHCA’s Executive Director anticipates creating a list of nonprofit organizations for Part I of the Invitation to Apply and will make award recommendations to TDHCA’s governing Board for the award of NCO funds and reservation of funding for Part II of the Invitation to Apply.
- **Reallocated funding of NCO Selection -- Funds would be released competitively in a NOFA or in an Invitation to Apply. If released in an invitation to Apply, TDHCA’s Executive Director anticipates creating a list of nonprofit organizations for Part I of the Invitation to Apply and will make award recommendations to TDHCA’s governing Board for the award of NCO funds and reservation of funding for Part II of the Invitation to Apply. With either option, there will be a preference for projects in Bryan, Odessa, and/or Pasadena.**
- **Both Initial Funding of NCO and Reallocated funding of NCO fiscal requirements --** In any fiscal year, nonprofit operating assistance or non-profit capacity building may not exceed the greater of 50% of the general operating expenses of the nonprofit organization, or \$50,000. If an organization applies for both operating assistance and capacity building assistance in any fiscal year, the aggregate total amount of assistance it may receive is the greater of 50 percent of the organization’s total operating expenses for that fiscal year or \$75,000.
- **Initial funding of NCO Request Min --** Minimum Request Amount: \$50,000
- **Initial funding of NCO Request Max --** Maximum Request Amount: \$3,324,229. However, the total minimum and maximum request may be further limited in the NOFA or the Invitation to Apply.
- **Reallocated funding of NCO Request Min -- Minimum Request Amount: \$50,000**
- **Reallocated funding of NCO Request Max -- Maximum Request Amount: Approximately \$750,000, but the total amount available in the Invitation to Apply or NOFA, or as limited therein.**

If any portion of the PJ’s HOME-ARP administrative funds were provided to a subrecipient or contractor prior to HUD’s acceptance of the HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the PJ’s entire HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ’s HOME-ARP program:
Not applicable

PJs must indicate the amount of HOME-ARP funding that is planned for each eligible HOME-ARP activity type and demonstrate that any planned funding for nonprofit organization operating assistance, nonprofit capacity building, and administrative costs is within HOME-ARP limits. The following table may be used to meet this requirement.

Use of HOME-ARP Funding

	<u>Original</u> <u>Approx.</u> <u>Funding</u> <u>Amount*</u>	<u>Percent</u> <u>Original</u> <u>% of the</u> <u>Grant</u>	<u>Budget*</u> <u>after</u> <u>Reduction</u> <u>and</u> <u>Reallocation</u>	<u>Change in \$</u> <u>from</u> <u>original</u>	<u>Reductio</u> <u>n/Realloc</u> <u>ated % of</u> <u>the Grant</u>	<u>Statutory</u> <u>Limit</u>
Non-Congregate Shelters	\$56,511,887	42.5%	<u>\$59,531,387</u> -	<u>\$3,019,500</u>	<u>45%</u>	n/a
Affordable Rental Housing Incl. Capitalized Operating Reserves	\$56,511,887	42.5%	<u>\$57,649,564</u>	<u>\$1,137,677</u>	<u>43%</u>	n/a
Non-Profit Operating/Non-Profit Capacity Building	\$6,648,458	5%	<u>\$3,974,229**</u>	<u>(\$2,674,229)</u>	<u>3%</u>	<u>510%</u>
Administration and Planning	\$13,296,915	10%	<u>\$12,322,872</u>	<u>(\$974,043)</u>	<u>9%</u>	15%
Total HOME ARP	\$132,969,14	100%	<u>\$133,478,052</u>	<u>\$508,905</u>	<u>100%</u>	

* Based on the applications received, these amounts and percentages may fluctuate.

**\$1,137,677 of NCO moved to rental development.

Additional narrative, if applicable:

While TDHCA agrees with much of the public input on the need for the variety of requested or suggested activities, unfortunately there is greater need than there are funds available. The consultation input was widely supportive of the need for development of Rental Housing with services, Supportive Housing and Non-Congregate Shelter and the data supports this need.

TDHCA feels these unique one-time funds will have the greatest long-term impact for Texans by being used for acquisition and development of Non-Congregate Shelter (NCS), development of rental housing, and development of Supportive Housing (SH) with associated capitalized operating subsidies. After excluding the funds for Administration/Planning and Non-Profit Capacity/Operating, funds will initially be made available equally proportioned between Non-Congregate Shelter and Rental Housing; if applications received do not fully utilize those funds, funds may be shifted between those two categories.

NP Operating and Capacity Building Assistance will only be awarded to those organizations that it is reasonable to expect will be successful recipients of NCS or RSHS funds within 24 months of award. While the NP Operating and NP Capacity Building is shown as one line item in the table so that funds can be used for both, the Department will commit these activities

to each project separately in IDIS as needed. The NP Operating and NP Capacity Building Assistance applications will be released within the NOFAs for NCS and Rental Housing development. If awards for NP Operating and NP Capacity Building do not fully utilize those funds related to building capacity or assisting with operating costs for nonprofits applying for NCS or RSH, funds may be shifted into NCS or Rental Housing for those activities.

TDHCA will consider revising its rules to provide for a portion of its annual allocation of ESG to be used to support NCS shelter operations funded by HOME-ARP and such planning will be reflected in future One Year Action Plan submissions.

If all funds are not obligated for the activities reflected in the table above, TDHCA may reprogram the funds into Supportive Services and/or TBRA activities; however, it should be noted that any funds obligated later in the performance period with HUD will likely only be available in non-Participating Jurisdictions based on state law.

[In October 2023, HUD informed TDHCA of a reduction of \\$3,808,153 due to a federal allocation error. In August 2024, HUD reallocated \\$4,317,058 to TDHCA with the condition that the reallocated amount will have a preference for activities in Odessa, Bryan or Pasadena. The net positive result of these two actions is \\$508,905.](#)

[In 2023/2024, HOME-ARP completed a rental development competition; a portion of the available funding from non-profit capacity building/operating funds that were meant to support rental development organizations were awarded for the activity of rental development, as allowed in the allocation plan. However, additional nonprofit capacity building/operating funds to support rental development remained after the end of the competition and was reduced to help offset the October 2023 reduction by HUD. In addition, a portion of administration was reduced to also offset the October HUD 2023 reduction.](#)

[The reallocated funds have been added to the non-congregate shelter, nonprofit capacity building/operating and administration line items. The administration increase was in line within the allowed percentage of the \\$4.3 million in reallocated funds as shown in the table above.](#)

Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:

As noted in the Data Analysis section, Texas has significant need for both shelter and rental housing inventory to serve the eligible population for HOME-ARP. The Homeless Needs Inventory and Gap Analysis Table 1's PIT count shows a homeless population that is greater than the share of emergency shelter and transitional housing units. While PSH can help to address these gaps, the turnover in permanent supportive housing is much lower than emergency shelter and transitional housing by design, and therefore not as widely available. This demonstrates a need for more PSH along with emergency shelter, transitional housing,

or general rental housing.

In addition, the Rental Housing Mismatch Table 3 shows that about 70% of renters with incomes between 0-30% AMI and about 66% of renter with incomes >30-50% AMI are cost burdened. Cost burden is an issue that the HOME-ARP rental activity is able to address, since QPs will may only 30% of their income toward rent, eliminating the burden.

While the needs for tenant-based rental assistance and supportive services are also strong, there are other one-time recovery funding sources for rental assistance (Emergency Rental Assistance reallocations to Texas Rent Relief and Emergency Housing Vouchers) and supportive services (Housing Stability Services) that are currently in the application or contracting phases. Because HOME-ARP can be used for capital investment and because construction allows for longer-term solutions, HOME-ARP is programmed for rental and shelter activities, with capacity building/nonprofit operating assistance to support these activities. This was supported by the comments heard in the consultations.

However, if HOME-ARP funding is not fully used after offering technical assistance and capacity building/nonprofit operating costs, HOME-ARP may be reprogrammed to supportive services or tenant-based rental assistance. By the time one or more rental or NCS application cycles are completed, the other one-time recovery sources for rental assistance and services may have expired. Reprogramming HOME-ARP funds into TBRA or supportive services will allow for a more gradual ramp down of these activities in communities that were heavily assisted through the other programs. The QP of persons who were formerly homeless but temporarily housed may be the most served QP if this reprogramming should take place.

HOME-ARP Production Housing Goals

Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:

TDHCA estimates that with the funds programmed as reflected in the table above, 565 units of non-congregate shelter and 202 units of Rental Housing or Supportive Housing (including funded operating reserves) can be produced or supported.

Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how it will address the PJ's priority needs:

TDHCA's goal will be to produce or support 202 units of Rental Housing or Supportive Housing, and 565 units of non-congregate shelter helping to create or support more housing across the state. [For the second amendment to the HOME-ARP Allocation Plan, the new goal of non-congregate shelter units would be approximately 298 units due to the original assumption of construction costs being too low, and due to rising costs of construction.](#)

Priority needs for each of the QP include deeply affordable housing, housing subsidies so that no more than 30% of income goes to housing, and reduced barriers to entry to rental housing,

all of which would be provided by TDHCA's rental development programs. Shelter was a priority need specifically identified for persons experiencing homelessness. Funding construction for rental housing and NCS would address several of the priority needs listed for the QPs.

Preferences

Other qualifying criteria

TDHCA does not intend to establish other qualifying criteria for persons to qualify for HOME-ARP.

Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:

- Preferences cannot violate any applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR §5.105(a).
- PJs are not required to describe specific projects to which the preferences will apply.

TDHCA will not require any specific set-asides or preferences that must be applied to all applicants, but may allow each NCS applicant to utilize any one or more of the following preference categories where one member of the household is from one of the categories, including combining categories if so reflected in their application and approved by TDHCA in the written agreement:

- Persons who are experiencing homelessness
- Persons who were formerly homeless but housed with temporary resources
- Persons With Disabilities (which includes Persons with Substance Use Disorders and Persons Living with HIV/AIDS)
- Persons With Violence Against Woman Act (VAWA) Protections and Human Trafficking
- Chronically Homeless
- Homeless or At-Risk of Homelessness Veterans (including Wounded Warriors as defined by the Caring for Wounded Warriors Act of 2008)
- Homeless or At-Risk of Homelessness Families with Children
- Persons At-Risk of Homelessness
- Persons Exiting Institutions or Systems of Care/Reentry
- Persons referred through Coordinated Entry

For Rental Housing and SH, TDHCA will not require any specific set-asides or preferences. Applicants may request to establish a preference to serve the households with at least one member that contains the following special needs populations that will be reflected in the written agreement:

- Persons who are experiencing homelessness

- Persons who were formerly homeless but housed with temporary resources
- Persons With Disabilities (which includes Persons with Substance Use Disorders and Persons Living with HIV/AIDS)
- Persons With Violence Against Woman Act (VAWA) Protections and Human Trafficking
- Chronically Homeless
- Homeless or At-Risk of Homelessness Veterans (including Wounded Warriors as defined by the Caring for Wounded Warriors Act of 2008)
- Homeless or At-Risk of Homelessness Families with Children
- Persons At-Risk of Homelessness
- Persons Exiting Institutions or Systems of Care/Reentry
- Persons referred through Coordinated Entry

For Rental Housing and SH, Applicants may also request to have a preference required by another federal fund source in the Development such as Veterans or a specific disability such as Persons Living with HIV/AIDS.

If a property is intending to use only Coordinated Entry and not a project-specific waitlist, the system must meet the requirements in HUD CPD Notice 21-10, which requires that Coordinated Entry provide sufficient referrals for the project and that all qualifying populations have an opportunity to participate within the project's geographic region. If any of these factors are not met, then a project-specific waitlist must also be used. This may mean before Coordinated Entry can be used as the basis for a property's waitlist, the local system may have to add:

- persons who are at-risk of homelessness with incomes up to 50% AMI (not under 30% AMI, as is common in other federal homeless programs);
- persons who have income at or below 30% AMI and are paying more than 50% of monthly household income toward housing costs; and
- households who have qualified as homeless previously, are housed with temporary/emergency assistance, and who need additional housing assistance or supportive services to avoid a return to homelessness.

These three HOME-ARP qualifying populations are unique, and may not be included in other homelessness assistance programs; therefore, they may not already be incorporated into Coordinated Entry. In addition, the geographic region for the project will include the entire primary market area of the rental development, as defined in 10 TAC §11.303(d)(8).

If Coordinated Entry is used with other referral methods, the Owner would establish prioritization criteria between the Coordinated Entry and other referral methods and maintain any waitlists in chronological order. If using Coordinated Entry alone, with other referral methods, or in coordination with a project-specific waitlist, the waitlist must take persons in chronological order, with priority given to those with preferences stated in the written agreement between the Owner and the Department. In addition, if up to 30% of the HOME-ARP units are reserved for low-income household who are not qualifying populations, a project-specific waitlist must be used for these units.

HOME-ARP may allow development of housing that meets requirements under the Housing for Older Persons Act. TDHCA may also consider permitting rental housing owners to give a preference or limitation as indicated in this section and may allow a preference or limitation that is not described in this section to encourage leveraging of federal or state funding, provided that another federal or state funding source for the rental housing requires a limitation or preference.

For NCS, and RSHS, no otherwise eligible individuals with disabilities or families including an individual with a disability who may benefit from the services provided may be excluded on the grounds that they do not have a particular disability.

If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or category of qualifying population, consistent with the PJ's needs assessment and gap analysis:

Consultations revealed that those populations listed above for a preference are often challenging to serve in a congregate shelter setting and are best able to be housed in NCS.

The ability for several of the QPs to be a preference would aid them with meeting a priority need, such as deeply affordable quality housing or housing subsidies so no more than 30% of income goes to housing. These QPs are persons who are experiencing homelessness, persons at-risk of homelessness, persons with Violence against Woman Act (VAWA) Protections and Human Trafficking, and persons who were formerly homeless but housed with temporary resources.

Several homeless subpopulations were also included as a preference. Persons who meet the definition of chronically homeless were identified through the consultation process as often being the hardest to reach and hardest to assist of the homeless population. Homeless or At-Risk of Homelessness Veterans are overrepresented among the homeless population compared to the general population. Finally, at least one consultation identified homeless families with children as having an unmet need, since many of this population were newly homeless or doubled up, and did not rank highly on CE.

Persons with disabilities were recommended to be listed as a priority by several consulted groups, including homeless service providers, developers of permanent supportive housing, and fair housing/disability advocates. Discussion topics included persons with dual diagnoses (Mental Health Disorder and Intellectual/Developmental Disabilities) and seniors with disabilities that Medicaid are not able to assist. Because fair housing laws require that eligible individuals with disabilities who may benefit from the services may not be excluded on the grounds that they do not have a particular disability, specific disabilities were not listed as a preference. As a result, Persons with Disabilities (which includes Persons with Substance Use Disorders and Persons Living with HIV/AIDS) was included as a preference.

Several CoCs commented during their consultation that there needed to be ways to incentivize the developers to give second chances for criminal history. The preference for Persons Exiting Institutions or Systems of Care/Reentry would address that need. In addition, youth exiting foster care would be addressed with this preference, which could reduce rates of unaccompanied children and youth experiencing homelessness.

Just as HOME-ARP is based on the framework of the HOME annual program, with additional flexibilities and alternative requirements, the HOME-ARP Allocation Plan is an amendment to the Fiscal Year 2021 Action Plan which is based on the needs assessment of the 2020-2024 Consolidated Plan. Regarding Colonia residents, farmworkers, or persons affected by disasters, while not a specified preference population they would be eligible for HOME-ARP if they meet the eligibility criteria.

Finally, during the consultations Coordinated Entry (CE) was seen as a tool for determining eligibility and preference, though many of the consulted agencies did not want to be limited to only CE. Allowing persons referred through CE to be a preference allows the use of a project-specific wait list in chronological order with the benefit of using the vulnerability assessment tools in the CE, and without the need to expand the CE for this funding source.

If a preference was identified, describe how the PJ will use HOME-ARP funds to address the unmet needs or gaps in benefits and services of the other qualifying populations that are not included in the preference:

The state is not establishing a statewide preference and across all providers different preferences will be utilized. The two QPs not included as optional preferences were persons at greatest risk of housing instability: extremely low-income households with severe cost burden, and households that met the definition of at-risk of homelessness with an alternative requirement of incomes up to 50% AMI. These QPs had fewer barriers to housing or needs for case management, or had higher incomes than the other QPs. Other state and local funds will assist other low-income households including, but not limited to, Housing Tax Credits, HOME, ESG, ERA2 Housing Stability Services funds, and 811 PRA.

HOME-ARP Refinancing Guidelines

If the PJ intends to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds, the PJ must state its HOME-ARP refinancing guidelines in accordance with 24 CFR 92.206(b). The guidelines must describe the conditions under which the PJ will refinance existing debt for a HOME-ARP rental project, including:

- ***Establish a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity***

TDHCA will follow its guidelines found in 10 TAC Chapters 10, 11, and 13 for any rental

housing or SH involving refinancing, unless otherwise described in the NOFA. The 10 TAC for TDHCA can be found online at [https://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=3&ti=10&pt=1](https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1)

TDHCA may use HOME-ARP funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME-ARP funds as described in 24 CFR §92.206(b)(2). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 TAC, Chapter 10, 11 and 13, for refinanced properties in accordance with its administrative rules. TDHCA may allow for lower per-unit rehabilitation costs than those required in 10 TAC §11.101(b)(3), potentially allowing rehabilitation costs as low as \$1,000 per unit provided:

- (1) the minimal rehabilitation costs can be supported in a Scope and Cost Review;
- (2) the request is in accordance with the HOME-ARP Allocation Plan, TDHCA's rules, and the applicable NOFA;
- (3) the HOME-ARP eligible rehabilitation costs – whether funded entirely or partially by TDHCA's HOME-ARP funds – are greater than the refinancing costs (i.e. payoff amount plus closing and title costs);
- (4) That a minimum funding level – minimal rehabilitation costs as described above, or the applicable per unit costs in 10 TAC §11.101(b)(3) – is set for rehabilitation on a per unit basis;
- (5) that a review of management practices demonstrates disinvestments in the property has not occurred;
- (6) That long-term needs of the project can be met;
- (7) That the financial feasibility of the development will be maintained over an extended affordability period;
- (8) That whether new investment is being made to maintain current affordable units and/or creates additional affordable units is stated;
- (9) That the required period of affordability is specified;
- (10) That the HOME-ARP funds may be used throughout the entire jurisdiction (except as TDHCA may be limited by the Texas Government Code) is specified; and
- (11) That HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG, is stated.

- ***Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.***

The TDHCA staff review of HOME-ARP RSHS applicants involving refinancing and rehabilitation of an existing property will include a review of management practices

and establish feasibility for the HUD-ARP affordability period.

- ***State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.***

The TDHCA HOME-ARP RSHH program will support both creation of new affordable units, and acquisition and rehab of current affordable units.

- ***Specify the required compliance period, whether it is the minimum 15 years or longer.***

The minimum HUD affordability periods will be used for NCS and RSHH, and HUD compliance requirements will be considered satisfied at the end of that term. For RSHH, TDHCA will require the property to remain affordable for at least a 30 year state affordability period per Texas Gov't Code §2306.185(c). The level of affordability required for the portion of the state affordability period that follows after the HOME-ARP period is over will be provided for in the NOFA.

- ***State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.***

TDHCA will not allow HOME-ARP funds to be used to refinance multifamily loans made or insured by any federal program including CDBG.

- ***Other requirements in the PJ's guidelines, if applicable:***

RSHH Properties will be allowed to use methods other than Coordinated Entry for selecting tenants.

Tiny homes are not prohibited in and of themselves, but must meet all requirements of either being NCS, rental housing, or SH (including not charging more than 30% of household's income).

Units cannot receive HOME-ARP operating subsidy on units that are receiving an operating subsidy or project-based rental assistance from another source.

Appendix A. Organizations that Participated in the HOME-ARP Consultations

#	Organization	Consultation	First Name	Last Name	City
1	Accessible Housing Austin	Fair Housing and Disability Advocate Consultation	Jolene	Keene	Austin
2	Affordable Home of South Texas, Inc.	Veteran Service Provider Consultation	Karla	Montemayor	McAllen
3	Alliance of Community Assistance Ministries	Homeless Service Providers/Domestic Service Provider Consultation	Sarah	Malcolm	Houston
4	Alliance of Community Assistance Ministries	Homeless Service Providers/Domestic Service Provider Consultation	Sharon	Zachary	Houston
5	American GI Forum National Veterans Outreach Program Inc.	Fair Housing and Disability Advocate Consultation	Monica	Alexander	San Antonio
6	American GI Forum National Veterans Outreach Program Inc.	Fair Housing and Disability Advocate Consultation	Sergio	Dickerson	San Antonio
7	American GI Forum National Veterans Outreach Program Inc.	Fair Housing and Disability Advocate Consultation	Dixie	Maddox	San Antonio
8	ArkTex Council of Governments	Homeless Service Providers/Domestic Violence Providers Consultation	Mae	Lewis	Texarkana
9	Arlington Housing Authority	Homeless Service Providers/Domestic Service Provider Consultation	Lydia	Willingham	Arlington
10	Austin Area Urban League	Public Housing Agency Consultation/Fair Housing and Disability Advocate Consultation	Quincy	Dunlap	Austin
11	Austin Area Urban League	Fair Housing and Disability Advocate Consultation/Homeless Service Providers/Domestic Service Provider Consultation	Earl	Grant	Austin

#	Organization	Consultation	First Name	Last Name	City
12	Beat Aids	Homeless Service Providers/Domestic Service Provider Consultation	Syed	Qadri	San Antonio
13	Brazos Valley Center for Independent Living	Fair Housing and Disability Advocate Consultation	Jackie	Pacha	Bryan
14	Briones Consulting & Engineering	Fair Housing and Disability Advocate Consultation	Sophia	Briones	San Antonio
15	Career and Recovery Resources, Inc.	Homeless Service Providers/Domestic Service Provider Consultation	Nkechi	Agwuenu	Houston
16	Career and Recovery Resources, Inc.	Homeless Service Providers/Domestic Service Provider Consultation	Kelly	Young	Houston
17	Catholic Charities of the Archdiocese of Galveston-Houston	Homeless Service Providers/Domestic Service Provider Consultation	Steve	Mikelman	Houston
18	Catholic Diocese of Brownsville	Homeless Service Providers/Domestic Service Provider Consultation	Nadia	de Ramirez	Brownsville
19	Central County Services	Fair Housing and Disability Advocate Consultation	Felicia	Burden	Temple
20	Central County Services	Fair Housing and Disability Advocate Consultation	Paola	McIntosh	Temple
21	Christian Community Action	Homeless Service Providers/Domestic Service Provider Consultation	Daphne'	Adams	Lewisville
22	City House	Homeless Service Providers/Domestic Service Provider Consultation	Donna	Melton	Plano
23	City of Amarillo	Homeless Service Providers/Domestic Service Provider Consultation	Lauren	Ebben	Amarillo

#	Organization	Consultation	First Name	Last Name	City
24	City of Austin	Fair Housing and Disability Advocate Consultation	Dianna	Grey	Austin
25	City of Austin	Fair Housing and Disability Advocate Consultation	Patrick	Russell	Austin
26	City of Austin	Fair Housing and Disability Advocate Consultation	Letitia	Brown	Austin
27	City of Austin	Fair Housing and Disability Advocate Consultation	Dawn	Perkins	Austin
28	City of Denton	Homeless Service Providers/Domestic Service Provider Consultation	Alma	Espino	Denton
29	City of Fort Worth	Homeless Service Providers/Domestic Service Provider Consultation	Tara	Perez	Fort Worth
30	City of Houston	Fair Housing and Disability Advocate Consultation	Alan	Isa	Houston
31	City of Houston	Fair Housing and Disability Advocate Consultation	Kristingail	Robinson	HOUSTON
32	City of Houston	Homeless Service Providers/Domestic Service Provider Consultation	Jared	Briggs	Houston
33	City of Plano	Homeless Service Providers/Domestic Service Provider Consultation	Sarah	Carroll	Plano
34	City of San Antonio	Fair Housing and Disability Advocate Consultation	Anabel	Villa	San Antonio
35	City of Socorro	Fair Housing and Disability Advocate Consultation	Alejandra	Valadez	Socorro
36	Coalition for the Homeless of Houston	Public Housing Agency Consultation/Continuum of Care Consultation	Jessica	Preheim	Houston

#	Organization	Consultation	First Name	Last Name	City
37	Coalition for the Homeless of Houston	Fair Housing and Disability Advocate Consultation	Caybryn	Southern	Houston
38	Coalition for the Homeless of Houston	Continuum of Care Consultation	Renee	Cavazos	Houston
39	Coastal Bend Center for Independent Living	Fair Housing and Disability Advocate Consultation	Atlee	McC Campbell	Corpus Christi
40	Coastal Bend Center for Independent Living	Fair Housing and Disability Advocate Consultation	Judy	Telge	Corpus Christi
41	Combined Community Action, Inc.	Homeless Service Providers/Domestic Service Provider Consultation	Kelly	Franke	Giddings
42	Combined Community Action, Inc.	Homeless Service Providers/Domestic Service Provider Consultation	Deanna	Lowrey-Green	La Grange
43	Community Action Committee in Victoria	Fair Housing and Disability Advocate Consultation	Tiffany	Ross	Victoria
44	Community Council of South Central Texas	Public Housing Agency Consultation	Belinda	Lacey	New Braunfels
45	Community Council of South Central Texas	Fair Housing and Disability Advocate Consultation	Belinda	Lacey	New Braunfels
46	Community Council of South Central Texas	Homeless Service Providers/Domestic Service Provider Consultation	Virginia	Lemeilleur	Kerrville
47	Community Council of South Central Texas	Homeless Service Providers/Domestic Service Provider Consultation/Veteran Service Provider Consultation	Belinda	Lacey	New Braunfels
48	Community for Permanent Supportive Housing	Fair Housing and Disability Advocate Consultation	Robin	LeoGrande	Plano

#	Organization	Consultation	First Name	Last Name	City
49	Community Healthcore	Homeless Service Providers/Domestic Service Provider Consultation	Marijobeth	Faries	Longview
50	Community Healthcore	Homeless Service Providers/Domestic Service Provider Consultation	Chesley	Knowles	Longview
51	Concho Valley Community Action Agency	Fair Housing and Disability Advocate Consultation	Sarah	Eckel	San Angelo
52	Concho Valley Community Action Agency	Homeless Service Providers/Domestic Service Provider Consultation	Mark	Bethune	San Angelo
53	Concho Valley Community Action Agency	Homeless Service Providers/Domestic Service Provider Consultation	Sarah	Eckel	San Angelo
54	Cornerstone Community Action Agency	Homeless Service Providers/Domestic Service Provider Consultation	Shenika	Arredodno	Coleman, TX
55	Corpus Christi Housing Authority	Public Housing Agency Consultation	Gary	Allsup	Corpus Christi
56	Covenant House	Homeless Service Providers/Domestic Service Provider Consultation	Felicia	Broussard	Houston
57	CSH	Fair Housing and Disability Advocate Consultation	Brooke	Page	Regional
58	Dallas City Homes	Fair Housing and Disability Advocate Consultation	Kristen	Williams	Dallas
59	Denton County Friends of Family	Homeless Service Providers/Domestic Service Provider Consultation	Katherine	Boswell	Denton
60	Denton County MHMR	Fair Housing and Disability Advocate Consultation	Jessica	Logar	Flower Mound
61	Denton County MHMR	Fair Housing and Disability Advocate Consultation	Jennifer	Meyer	Denton

#	Organization	Consultation	First Name	Last Name	City
62	Disability Rights Texas	Fair Housing and Disability Advocate Consultation	Stephanie	Duke	Houston
63	Disability Rights Texas	Fair Housing and Disability Advocate Consultation	Tanya	Lavelle	Austin
64	Eagle Pass Housing Authority	Public Housing Agency Consultation	Mary	Velasquez	Eagle Pass
65	ECHO	Homeless Service Providers/Domestic Service Provider Consultation	Andrew	Willard	Austin
66	Edgewood Housing Authority	Public Housing Agency Consultation	Janice	Wingo	Edgewood
67	El Paso Coalition for the Homeless	Homeless Service Providers/Domestic Service Provider Consultation/Continuum of Care Consultation	Camille	Castillo	El Paso
68	Endeavors	Homeless Service Providers/Domestic Service Provider Consultation	Alanah	Lavinier	San Antonio
69	Envolve LLC	Fair Housing and Disability Advocate Consultation	Deidra	Bugg	Memphis
70	Families in Crisis	Homeless Service Providers/Domestic Service Provider Consultation	William	Hall	Killeen
71	Families in Crisis	Veteran Service Provider Consultation	William	Hall	Killeen
72	Family Gateway	Homeless Service Providers/Domestic Service Provider Consultation	Amanda	Dycus	Dallas
73	Family Gateway	Homeless Service Providers/Domestic Service Provider Consultation	Ellen	Magnis	Dallas

#	Organization	Consultation	First Name	Last Name	City
74	Family Promise of Lubbock	Homeless Service Providers/Domestic Service Provider Consultation	Kris	Michaels	Lubbock
75	Fayette County Habitat for Humanity	Homeless Service Providers/Domestic Service Provider Consultation	Kenny	Couch	La Grange
76	Fishpond Development, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Lisa	Vecchietti	Austin
77	Fishpond Development, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Clint	Ivy	Austin
78	Foley Jones & Associates	Homeless Service Providers/Domestic Service Provider Consultation	MaryEllen	Forgay	Houston
79	Fort Hood Area Habitat for Humanity	Homeless Service Providers/Domestic Service Provider Consultation	Ken	Cates	Killeen
80	Fort Hood Area Habitat for Humanity	Veteran Service Provider Consultation	Kristin	Hannibal	Killeen
81	Fort Worth Housing Solutions	Public Housing Agency Consultation	Brian	Dennison	Fort Worth
82	Foundation for the Homeless	Homeless Service Providers/Domestic Service Provider Consultation	Charisse	Damiani	Austin
83	Front Steps Inc	Fair Housing and Disability Advocate Consultation	Jessica	Cochran	Austin
84	Galveston County	Homeless Service Providers/Domestic Service Provider Consultation	Francis	Aguillon	Galveston
85	Galveston County	Homeless Service Providers/Domestic Service Provider Consultation	James	Gentile	Galveston
86	Golden Crescent Aging & Disability Resource Center	Fair Housing and Disability Advocate Consultation	Angelique	Rodriguez	Victoria

#	Organization	Consultation	First Name	Last Name	City
87	Grace Like Rain	Fair Housing and Disability Advocate Consultation	Amy	Brock	Denton
88	GrantWorks, Inc.	Veteran Service Provider Consultation	Donna	Johnson	Austin
89	Gulf Coast Center	Homeless Service Providers/Domestic Service Provider Consultation	Deinisha	Tryals	Galveston
90	Gulf Coast Housing Partnership	Fair Housing and Disability Advocate Consultation	Anna	Labadie	New Orleans
91	H.O.P.E. Haven	Homeless Service Providers/Domestic Service Provider Consultation	Kristyn	Stillwell	Houston
92	Haven for Hope	Homeless Service Providers/Domestic Service Provider Consultation	Katherine	Dillard Gonzalez	San Antonio
93	Heart of Texas Behavioral Health Network	Homeless Service Providers/Domestic Service Provider Consultation	Shaun	Lee	Waco
94	Helen Farabee Center	Fair Housing and Disability Advocate Consultation	Lauren	Hargrove	Wichita Falls
95	Hope's Door New Beginning Center	Homeless Service Providers/Domestic Service Provider Consultation	Christina	Coultas	Plano
96	Housing Authority City of Arlington	Homeless Service Providers/Domestic Service Provider Consultation	Mindy	Cochran	Arlington
97	Housing Authority of Bexar County	Public Housing Agency Consultation	Terry	Trevino	San Antonio
98	Housing Authority of La Joya	Public Housing Agency Consultation	Lulu	Cardenas	La Joya
99	Housing Authority of Lubbock Texas	Public Housing Agency Consultation	Michael	Chapman	Lubbock

#	Organization	Consultation	First Name	Last Name	City
100	Housing Authority of the City of Beaumont	Public Housing Agency Consultation	Jackie	Sostand	Beaumont
101	Housing Trust Group	Fair Housing and Disability Advocate Consultation	Katelyn	Cutler	Miami
102	Housing Trust Group	Fair Housing and Disability Advocate Consultation	Quinn	Gormley	Austin
103	Housing Trust Group	Fair Housing and Disability Advocate Consultation	Taylor	Thomas	Austin
104	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Nike	Blue	Houston
105	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Lourdes	Calderon	Houston
106	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Lan	Nguyen	Houston
107	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Benita	Slater	Houston
108	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Selah	Tacconi	Houston
109	Houston Housing Authority	Public Housing Agency Consultation	Mark	Thiele	Houston
110	Hudson County Latino Foundation	Fair Housing and Disability Advocate Consultation	McKensie	Sprow	Hudson
111	Integral Care Austin	Fair Housing and Disability Advocate Consultation	Marlene	Buchanan	Austin
112	Integral Care Austin	Fair Housing and Disability Advocate Consultation	Kali	Holyfield	Austin

#	Organization	Consultation	First Name	Last Name	City
113	LDG Development	Fair Housing and Disability Advocate Consultation	Dru	Childre	Austin
114	Legacy Community Development Corp	Fair Housing and Disability Advocate Consultation	Marie	Nguyen	Port Arthur
115	Legacy Health	Public Housing Agency Consultation	Sherri L	King	Waco
116	Legal Aid of North West Texas	Fair Housing and Disability Advocate Consultation	K'Lisha	Rutledge	Dallas
117	LifeWorks Austin	Homeless Service Providers/Domestic Service Provider Consultation	Kate	Bennett	Austin
118	LifeWorks Austin	Homeless Service Providers/Domestic Service Provider Consultation	Darcy	Rendon	Austin
119	LifeWorks Austin	Homeless Service Providers/Domestic Service Provider Consultation	Erin	Whelan	Austin
120	McCormack Baron Salazar Developers	Public Housing Agency Consultation	Louis	Bernardy	San Antonio
121	Metro Dallas Homeless Alliance	Homeless Service Providers/Domestic Service Provider Consultation	Mackeshia	Brown	Dallas
122	Metro Dallas Homeless Alliance	Continuum of Care Consultation	Trudy	Hernandez	Dallas
123	Metro Dallas Homeless Alliance	Continuum of Care Consultation	Sarah	Kahn	Dallas
124	Metrocrest Services	Homeless Service Providers/Domestic Service Provider Consultation	Tracy	Eubanks	Farmers Branch
125	Metrocrest Services	Homeless Service Providers/Domestic Service Provider Consultation	Mike	Harris	Farmers Branch
126	Metrocrest Services	Homeless Service Providers/Domestic Service Provider Consultation	Jennifer	Lajoie	Farmers Branch

#	Organization	Consultation	First Name	Last Name	City
127	MHMR Tarrant County	Fair Housing and Disability Advocate Consultation	Brian	Wall	Fort Worth
128	Mid-Coast Family Services	Homeless Service Providers/Domestic Service Provider Consultation	Lisa	Griffin	Victoria
129	Mid-Coast Family Services	Homeless Service Providers/Domestic Service Provider Consultation	Mallory	Thurman	Victoria
130	Midwest Housing Equity Group	Fair Housing and Disability Advocate Consultation	Andrea	Frymire	OKC
131	MVAH Partners	Fair Housing and Disability Advocate Consultation	Misty	Middleton	Hillsboro
132	N/A	Public Housing Agency Consultation	Carrie	Kline	N/A
133	N/A	Public Housing Agency Consultation	Virginia	LeMeilleur	N/A
134	N/A	Public Housing Agency Consultation	Monica	Washington	Round Rock
135	N/A	Public Housing Agency Consultation	Ramonia	Williams	Highlands
136	N/A	Fair Housing and Disability Advocate Consultation	Ginger	Bennett	Austin
137	N/A	Fair Housing and Disability Advocate Consultation	Roger	Canales	Cibolo
138	N/A	Fair Housing and Disability Advocate Consultation	Robin	Freeman	Beaumont
139	N/A	Fair Housing and Disability Advocate Consultation	Jimi	Gibson	Bay City

#	Organization	Consultation	First Name	Last Name	City
140	N/A	Fair Housing and Disability Advocate Consultation	Marilyn	Hartman	Austin
141	N/A	Fair Housing and Disability Advocate Consultation	Sherri L	King	Denton
142	N/A	Fair Housing and Disability Advocate Consultation	Cecil	King	San Antonio
143	N/A	Fair Housing and Disability Advocate Consultation	Marie	Lopez	N/A
144	N/A	Fair Housing and Disability Advocate Consultation	Katherine	Owens	Longview
145	N/A	Fair Housing and Disability Advocate Consultation	Libby	Rivera	Edinburg
146	N/A	Fair Housing and Disability Advocate Consultation	Renee	Lopez	Hutto
147	N/A	Homeless Service Providers/Domestic Service Provider Consultation	Monica	Barrera	El Paso
148	N/A	Homeless Service Providers/Domestic Service Provider Consultation	Renee	Buffington	Houston
149	National Housing Advisors, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Ellen	Rourke	Dallas
150	New Hope Housing	Service Providers	Shamika	Piggee	Houston
151	New Hope Housing	Homeless Service Providers/Domestic Service Provider Consultation	Tweenzette	Ross	Houston
152	Northwest Assistance Ministries	Homeless Service Providers/Domestic Service Provider Consultation	Allison	Brooks	Houston
153	Omni Properties & Investments, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Geneva	Murphy	San Antonio

#	Organization	Consultation	First Name	Last Name	City
154	Palladium USA	Fair Housing and Disability Advocate Consultation	Avis	Chaisson	Dallas
155	Palladium USA	Fair Housing and Disability Advocate Consultation	Cody	Hunt	Dallas
156	Panhandle Community Services	Public Housing Agency Consultation	Audra	Rea	Amarillo
157	Panhandle Community Services	Public Housing Agency Consultation	Magi	York	Amarillo
158	Panhandle Regional Planning Commission	Fair Housing and Disability Advocate Consultation	Isabell	Villarreal	Amarillo
159	Paulos Properties, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Flora	Brewer	Fort Worth
160	Pay It Forward	Homeless Service Providers/Domestic Service Provider Consultation	Genny	Slater	San Antonio
161	Presbyterian Night Shelter	Homeless Service Providers/Domestic Service Provider Consultation	Debbi	Rabalais	Fort Worth
162	Project Vida	Homeless Service Providers/Domestic Service Provider Consultation	Maribel	Miranda	El Paso
163	Promise House	Homeless Service Providers/Domestic Service Provider Consultation	Charles	Wolford	Dallas
164	Recovery Resource Council	Homeless Service Providers/Domestic Service Provider Consultation	Kelvin	Divinity	Dallas
165	Recovery Resource Council	Homeless Service Providers/Domestic Service Provider Consultation	Tamieka	McLaurin	Fort Worth
166	Rockdale Housing Authority	Public Housing Agency Consultation	Mario	Casarez	Rockdale

#	Organization	Consultation	First Name	Last Name	City
167	Roommateme Network	Fair Housing and Disability Advocate Consultation	George	Farhat	Dallas
168	Safehaven Tarrant County	Homeless Service Providers/Domestic Service Provider Consultation	Sheri	Campbell-Husband	Arlington
169	Safehaven Tarrant County	Homeless Service Providers/Domestic Service Provider Consultation	Nichole	Masters-Henry	Arlington
170	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Mario	Cuevas	San Antonio
171	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Meredith	Donovan	Woodway
172	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Suzanne	Kanon	Fort Worth
173	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Crystal	Lenz	Beaumont
174	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Holly	McDonald	Galveston
175	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Jason	Moore	Beaumont
176	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Elizabeth	Rodriguez	Beaumont
177	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Betty Kay	Schlesinger	Sherman
178	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Emily	Shafer	Corpus Christi
179	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Roxanne	Vilanova	San Antonio

#	Organization	Consultation	First Name	Last Name	City
180	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Samantha	Wyman	Dallas
181	Salvation Army	Veteran Service Provider Consultation	Meredith	Donovan	Waco
182	Salvation Army	Veteran Service Provider Consultation	Hilda	Hilda Moreno	EL PASO
183	SAMMinistries	Fair Housing and Disability Advocate Consultation	Rex	Brien	San Antonio
184	SAMMinistries	Fair Housing and Disability Advocate Consultation	Elizabeth	de los Santos	San Antonio
185	SAMMinistries	Homeless Service Providers/Domestic Service Provider Consultation	Nikisha	Baker	San Antonio
186	SAMMinistries	Homeless Service Providers/Domestic Service Provider Consultation	Curtis	Ruder	San Antonio
187	SAMMinistries	Homeless Service Providers/Domestic Service Provider Consultation	Gay Lynn	Schwenk	San Antonio
188	SAMMinistries	Homeless Service Providers/Domestic Service Provider Consultation	Elizabeth	de los Santos	San Antonio
189	San Angelo Housing Authority	Public Housing Agency Consultation	Rebecca	Salandy	San Angelo
190	San Antonio Housing Authority	Public Housing Agency Consultation	Tim	Alcott	San Antonio
191	San Antonio Housing Authority	Public Housing Agency Consultation	Melissa	Garza	San Antonio
192	San Antonio Housing Authority	Public Housing Agency Consultation	Nadia	Islam	San Antonio

#	Organization	Consultation	First Name	Last Name	City
193	San Antonio Housing Authority	Public Housing Agency Consultation	Lorraine	Robles	San Antonio
194	San Antonio Housing Authority	Public Housing Agency Consultation	Joel	Tabar	San Antonio
195	San Antonio Housing Authority	Public Housing Agency Consultation	Jessica	Wayneck	San Antonio
196	San Benito Housing Authority	Public Housing Agency Consultation	David	Cortez	San Benito
197	Sanchez Compliance & Consulting	Fair Housing and Disability Advocate Consultation	Juanita	Sanchez	Cedar Park
198	SEARCH Homeless Services	Homeless Service Providers/Domestic Service Provider Consultation	Alexis	Loving	Houston
199	Shared Housing Center, Inc	Homeless Service Providers/Domestic Service Provider Consultation	Kimberly	Johnson	DALLAS
200	South Alamo Regional Alliance for the Homeless	Continuum of Care Consultation	Chelsey	Viger	San Antonio
201	South Plains Associates of Governments	Fair Housing and Disability Advocate Consultation	Roxanna	Ancira	Lubbock
202	Southeast Texas Housing Finance Corporation	Fair Housing and Disability Advocate Consultation	Jonathan	Campbell	Houston
203	Superior Health Plan	Fair Housing and Disability Advocate Consultation	Jennifer	Bourquin	Austin
204	Tarrant County Homeless Coalition	Fair Housing and Disability Advocate Consultation	Kimberly	Doty	Fort Worth
205	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Nathan	Crites-Herren	Fort Worth

#	Organization	Consultation	First Name	Last Name	City
206	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Kimberly	Doty	Fort Worth
207	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Anthony	Hogg	Fort Worth
208	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Lauren	King	Fort Worth
209	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Kathryn	Welch	Fort Worth
210	Tarrant County Homeless Coalition	Continuum of Care Consultation	Kim	Doty	Tarrant
211	Texarkana, City of	Homeless Service Providers/Domestic Service Provider Consultation	Vashil	Fernandez	Texarkana
212	Texarkana, City of	Homeless Service Providers/Domestic Service Provider Consultation	Daphnea	Ryan	Texarkana
213	Texas Council on Family Violence	Continuum of Care Consultation	Breall	Baccus	Austin
214	Texas Department of Criminal Justice	Texas Interagency Council for the Homeless/Public Agencies that Address Needs of Qualifying Population	Sherri	Cogbill	Austin
215	Texas Department of Family and Protective Services	Texas Interagency Council for the Homeless/Public Agencies that Address Needs of Qualifying Population	Valinda	Bolton	Austin
216	Texas Department of Juvenile Justice	Texas Interagency Council for the Homeless/Public Agencies that Address Needs of Qualifying Population	Marqus	Butler	Austin

#	Organization	Consultation	First Name	Last Name	City
217	Texas Education Agency	Texas Interagency Council for the Homeless/Public Agencies that Address Needs of Qualifying Population	Cal	Lopez	Austin
218	Texas Health and Human Services	Fair Housing and Disability Advocate Consultation	LaJean	Burnett	Austin
219	Texas Health and Human Services Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Carrissa	Dougherty	Austin
220	Texas Health and Human Services Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Suzie	Brady	Austin
221	Texas Health and Human Services Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Claire	Irwin	Austin
222	Texas Homeless Network	Homeless Service Providers/Domestic Service Provider Consultation	Jim	Ward	Austin
223	Texas Homeless Network	Continuum of Care Consultation	Mary	Stahlke	Austin
224	Texas Homeless Network	Continuum of Care Consultation	Eric	Samuels	Austin
225	Texas Housers	Fair Housing and Disability Advocate Consultation	Elizabeth	Roehm	Austin
226	Texas Veterans Commission	Veteran Service Provider Consultation	Blake	Harris, Ph. D.	Austin
227	Texas Veterans Commission	Veteran Service Provider Consultation	Michelle	Nall	Austin

#	Organization	Consultation	First Name	Last Name	City
228	Texas Veterans Commission	Veteran Service Provider Consultation	Chip	Osborne	Austin
229	Texas Veterans Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Blake	Harris	Austin
230	Texas Workforce Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Deborah	Arellano	Austin
231	The Care Group of Texas	Public Housing Agency Consultation	Tammy	Guidry	Houston
232	The Childrens Center, Inc	Homeless Service Providers/Domestic Service Provider Consultation	Marsha	Wilson Rappaport	Galveston
233	The Chosen Ones Outreach Enrichment Center	Homeless Service Providers/Domestic Service Provider Consultation	Teresa	Finch	Galveston
234	The Chosen Ones Outreach Enrichment Center	Homeless Service Providers/Domestic Service Provider Consultation	Reverend	Lawson	Galveston TX
235	The Harris Center for Mental Health and IDD	Fair Housing and Disability Advocate Consultation	Tammara	McAdory	Houston
236	The Harris Center for Mental Health and IDD	Fair Housing and Disability Advocate Consultation	Sandra	Brock	Houston
237	The Harris Center for Mental Health and IDD	Fair Housing and Disability Advocate Consultation	Lakeisha	Davis	Houston
238	The Safe Alliance	Homeless Service Providers/Domestic Service Provider Consultation	Julia	Spann	Austin

#	Organization	Consultation	First Name	Last Name	City
239	The Safe Alliance	Homeless Service Providers/Domestic Service Provider Consultation	Hosie	Washington	Austin
240	The Stewpot	Homeless Service Providers/Domestic Service Provider Consultation	JR	Ratliff	Dallas
241	The Women's Home	Homeless Service Providers/Domestic Service Provider Consultation/Fair Housing and Disability Advocate Consultation	Chiamaka	Ofoma	Houston
242	Texas Interagency Council for the Homeless Chair	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Mike	Doyle	Fort Worth
243	Tracy Andrus Foundation	Homeless Service Providers/Domestic Service Provider Consultation	Tracy	Andrus	Marshall
244	Tri-County Fort Worth Healthcare	Fair Housing and Disability Advocate Consultation	Stephanie	Ward	Conroe
245	Tri-County Community Action, Inc.	Fair Housing and Disability Advocate Consultation	Beth	Eubanks	Gilmer
246	Tri-County Community Action, Inc.	Fair Housing and Disability Advocate Consultation	Tammy	Luster	Marshall
247	Under 1 Roof Dallas	Homeless Service Providers/Domestic Service Provider Consultation	Verna	Jones	Dallas
248	Union Gospel Mission of Tarrant County	Homeless Service Providers/Domestic Service Provider Consultation	Don	Shisler	Fort Worth
249	Valley Association for Independent Living	Fair Housing and Disability Advocate Consultation	Genesis	Garcia Lezama	MCALLEN

#	Organization	Consultation	First Name	Last Name	City
250	Valley Association for Independent Living	Fair Housing and Disability Advocate Consultation	Laurie	Gonzalez	McAllen
251	Valley Association for Independent Living	Fair Housing and Disability Advocate Consultation	Jorge	Villarreal	McAllen
252	Vivent Health	Fair Housing and Disability Advocate Consultation	Mamadou	Balde	Denver
253	Volunteers of America	Fair Housing and Disability Advocate Consultation	Deborah	Welchel	Lago Vista
254	Volunteers of America	Fair Housing and Disability Advocate Consultation	Brigitte	Ogne	DC
255	West Central Texas Council	Fair Housing and Disability Advocate Consultation	Justine	Ingra,	Abilene
256	West Central Texas Council	Fair Housing and Disability Advocate Consultation	John	Meier	Abilene
257	Woodridge Consulting LLC	Homeless Service Providers/Domestic Service Provider Consultation	Jim	Wooldridge	Killeen



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 773

Agenda Date: 10/10/2024

Agenda #: 23.

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Eban Village I (HTC # 95047/ CMTS # 1354) and Eban Village II (HTC # 99022 / CMTS 2087)

RECOMMENDED ACTION

WHEREAS, Eban Village I and Eban Village II, owned by HHF Eban Village 2021, LLC (Owner), have uncorrected compliance findings relating to the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, this ownership group that is controlled by Hope Housing Foundation has a history of violations, and signed three prior Agreed Final Orders;

WHEREAS, the terms of two Agreed Final Orders signed in 2017 were met and the administrative penalties were partially forgiven, with a collective \$1,000.00 paid;

WHEREAS, the terms of an Agreed Final Order signed in 2018 were violated, and the full \$10,000.00 administrative penalty due under that Order was paid;

WHEREAS, TDHCA identified new findings of noncompliance during its regularly scheduled 2023 NSPIRE inspection, and referred the Owner for an administrative penalty when the noncompliance was not timely corrected;

WHEREAS, TDHCA identified new findings of noncompliance during its regularly scheduled 2024 file monitoring review, and referred the Owner for an administrative penalty when the noncompliance was not timely corrected;

WHEREAS, partial corrections were received after referral to the Enforcement Committee;

WHEREAS, current unresolved findings of noncompliance include failure to implement an updated utility allowance, failure to provide special needs housing, and two household income violations;

WHEREAS, an Enforcement Committee informal conference was held on August 29, 2024, and Owner agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of \$23,125.00, with fifty percent of the assessed penalty due upon signature, and the remainder subject to subject to probation and forgiveness if Owner submits full corrections by November 12, 2024; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department's

rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case.

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order assessing an administrative penalty of \$23,125.00, subject to partial forgiveness as outlined above, for noncompliance at Eban Village I (HTC # 95047 / CMTS # 1354) and Eban Village II (HTC # 99022 / CMTS 2087), substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Property and Financing Information: HHF Eban Village 2021, LLC (Owner) is the current owner of Eban Village I (Eban I) and Eban Village II (Eban II), a two-phase apartment complex composed of 110 units and 220 units, respectively, located in Dallas (collectively, the "Properties").

Eban I is subject to a Land Use Restriction Agreement (LURA) signed by a prior owner in 1997 in consideration for a housing tax credit allocation to acquire, rehabilitate and operate Eban I. Eban II is subject to a LURA signed by a prior owner in 2002 in consideration for a housing tax credit allocation to build and operate Eban II. HHF Eban Village I & II, LLC, controlled by Hope Housing Foundation (HHF), purchased the Properties in 2013 with TDHCA approval, and signed Agreements to Comply. On January 10, 2022, ownership was transferred to HHF Eban Village 2021, LLC as part of a refinancing transaction. They did not provide notice of that transfer to TDHCA as required by 10 TAC §10.406, however, the two entities are affiliates under the control of HHF, with no new principals. In accordance with Section 2 of the Eban I LURA and the Eban II LURA (collectively, the "LURAs"), the LURAs are restrictive covenants/deed restrictions encumbering both phases, and are binding on all successors and assigns for the full terms of the LURAs.

Alvin Johnson is the president of HHF and the primary CMTS owner contact. The Texas Secretary of State lists the following members of HHF's board of directors: Shedrick Howard, Darrell Foster, Doneric Norwood, Susan Richardson, and Pamela Thomas, but the owner represents that the current board of directors includes: Ariel Bushel, Derrick Bridget, Doneric Norwood, Susan Richardson, Darrel Foster, and Pamela Thomas. Rampart Management is the prior property management company, but Owner hired Integrity Rise Management LLC after receiving the administrative penalty referrals that are the subject of this board item.

Enforcement History: HHF currently controls four actively monitored properties, all of which have a history of administrative penalty referrals. HHF has three prior Agreed Final Orders:

1. Agreed Final Order signed in 2017 for Eban I, agreeing to an administrative penalty of \$500.00 for uncorrectable noncompliance relating to failure to provide supportive services.

2. Agreed Final Order signed in 2017 for Ridge at Trinity (HTC 04608 / Bond 04608B / CMTS 4198), agreeing to an administrative penalty of \$5,000.00 relating to file monitoring noncompliance, with \$500.00 due at signing and the remainder to be forgivable provided that the owner complied with all requirements. Owner complied with this Order.
3. Agreed Final Order signed in 2018 for Ridge at Trinity (HTC 04608 / Bond 04608B / CMTS 4198), agreeing to an administrative penalty of \$10,000.00 relating to file monitoring noncompliance, with \$2,500.00 due at signing and the remainder to be forgivable provided that the owner complied with all requirements. Owner violated this Order. The owner paid the full administrative penalty timely upon demand, but corrected the final violation over a year after the order was signed.

More recently, Eban I and Eban II were referred for an administrative penalty in 2021 and 2022, respectively, for failure to timely resolve noncompliance identified during Uniform Physical Condition Standards (UPCS) inspections. However, the Enforcement Committee approved corrective plans for both Properties due to a variety of factors, including backordered parts due to pandemic supply chain problems and an ongoing full property rehabilitation that was financed by non-TDHCA bonds in 2022. The noncompliance was resolved informally per those plans.

Noncompliance Subject to an Administrative Penalty: TDHCA identified findings of noncompliance during a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection of Eban I on October 19, 2023. TDHCA also identified file findings of noncompliance during an onsite file monitoring review of Eban II on January 26, 2024. Both were referred to the Enforcement Committee for an administrative penalty on June 10, 2024.

1. Findings that were resolved after referral:
 - a. NSPIRE noncompliance at Eban I. See Attachment 1 for a copy of the report.
2. Findings that remain unresolved:
 - a. Failure to implement updated utility allowance by January 1, 2024;
 - b. Failure to provide evidence that special needs housing is being provided. Appendix A of the LURA requires at least 10% of the units (22 total units) to be set aside for persons with physical or mental disabilities. At the time of the onsite review, no households were designated as special needs, although this is likely a reporting error;
 - c. Program Unit not leased to Low-Income household/Household income above income limit upon initial occupancy affecting unit 0399. On August 30, 2023, the unit was occupied by a household with an annual income of \$77,480, exceeding the 4-person limit of \$65,040.00; and
 - d. Program Unit not leased to Low-Income household/Household income above income limit upon initial occupancy affecting unit 1113. A household that was

not screened to ensure qualification for the program occupied the unit on March 5, 2021. The file did not include an application or verifications.

Administrative Penalty Factors: Owner participated in an informal conference with the Enforcement Committee on August 29, 2024. The Enforcement Committee analyzed the required statutory factors for determining an appropriate administrative penalty as follows:

- 1. The seriousness, extent, and gravity of the violations:** The NSPIRE report for Eban I was short, but included serious noncompliance, such as faulty ground-fault circuit interrupters (GFCI). The unusually large number of identified faulty GFCIs is in part due to the Department change from the Uniform Physical Condition Standards (UPCS) inspection protocol to the NSPIRE inspection protocol, but it is a concerning and serious safety finding, particularly in the bathrooms. There were also multiple fire extinguisher issues of noncompliance. The file monitoring referral for Eban II was mixed in terms of severity. Failure to implement an updated utility allowance on January 1, 2024, is severe because it could potentially cause gross rent overcharges. The special needs noncompliance is less severe because Eban II likely does have at least 22 households that meet the special needs definition, so this is likely a disclosure and reporting problem. The two household income issues of noncompliance are severe since a household that exceeded the income limit at initial occupancy occupies one of the units, and the other cited household was not screened for qualification.
- 2. Hazard posed to the health or safety of the public:** Noted above regarding GFCIs and fire extinguishers.
- 3. Hazard posed to the public's economic welfare:** There are potential economic impacts for failure to provide complete documentation proving eligibility at initial occupancy. Not screening tenants and/or accepting households that are above the income-limit means that qualified households in the area cannot benefit from this housing. There are also potential economic impacts from not implementing an updated utility allowance, however, that impact will be unknown until Owner implements the updated utility allowance so that TDHCA can analyze gross rents. If TDHCA identifies gross rent noncompliance, it will set a separate 90-day corrective action deadline to refund overcharged rents outside of this Agreed Final Order.
- 4. Efforts made to correct the violations:** Owner did not respond regarding the NSPIRE inspection for Eban I, and submitted one incomplete tenant file two weeks after the file monitoring deadline for Eban II. While the referred NSPIRE noncompliance was resolved after intervention by the Enforcement Committee, the referred file monitoring noncompliance remains unresolved. Owner submitted partial file monitoring corrections for the Enforcement Committee on July 30, 2024, but the submission was incomplete, demonstrating confusion regarding how to compile a complete tenant file, failure to supervise property management, and failure to read TDHCA instructions. During the informal conference, the Owner stated that they had addressed the penalty referral by replacing the property management company. They took no personal responsibility and claimed they were not aware of any of the noncompliance, admitting

that they do not review TDHCA correspondence in CMTS, and that they have no oversight over property management activities, despite the extensive enforcement history noted above. Owner's plans for improvement were minimal. They said that the property management company was changed, and that HHF has a new asset manager who will "work with property management closely". There does not appear to be any substantive plan to ensure adequate ownership oversight over future compliance matters, and additional future administrative penalty referrals are likely.

5. **Any other matters that justice may require:** The Owner discussed the 2021 ice storm that caused significant damage including burst sprinkler systems, which is a legitimate issue as it did take a long time for many owners to recover from that damage, but this should not have been a factor in either of these referral timelines in 2024. The Properties received non-TDHCA bonds to fix and rehabilitate, which the Enforcement Committee took into consideration. The Owner repeatedly stated that physical condition was their primary focus rather than TDHCA monitoring requirements. The Owner claimed that property management staff was not updating them regarding TDHCA issues of noncompliance, however, Owner did nothing to investigate when it received automated email notices regarding TDHCA correspondence issued via CMTS. The Owner has access to CMTS and compliance is its responsibility, something that it continues to ignore despite past penalty assessments. Past enforcement actions have not deterred noncompliance, nor have they caused Owner to take responsibility. Owner instead continues to blame property management for the referrals.
6. **Amount necessary to deter future violations:** There is a long history of noncompliance, and Enforcement Committee members unanimously agreed that the previous \$10,000.00 administrative penalty for a related property was not a sufficient deterrent for this Owner. A high administrative penalty is appropriate and consistent with the progressive discipline concept of increasing the administrative penalty for repeated Agreed Final Orders. However, a significant portion of the administrative penalty should be forgivable in order to incentivize correction, particularly for the utility allowance so that TDHCA can establish whether there are gross rent violations. \$23,125.00 is the maximum collective potential administrative penalty amount for the Properties unless the special needs event of noncompliance is counted individually as 22 events of noncompliance (one per required special needs unit) rather than one event of noncompliance. While 22 events of noncompliance technically could be used for the calculation, the Enforcement Committee voted to consider it one event of noncompliance since the finding is likely due to a reporting error. There are no mitigating factors to support any further decrease from the maximum allowable amount. The Enforcement Committee therefore recommends a \$23,125.00 administrative penalty, with 50% of the total to be forgivable in light of these factors.

Agreed Final Order Recommended: Owner has agreed to sign an Agreed Final Order with the following terms:

1. A \$23,125.00 administrative penalty, subject to partial forgiveness as indicated below;
2. Owner must submit a 50% portion of the administrative penalty on or before November

12, 2024;

3. Owner must correct the file monitoring violations as indicated in the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before November 12, 2024;
4. If Owner complies with all requirements and addresses all violations as required, the remaining 50% of the administrative penalty will be forgiven; and
5. If Owner violates any provision of the Agreed Final Order, the full remaining administrative penalty will immediately come due and payable.

Consistent with direction from the Department's Enforcement Committee, a probated and, upon successful completion of probation, partially forgivable administrative penalty in the amount of \$23,125.00 is recommended. This will be a reportable item of consideration under previous participation for any new award to the principals of the Owner.

Attachment 1: Inspection Report - All Corrected

Bldg	Apt	Location	Item	Result	Notes	Sev.	Date Corrected	Corrected By (Name or Contractor)
1	101	Bathroom	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		Severe		
1	101	Kitchen	Fire Extinguisher	Fire extinguisher pressure gauge reads over- or under-charged		LT		
1	105	Bathroom	Conductors, Outlets, Switches	Exposed electrical conductor		LT		
1	105	Bathroom	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		Severe		
1	201	Bathroom	Sink	Sink stopper missing or inoperable		Low		
1	201	Kitchen	Fire Extinguisher	Fire extinguisher pressure gauge reads over- or under-charged		LT		
1	203	Bathroom	Sink	Sink stopper missing or inoperable		Low		
1	203	Kitchen	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		Severe		
2	109	Kitchen	Fire Extinguisher	Fire extinguisher pressure gauge reads over- or under-charged		LT		
2	212	Kitchen	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)	Does not trip when button pushed. Outlet to right of sink.	Severe		
3	213	Bathroom	Sink	Sink stopper missing or inoperable		Low		
3	214	Bathroom	Sink	Sink stopper missing or inoperable		Low		
3	218	Bathroom	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)	Does not trip when button pushed. Outlet to right of sink.	Severe		
3	223	Kitchen	Fire Extinguisher	Fire extinguisher pressure gauge reads over- or under-charged		LT		
4	127	Bathroom	Sink	Sink stopper missing or inoperable		Low		
4	128	Bathroom	Plumbing & Water Leaks	Plumbing Leaks	Tub dripping 	Mod		
4	128	Bathroom	Sink	Sink stopper missing or inoperable		Low		
4	128	Kitchen	Refrigerator	Refrigerator drawers or shelving is damaged	Bottom drawer missing	Mod		
4	129	Bathroom	Sink	Sink stopper missing or inoperable		Low		
4	129	Bathroom	Sink	Sink is improperly installed, leaning, or pulling away from wall	Right side, pulling away from the wall	Mod		
4	129	Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Rdi	LT		
5	136	Bathroom	Sink	Sink stopper missing or inoperable		Low		
5	139	Bathroom	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)	Does not trip when button pushed. Outlet to left of sink.	Severe		
5	140	Bathroom	Sink	Sink stopper missing or inoperable		Low		

5	141	Bathroom	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		Severe		
5	141	Bathroom	Sharp Edges	Any item or component has a sharp edge that can puncture or cut		Severe		
5	236	Bathroom	Sink	Sink stopper missing or inoperable		Low		
5	236	Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)		Mod		
5	238	Bathroom	Sink	Sink stopper missing or inoperable		Low		
5	240	Bathroom	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)	Does not trip when button pushed. Outlet to right of sink.	Severe		
5		Side of Building	Sharp Edges	Any item or component has a sharp edge that can puncture or cut	Glass on the ground left of the unit 141	Severe		
5		Walkway/Steps	Tripping Hazard	Tripping hazard - 3/4in. vertical difference	Sidewalk in front of building five unit 145	Mod		
6	147	Bathroom	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)	Does not trip when button pushed. Outlet to left of sink.	Severe		
6	147	Kitchen	Refrigerator	Refrigerator door seal is damaged		Mod		
7	156	Kitchen	Fire Extinguisher	Fire extinguisher pressure gauge reads over- or under-charged		LT		

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
HHF EBAN VILLAGE 2021, LLC	§	TEXAS DEPARTMENT OF
WITH RESPECT TO	§	HOUSING AND COMMUNITY
EBAN VILLAGE I AND EBAN VILLAGE II	§	AFFAIRS
(HTC FILE # 95047 / CMTS # 1354 AND	§	
HTC FILE # 99022 / CMTS 2087)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 10th day of October, 2024, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **HHF EBAN VILLAGE 2021, LLC**, a Texas limited liability company (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code §2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code §2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT (FOF)

Jurisdiction:

1. During 1995, Eban Village I, Ltd. was awarded an allocation of Low Income Housing Tax Credits by the Board to rehabilitate and operate Eban Village I (“Eban I”) (HTC file No. 95047 / CMTS No. 1354).

2. During 1999, Eban Village II, Ltd. was awarded an allocation of Low Income Housing Tax Credits by the Board to build and operate Eban Village II (“Eban II”) (HTC file No. 99022 / CMTS No. 1354).
3. Eban Village I, Ltd. signed a Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits (“Eban I LURA”) regarding the property. The Eban I LURA was effective December 1, 1997, and filed of record on December 24, 1997, at Document Number 199702490803 under Volume 97249, Page 5169 of the Official Public Records of Real Property of Dallas County, Texas (the “Records”), as amended by an Agreement to Comply with and First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits executed on October 1, 2013, and filed in the Records at Document Number 201300325233 on October 17, 2023.
4. Eban Village II, Ltd. signed a Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits (“Eban II LURA”) regarding the property. The Eban II LURA was dated March 12, 2002, and filed of record on July 10, 2002, at Document Number 200201902188 under Volume 2002133, Page 2903 of the Records, as amended by a Partial Release from Land Use Restriction Agreement executed on October 15, 2012, and filed in the Records under Document Number 201200315571 on October 23, 2012, as amended by an Agreement to Comply with and First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits executed on October 1, 2013, and filed in the Records under Document Number 201300325234 on October 17, 2023, as further amended by a Second Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits executed on July 18, 2017, and filed in the Records under Document Number 201700208471 on July 25, 2017.
5. HHF Eban Village I & II, LLC, a Texas limited liability company, purchased Eban I and Eban II on October 10, 2013, and signed the above referenced Agreements to Comply, thereby binding the organization to the terms of the above referenced LURAs.
6. On January 10, 2022, ownership was transferred to Respondent as part of a refinancing transaction. Notice of the transfer was not provided to TDHCA as required by 10 TAC §10.406, however, transfer to an affiliate that does not include the addition of new individuals does not require TDHCA approval, and Hope Housing Foundation, a Texas nonprofit corporation, controls both HHF Eban Village I & II, LLC and Respondent. In accordance with Section 2 of the Eban I LURA and the Eban II LURA (collectively, the “LURAs”), the LURAs are restrictive covenants/deed restrictions encumbering Eban I and Eban II, and are binding on all successors and assigns for the full terms of the LURAs.
7. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

8. The ownership group controlled by Hope Housing Foundation has a history of violations and has previously signed the following three Agreed Final Orders:
 - a. Agreed Final Order signed in 2017 for Eban I, agreeing to an administrative penalty of \$500.00 for uncorrectable noncompliance relating to failure to provide supportive services.
 - b. Agreed Final Order signed in 2017 for Ridge at Trinity (HTC 04608 / Bond 04608B / CMTS 4198), agreeing to an administrative penalty of \$5,000.00 relating to file monitoring noncompliance, with \$500.00 due at signing and the remainder to be forgivable provided that the owner complied with all requirements. The owner complied with this Order.
 - c. Agreed Final Order signed in 2018 for Ridge at Trinity (HTC 04608 / Bond 04608B / CMTS 4198), agreeing to an administrative penalty of \$10,000.00 relating to file monitoring noncompliance, with \$2,500.00 due at signing and the remainder to be forgivable provided that the owner complied with all requirements. The owner violated this Order.
9. The Department conducted a National Standards for the Physical Inspection of Real Estate (“NSPIRE”) inspection of Eban I on October 19, 2023. The inspection report at Exhibit 1 showed numerous property condition violations, a violation of 10 TAC § 10.621 (Property Condition Standards). The Department issued a notification of noncompliance setting a corrective action deadline of June 3, 2024, but Respondent failed to submit corrections and the TDHCA Compliance Division referred the noncompliance for an administrative penalty. Corrective documentation was received on July 29, 2024, after intervention by the Enforcement Committee.
10. The Department conducted a file monitoring review of Eban II on January 26, 2024, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the Eban II LURA and TDHCA rules. The Department issued a notification of noncompliance setting a corrective action deadline of April 28, 2024, however, the following violations were not resolved before the deadline:
 - a. Noncompliance with utility allowance requirements described in §10.614 of this subchapter and/or Treasury Regulation 1.42-10. Respondent failed to implement an updated utility allowance for the property by January 1, 2024, a violation of 10 TAC §10.614 (Utility Allowances), which requires all developments to establish a utility allowance and update it at least annually.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapter 10 refers to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

- b. Failure to provide special needs housing as required by Eban II LURA. Respondent failed to provide evidence that special needs housing is being provided, a violation of Appendix A of the Eban II LURA, which requires at least 10% of the units (22 total units) to be set aside for persons with physical or mental disabilities. At the time of the onsite review, no households were designated as special needs.
 - c. Program Unit not leased to Low-Income household/Household income above income limit upon initial occupancy affecting unit 0399. On August 30, 2023, Respondent occupied the unit with a household that exceeded prescribed income limits, a violation of 10 TAC §10.611 (Determination, Documentation and Certification of Annual Income) and Section 4 of the Eban II LURA, which restricts occupancy to qualified tenants.
 - d. Program Unit not leased to Low-Income household/Household income above income limit upon initial occupancy affecting unit 1113. On March 5, 2021, Respondent failed to collect documentation that household income was within prescribed limits upon initial occupancy, a violation of 10 TAC §10.611 (Determination, Documentation and Certification of Annual Income) and Section 4 of the LURA, which require screening of tenants to ensure qualification for the program.
11. The following violations remain outstanding at the time of this order:
- a. Utility allowance violation described in FOF #9a;
 - b. Special needs housing violation described in FOF #9b;
 - c. Household income violation described in FOF #9c; and
 - d. Household income violation described in FOF #9d.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC Chapter 2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.

5. Pursuant to 10 TAC §10.621(a), TDHCA has adopted HUD's NSPIRE as the standard for its physical inspections.
6. Respondent violated 10 TAC §10.621 and I.R.C. §42, as amended, in 2024 by failing to comply with HUD's NSPIRE when major violations were discovered at Eban I and not timely corrected.
7. Respondent violated 10 TAC § 60.109 in 2023 by failing to implement an updated utility allowance by January 1, 2024.
8. Respondent violated Appendix A of the Eban II LURA in 2023 by failing to provide special needs housing.
9. Respondent violated 10 TAC §10.611 and Section 4 of the Eban II LURA in 2023, by occupying unit 0399 with a household that exceeded the income limits at initial occupancy;
10. Respondent violated 10 TAC §10.611 and Section 4 of the Eban II LURA in 2021, by failing to provide documentation that household income was within prescribed limits upon initial occupancy for units 1113;
11. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and Tex. Gov't Code §2306.267.
12. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
13. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.
14. An administrative penalty of \$23,125.00 is an appropriate penalty in accordance with 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Governing Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$23,125.00, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay fifty percent of the assessed administrative penalty, in the amount of \$11,562.50, by check payable to the “Texas Department of Housing and Community Affairs” within thirty days of the date this Agreed Final Order is approved by the Board.

IT IS FURTHER ORDERED that Respondent shall fully correct the file monitoring violations as indicated in the exhibits and submit full documentation of the corrections to TDHCA on or before November 12, 2024.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the remaining administrative penalty in the amount of \$11,562.50, and that remaining amount of the administrative penalty will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the remaining administrative penalty in the amount of \$11,562.50 shall be immediately due and payable to the Department. Such payment shall be made by check payable to the “Texas Department of Housing and Community Affairs” upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System (CMTS) by following the instructions at this link: <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.texas.gov to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

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

IT IS FURTHER ORDERED that Respondent shall follow the requirements of [10 TAC §10.406](#), and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on October 10, 2024.

By: _____

Name: Leo Vasquez

Title: Chair of the Board of TDHCA

By: _____

Name: James "Beau" Eccles

Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 10th day of October, 2024, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 10th day of October, 2024, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF _____ §

BEFORE ME, _____ (*notary name*), a notary public in and for the State of Texas, on this day personally appeared Alvin Johnson, known to me or proven to me through circle one: personally known / driver's license / passport to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is Alvin Johnson, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of President for Respondent. I am the authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. The Taxpayer ID for Respondent is 32051659566.
4. The mailing address for Respondent is _____.
5. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Governing Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

HHF EBAN VILLAGE I & II, LLC, a Texas limited liability company

HOPE HOUSING FOUNDATION, a Texas nonprofit corporation, its managing member

By: _____

Name: Alvin Johnson

Title: President

Given under my hand and seal of office this _____ day of _____, 2024.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Exhibit 1

File Monitoring Violation Resources and Instructions

Resources:

1. Refer to the following link for all references to the rules at 10 TAC §10:
[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)
2. Refer to the following link for copies of forms that are referenced below:
<https://www.tdhca.texas.gov/compliance-forms>
3. Technical support and training presentations are available at the following links:
Income and Rent Limits: <https://www.tdhca.texas.gov/income-and-rent-limits>
Utility Allowance: <https://www.tdhca.texas.gov/compliance-utility-allowance-information>
FAQ's: <https://www.tdhca.texas.gov/compliance-frequently-asked-questions-faqs>
4. **All corrections must be submitted via CMTS:** See link for steps to upload documents
<https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>
5. **Important notes -**
 - i. Do not backdate any documents listed below.
 - ii. A transfer of a qualified household from another unit is not sufficient to correct any findings, and will simply cause the finding to transfer to the new unit.

Instructions:

6. **Utility Allowance.** A utility allowance is not an amount that you will charge to tenants; it is an estimate of how much the households pay toward utilities, to ensure that their total housing expenses are appropriately restricted. Details are at: <https://www.tdhca.texas.gov/compliance-utility-allowance-information>, and information regarding how TDHCA monitors for the utility allowance are at: [https://www.tdhca.texas.gov/sites/default/files/pmcdocs/Monitoring%20Forms%20\(XLSX\).xlsx](https://www.tdhca.texas.gov/sites/default/files/pmcdocs/Monitoring%20Forms%20(XLSX).xlsx).

Violation: At the time of the monitoring review, the development was using an outdated utility allowance schedule from the Dallas Housing Authority (DHA) to calculate the utility allowance. The schedule was effective 10/1/2022, but the DHA had released an updated schedule 10/1/2023, which should have been implemented by 1/1/2024. It was not. Respondent uploaded the new utility allowance schedule on 7/30/2024, but did not complete any calculations on that page, and did not update the unit status report in CMTS.

What to submit: Fill out the current DHA utility allowance schedule form to calculate the applicable utility allowance, and upload the completed form to CMTS. Then update the utility allowances in CMTS for each household, and submit an updated Unit Status Report via CMTS to demonstrate that the newly calculated utility allowance has been implemented for all units. TDHCA will test rents development-wide once the proper allowance is implemented, and any resulting noncompliance will be cited at that time and provided a separate corrective action period of 90 days.

- b. **Special needs housing.** Appendix A of the LURA requires at least 10% of the units (22 total units) to be set aside for persons with physical or mental disabilities.

Violation: The Unit Status Report in CMTS does not currently designate any households as special needs. On July 30, 2024, the property submitted two un-dated comment screen shots in the “contact us” sections of two websites, advising that housing is available. Both were undated, provided no information about the property, and one did not show the intended recipient. Additionally, no updated wait list was provided by property.

What to submit: Submit an updated Unit Status Report (USR) in CMTS showing which households are special needs. If at least 22 special needs households are designated in the USR, then no further action is required for this violation, but remember to maintain Special Needs Certification forms in tenant files going forward. If there are not at least 22 special needs households designated in the USR, then you must also upload the following via CMTS: (1) evidence of outreach to special needs providers in the area and (2) a copy of the property’s waiting list of persons with disabilities. Outreach letters to special needs providers in the area must be dated and signed, and must provide information about the property.

- c. **Program Unit not leased to Low-Income household/Household income above limit upon initial occupancy for units 0399 and 1113:**

Violation for unit 0399: The household that occupied unit 0399 on 8/30/2023 has an annual income of \$77,480, exceeding the 4-person limit of \$65,040. Respondent was advised not to renew the lease and to occupy the unit with a qualified household when it becomes available, or to certify the existing household under their current circumstances if their income has changed. On 7/30/2024, Respondent instead uploaded the same move-in documents that TDHCA already reviewed for the current household minus income/asset verifications.

Violation for unit 1113: The household that occupied unit 2111 on 3/5/2021 had an incomplete tenant file. The initial income certification showed zero income, but the file contained no application, verifications, or Zero income certification. On 8/1/2022, the household transferred to unit 1113. An application was completed on 7/26/2023 that showed social security income, but income was not verified. A partial recertification was uploaded on 7/30/2024, but the Tenant Income Certification form was omitted.

[continues on next page]

What to submit: Follow the instructions below with respect to units 0399 and 1113, and submit complete documentation meeting all requirements below.

Circumstance with respect to units listed above	Instruction
I. If unit is occupied by a qualified household	<p>Certify the household using current circumstances, and submit all of the following:</p> <ol style="list-style-type: none"> 1. New application using current circumstances; 2. New verifications of each source of income and assets; and 3. New Income Certification form; <p>Remember that items 1-3 above must all be dated within 120 days of one another.</p> <p>If the unit is vacant or the tenant does not qualify, follow alternate instructions below.</p>
II. If unit is occupied by a new qualified household	To correct, submit the full tenant file*.
III. If unit is occupied by a nonqualified household on a month-to-month lease	<p>To correct, perform all of the following:</p> <ol style="list-style-type: none"> 1. Follow your normal procedures for terminating residency and provide a copy of documentation to TDHCA.** 2. Afterward, once the unit becomes available, occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt of the full tenant file after November 12, 2024 is acceptable for this circumstance provided that Requirement 1 above is fulfilled by that deadline.
IV. If unit is occupied by a nonqualified household with a non-expired lease	<p>To correct, perform all of the following:</p> <ol style="list-style-type: none"> 1. Issue a nonrenewal notice** to tenant and provide a copy to TDHCA, along with a letter committing to occupying the unit with a new qualified household and submitting a full tenant file* as soon as the unit becomes available. If the tenant is protected by another program such as Section 8 or USDA-RD and the property cannot issue a nonrenewal notice as a result, submit a letter stating which program protects the household and committing to occupying the unit with a new qualified household and submitting a full tenant file* as soon as the unit becomes available; and 2. Afterward, once the unit becomes available, occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt of the full tenant file after November 12, 2024 is acceptable for this circumstance provided that Requirement 1 above is fulfilled by that deadline.

<p>V. If unit has been vacant <i>more than 30</i> days</p>	<p>To correct, perform all of the following:</p> <ol style="list-style-type: none"> 1. Unit must be made ready for occupancy and a letter certifying to that effect must be submitted to TDHCA by November 12, 2024; and 2. Occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt of the full tenant file after November 12, 2024 is acceptable for this circumstance provided that Requirement 1 above is fulfilled by that deadline.
<p>VI. If unit has been vacant <i>less than 30</i> days</p>	<p>To correct, perform all of the following:</p> <ol style="list-style-type: none"> 1. If unit is ready for occupancy, a letter certifying to that effect must be submitted to TDHCA; and 2. If unit is not ready for occupancy, submit a letter to TDHCA including details regarding work that is incomplete and when the unit will be ready for occupancy (no more than 30 days from the date of vacancy); and 3. Occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt of the full tenant file after November 12, 2024 is acceptable for this circumstance provided that Requirements 1 and 2 above are fulfilled by the that deadline.

**A full tenant file must include all of the following:*

- A. Tenant application;*
- B. Verifications of all sources of income and assets;*
- C. Tenant income certification form;*
- D. Lease and lease addendum;*
- E. Tenant Rights and Resources Guide Acknowledgment; and*
- F. A copy of the tenant selection criteria under which the household was screened.*

Remember that items A-C above must all be dated within 120 days of one another.

*** If a notice of nonrenewal or notice of termination is sent to tenant, ensure that it complies with requirements of the rule at 10 TAC §10.802(g)*

Exhibit 2

Tenant File Guidelines

The following technical support does not represent a complete list of all file requirements and is intended only as basic technical support. TDHCA staff recommends that all onsite staff responsible for accepting and processing applications sign up for Income Determination Training in order to get a full overview of the process. Forms discussed below are available at: <https://www.tdhca.texas.gov/compliance-forms>.

A suggested tenant file checklist is available at this link: <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/Suggested-File-Checklist.docx>.

**Important Note* The application, verifications of income and assets, and Tenant Income Certification (1 – 5 below) must be signed within 120 days of one another. If one component is outside of that time frame, you must recertify.*

1. **Intake Application:** Each adult household member must complete their own application in order to be properly screened at initial certification. A married couple can complete a joint application. The Department does not have a required form to screen households, but we make a sample form available for that purpose. All households must be screened for household composition, income and assets, and student status. Applicants must complete all blanks on the application and answer all questions. Any lines left intentionally blank should be marked with “none” or “n/a.” Applications must be signed and dated using the date that the form is actually completed. If you use the Texas Apartment Association (TAA) Rental Application, be aware that it does not include all requirements, but they have a “Supplemental Rental Application for Units Under Government Regulated Affordable Housing Programs” that includes the additional requirements. TDHCA also has an application form that you can use; using our form is not required for the application, but it does screen for all requirements.
2. **Release and Consent:** Have tenant sign TDHCA’s Release and Consent form so that verifications may be collected by the property.
3. **Verify Income:** Each source of income and asset must be documented for every adult household member based upon the information disclosed on the application. There are multiple methods:
 - a. **Income Verification for Households with Section 8 Certificates:** If you use this form, you do not need to verify income further, but you do need to collect all other components of the tenant file. The Public Housing Authority, verifying that the household is eligible at initial occupancy or at recertification, signs this form. Since the housing authority performed the necessary verifications. The form must include the following information: a certification date from the housing authority that is within 120 days of that effective date, either at initial move-in or at recertification, number of household members and the gross annual income before any adjustments. This form must also be dated within 120 days of the application and Income Certification that you collect. If the housing authority certification is outside of that period, you must verify income yourself. A housing authority may not use this form to verify income for a property in which they hold an ownership interest.
 - b. **First hand verifications:** Paystubs or payroll printouts that show gross income. If you choose this method, ensure that you consistently collect a specified number of

consecutive check stubs as defined in your management plan (*at least two months' (60 days) worth of check stubs for MFDL² programs is required*);

- c. **Employment Verification Form:** Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it. If received by email, ensure the email address is was received from is evidenced and from the employer;
 - d. **Verification of non-employment income:** You must obtain verifications for all other income sources, such as child support, social security, and/or unemployment benefits. Self-certification by the household is not acceptable. Examples: benefit verification letter(s) are acceptable for social security and/or unemployment benefits. Acceptable verifications for child support could include documents such as divorce decree(s), court order(s), or a written statement from the court or attorney general regarding the monthly awarded amount;
 - e. **Telephone Verifications:** These are acceptable *only* for clarifying discrepancies and cannot be used as primary form of verification. Include your name, the date, the name of the person with whom you spoke, and your signature. These are appropriate if there is an unusual circumstance relating to the tenant file;
 - f. **Certification of Zero Income:** If an adult household member does not report any sources of income on the application, this form can be used to document thorough screening and to document the source of funds used to pay for rent, utilities, and/or other necessities.
4. **Verify Assets:** Regardless of their balances, applicants must report all assets, including assets such as checking or savings accounts. Accounts are typically disclosed on the application form, but you must review all documentation from the tenant to ensure proper documentation of the household's income and assets. For instance, review the credit report (if you pull one), application, pay stubs, and other documents to ensure that all information is consistent. Examples of ways to find assets that are frequently overlooked: Review pay stubs for assets such as checking and retirement accounts that the household may have forgotten to include in the application. These accounts must also be verified. Format of verifications:
- a. **Under \$50,000 Asset Certification Form (HTC, Exchange, TCAP, THTF only):** If the total cash value of the assets owned by members of the household is less than \$50,000, as reported on the Intake Application, the TDHCA Under \$50,000 Asset Certification form may be used to verify assets. If applicable, follow the instructions to complete one form per household that includes everyone's assets, even minors, and have all adults sign and date using the date that the form is actually completed.
 - b. **First hand verifications**, such as bank statements to verify a checking account. If using this method, the most current statement will be needed for both checking and savings accounts. MFDL programs require two months of source documentation.
 - c. **3rd party verifications** using the TDHCA Asset Verification form. As with the "Employment Verification Form" discussed above, Part 1 must be completed

² *Multifamily Direct Loan Programs include HOME, National Housing Trust Fund, TCAP, TCAP RF, and NSP.*

by you and signed by the tenant. Part 2 must be completed by the financial institution. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the financial institution's portion has authority to do so and has access to all applicable information in order to verify the asset(s). If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it, If received by email, ensure the email address it was received from is evidenced and from the financial institution.

- d. Note: HOME, National Housing Trust Fund, TCAP, TCAP RF, NSP, and Bond developments must fully verify assets at initial occupancy, using method b or c above.*
5. **Verify Student Status:** Must screen for student status; can be collected on the Annual Eligibility Certification, the Certification of Student Eligibility Form, or the income Certification Form. If the household indicates they are students, there are two forms that *must* be used: the Certification of Student Eligibility form must be completed by the household, and the Student Verification form is used to verify and document their student status.
 - a. With the changes from HOTMA, student income from financial assistance must be evaluated for inclusion/exclusion. A detailed training on this topic is available online: <https://www.tdhca.texas.gov/compliance-program-training-presentations>.
6. **Verify Special Needs:** This form is generally optional, but is a great way to screen households for special needs. It is required if there is a Special Needs occupancy requirement under your LURA, unless there is another form of special needs verification in the file.
7. **Tenant Income Certification Form:** Upon verification of all income and asset sources disclosed on the application and any additional information found in the documentation submitted by the tenant, the next step is to annualize the sources on the Income Certification Form, add them together, and compare to the applicable income limit for household size which can be found at <https://www.tdhca.texas.gov/income-and-rent-limits>. Be sure to include any income derived from assets. The form must include all household members, and be signed by each adult household member.
8. **Lease:** Must conform with your LURA and TDHCA requirements and indicate a rent below the maximum rent limits, which can be found at <https://www.tdhca.texas.gov/income-and-rent-limits>. Generally speaking, when determining the rent for MFDL programs, you must ensure that the tenant-paid rent, plus the utility allowance, plus any housing subsidies, plus any mandatory fees, are below the maximum limit set by TDHCA. For HTC, BOND, TCEP and TCAP programs, the tenant-paid rent, plus the utility allowance, plus any mandatory fees, must be below the maximum limit set by TDHCA. [10 TAC §10.613\(a\)](#) prohibits the eviction or termination of tenancy of low income households for reasons other than good cause throughout the affordability period in accordance with Revenue Ruling 2004-82. In addition, [10 TAC §10.613\(e\)](#) prohibits HTC developments from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. The prohibitions must be included in the lease or lease addendum. Additionally, certain programs must include a Lead Warning Statement and the TDHCA VAWA lease addendum, per [10 TAC 10.613\(f\) and \(h\)](#). TAA has an affordable housing lease addendum that has incorporated this required language. If you are not a TAA member, you can draft a lease addendum using the requirements outlined above. For Section 811 units, you must use the HUD Model Lease, HUD form 92236-PRA.

9. **Written Policies and Procedures / Tenant Selection Criteria:** Written policies and procedures requirements are at [10 TAC §10.802](#).
10. **Violence Against Women Act of 2013 (VAWA):** The property is required to provide all prospective tenants the VAWA forms 5380 and 5382 at the time of application, at the time they are approved, at the time of denial, and at the time the household is given a notice to vacate or non-renewal. Forms are available at the Forms link above.
11. **Tenant Rights and Resources Guide:** In accordance with [10 TAC §10.613\(l\)](#), you must customize the Guide for your property and post a laminated copy in a common area of the leasing office. Development must also provide a copy of the guide to each household during the application process and upon any subsequent changes to the items described at paragraph b) below. The guide includes:
 - a. Information about Fair Housing and tenant choice; and
 - b. Information regarding common amenities, unit amenities, and services.

Additionally, a representative of each household must receive a copy of the guide and sign an acknowledgment of receipt of the brochure prior to, but no more than 120 days prior to, the initial lease execution date. A copy of the signed acknowledgment must be maintained in the tenant file.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 776

Agenda Date: 10/10/2024

Agenda #: 24.

Presentation, discussion, and possible action on recommendation to debar multiple parties for conduct relating to Plainview II Triplex (HOME 532315 / CMTS 2658)

RECOMMENDED ACTION

WHEREAS, Plainview II (Triplex) (Property), owned by Hale Center Housing Authority (Owner), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, Hale Center Housing Authority, a Texas public housing authority, and Cindy Carthel, its executive director (the "Responsible Parties") control the Property;

WHEREAS, the Responsible Parties signed an Agreed Final Order on February 2, 2023, agreeing to correct noncompliance from the March 1, 2022, file monitoring review;

WHEREAS, the terms of the 2023 Agreed Final Order were violated, and the full administrative penalty due under that Order was paid;

WHEREAS, one event of noncompliance remains unresolved, relating to a household in unit 306 that exceeds the income limit;

WHEREAS, Tex. Gov't Code §2306.0504(b) states that the Department may debar a person from participation in a Department program on the basis of the person's past failure to comply with any condition imposed by the Department in the administration of its programs;

WHEREAS, 10 TAC §2.401(a) defines violations that are eligible for debarment;

WHEREAS, the Responsible Parties failed to correct the above referenced event of noncompliance as required by the 2023 Agreed Final Order within six months of a demand being issued by the Department, a violation of 10 TAC §2.401(a)(6), which states that such failure may be grounds for debarment;

WHEREAS, the Land Use Restriction Agreement on the Property expired August 19, 2024 with unresolved noncompliance as noted above, a violation of 10 TAC §2.401(a)(11), which states that such failure may be grounds for debarment;

WHEREAS, Cindy Carthel participated in an informal conference with the Enforcement Committee on August 29, 2024, regarding the referrals for debarment;

WHEREAS, on September 13, 2024, the TDHCA Executive Director issued a debarment

determination notice recommending a 10-year debarment term for the Responsible Parties;

WHEREAS, Responsible Parties did not submit an appeal; and

WHEREAS, staff has based the above debarment term recommendations on the Department's rules for debarment and an assessment of each and all of the material factors identified at 10 TAC §2.401(j) that are to be considered in determining a recommended period of debarment, applied specifically to the facts and circumstances present in this case.

NOW, therefore, it is hereby

RESOLVED, that a Final Order of Debarment for a term of 10 years for Hale Center Housing Authority and Cindy Carthel, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Property And Financing Information: The Property is subject to a Land Use Restriction Agreement (LURA) signed by a prior owner in 1994 in consideration for an interest-free loan in the amount of \$204,460.00 to build and operate three scattered site single-family homes in Plainview, Hale County, Texas, located at 302 Southeast 4th Street, 304 Southeast 4th Street, and 306 Southeast 4th Street. Each contains four bedrooms. All units were restricted at 50% AMI. The LURA expired on August 19, 2024, and the loan matured on September 1, 2024. The loan has been paid in full.

Responsible Parties In Control: Hale Center Housing Authority and Cindy Carthel are Responsible Parties in Control for purposes of debarment analysis. These terms are an important distinction, determining who should be considered for debarment. Definitions are at Exhibit 1. The Hale Center Housing Authority purchased the property from the original owner on March 17, 2014, and signed an Assumption Agreement, assuming the TDHCA loan and all duties imposed, including operating the Property under the requirements of the LURA. Cindy Carthel is the housing authority's executive director, and TDHCA's primary contact. For many years, she was the only staff person; there are a few others now, but they appear to be office assistants and she does not give them authority to work on TDHCA matters. The housing authority's board is not active, and TDHCA does not have any other contracts with the housing authority.

Extensive Enforcement History: The Responsible Parties signed Agreed Final Orders in 2017, 2020, and 2023 for reporting noncompliance and file monitoring noncompliance identified by TDHCA during the 2016, 2019, and 2022 file monitoring reviews, respectively. The Responsible Parties violated all three Orders, and paid the required administrative penalties as required, including \$1,000.00 for violating the 2017 Order, \$6,500.00 for violating the 2020 Order, and \$5,300.00 for violating the 2023 Order. The administrative penalty amounts assessed in the

2022 and 2023 Orders were the maximum potential amounts.

Debarment Is Discretionary: Per 10 TAC §2.401(a), the following violations are discretionary debarment violations.

Violations Subject To Debarment:

1. **Failing to comply with Agreed Final Order:** 10 TAC §2.401(a)(6) states that the Department may debar a Responsible Party for “[f]ailing to correct Events of Noncompliance as required by an order that became effective after April 1, 2021, and/or failing to pay an administrative penalty as required by such order, within six months of a demand being issued by the Department.”

On February 2, 2023, Cindy Carthel signed an Agreed Final Order, as the Executive Director for Hale Center Housing Authority, agreeing to correct noncompliance from the March 1, 2022 file monitoring review, as outlined in the Order. Hale Center Housing Authority violated the Order, and TDHCA issued a collection letter on April 28, 2023, demanding an administrative penalty and corrective action within 30 days. It has been more than six months, and the Department has provided multiple opportunities for responsible parties to submit the remaining corrective documentation, but one violation remains unresolved, relating to a household in unit 306 that exceeds the income limit.

2. **Having unresolved noncompliance at LURA expiration:** 10 TAC §2.401(a)(11) states that the Department may debar a Responsible Party for “Controlling a multifamily Development and failing to correct Events of Noncompliance before the expiration of a Land Use Restriction Agreement, after the effective date of this rule.”

The LURA expired August 19, 2024, and there is unresolved noncompliance relating to a household in unit 306 that exceeds the income limit.

Factors Considered To Determine Recommended Debarment Term: On September 13, 2024, the TDHCA Executive Director issued a debarment determination notice for a 10-year debarment term for the Responsible Parties. There is no required minimum or maximum debarment term. Pursuant to 10 TAC §2.401(j), the recommended period of debarment was based upon the following material factors:

1. **Repeated occurrences:** The Responsible Parties only own one TDHCA property. They signed and violated three Agreed Final Orders in 2017, 2020, and 2023. The types of noncompliance in the Orders was also repeated, with the Responsible Parties regularly failing to collect basic tenant file components to prove eligibility, failing to properly calculate income, intentionally renting to households that exceed the income limit, and failing to execute lease language regarding required tenant protections.
2. **Seriousness of underlying issues:** The repeated noncompliance noted above is extremely serious. It was also not accidental, increasing the seriousness of the matter. The

original finding for unit 306 related to a household that was nearly twice the income limit, and the replacement household is also over the limit. Failure to ensure that tenants meet income requirements is the most fundamental component of affordable housing. Not screening tenants and/or accepting households that are above the income-limit means that qualified households in the area cannot benefit from this housing. The Responsible Parties intentionally rented to households that did not meet income requirements, and regularly accepted households without fully screening for income and assets. The lease language omissions are also serious since they relate to mandatory tenant protections, and the Responsible Parties repeatedly fail to include that language in new leases.

When questioned during the informal conferences for the Agreed Final Orders noted above and for this 2024 debarment, Ms. Carthel stated that she did not understand TDHCA paperwork requirements. This can sometimes mitigate the seriousness of a penalty referral; however, it does not in this case. Ms. Carthel has attended training, most recently in 2020, and TDHCA has repeatedly provided one-on-one technical support. Furthermore, she is the executive director for this housing authority and three other housing authorities, she administers Section 8 vouchers in multiple counties, and she stated that she controls over 560 owned units. Those are complex programs, all of which require income qualification, so this is not a matter of TDHCA's programs being overly complex, as Ms. Carthel claims. Instead, it appears to be a matter of priorities; the Responsible Parties only control three units with TDHCA, and compliance is a low priority.

Ms. Carthel has also repeatedly stated that they had difficulty finding large families to rent the three TDHCA units, so they sometimes rent to large households that exceed the income limit. This may have explained some income violations prior to 2020, somewhat mitigating the seriousness of those pre-2020 violations, but it does not explain the Responsible Parties' continued pattern and practice of renting to households that exceeded TDHCA limits after 2020. The original LURA required units to be rented to large families of five or more members, and Ms. Carthel first indicated during the 2020 informal conference that there was not sufficient area demand by large families. TDHCA reviewed the matter and amended the LURA on May 27, 2020, making occupancy by large families a preference rather than a requirement. The income limitations remained in place. The Responsible Parties then continued to rent to households that exceeded the income limits.

- 3. Presence or absence of corrective action:** During each informal conference, Ms. Carthel has expressed regret about purchasing the property, asked for information about the LURA expiration date, and asked whether it is possible to pay off the loan and leave the program. The Responsible Parties regularly submit late and incomplete corrective action that does not meet minimum requirements, despite repeated technical support from TDHCA staff. They have not implemented any improvements, and made no effort to employ qualified staff or outside management.

The original event of noncompliance identified during the 2022 file monitoring review was

for Household 1 that moved in June 1, 2021, with an annual income of \$57,697.08, exceeding the income limit of \$27,450.00 for a three-person household. TDHCA cited noncompliance for Household 1 on March 1, 2022, but the Responsible Parties renewed the lease anyway in June 2022, repeating the noncompliance. Household 1 then vacated the unit on May 31, 2023, as required by the 2023 Agreed Final Order. The Order also required submission of a new tenant file within 30 days of occupancy, and the unit remained vacant until Household 2 moved into unit 306 on December 5, 2023. The Responsible Parties timely submitted a partial tenant file for Household 2 on January 9, 2024, but failed to verify child support or assets, so TDHCA was unable to verify eligibility. Failure to verify Household 2 at initial occupancy was also a repeated event of noncompliance. The Responsible Parties later submitted additional documentation on August 1, 2024, in response to a debarment informal conference notice. That new documentation certified Household 2 under current circumstances, but the calculated annual income exceeds the limit. Household 2's current annual income is \$42,869.19, exceeding the income limit of \$40,500.00 for a five-person household. While Household 2 is closer to the income limit, this is another repeated event of noncompliance.

4. **Other material factors:** The Responsible Parties do not intend to participate in TDHCA programs in the future, and Ms. Carthel indicates that she is retiring this year. However, debarment remains appropriate when noncompliance is not resolved at the time of LURA expiration. The Department has limited funds, and it is important to debar the Responsible Parties in order to ensure that they do not purchase additional properties or request further TDHCA financing until they improve training, staffing, and supervision procedures, sufficient to ensure future compliance with TDHCA requirements.

Noncompliance for unit 306 remains unresolved as noted above; however, although the Responsible Party has repeated the noncompliance for that unit, Household 2 that moved in December 5, 2023 is only slightly over the income limit, which is an improvement. Additionally, the three units are in good physical condition, with scores of 95, 100, and 89 in their 2015, 2018, and 2021 Uniform Physical Condition Standards inspections, respectively.

The above pattern of noncompliance has caused Hale Center Housing Authority to pay multiple administrative penalties, and it did not earn partial loan forgiveness due to noncompliance. They assumed the loan when they purchased the property in 2014, which included a clause relating to the potential forgiveness of a \$23,760.00 portion of the loan upon maturity on September 1, 2024. Such forgiveness was to be processed only in the event that the Owner did not default under the terms of the note or the LURA. For purposes of this analysis, noncompliance can occur under the LURA, but it must be resolved timely, within the corrective action period set by the Compliance Division. As shown above, the Owner did not earn that forgiveness. Owner submitted a final payoff check for \$29,010.70 on August 15, 2024, paying the loan in full.

Debarment Appeal: Not applicable.

Accordingly, after consideration of all appropriate factors, including those set out in TEX. GOV'T CODE §2306.0504 and 10 TEX. ADMIN. CODE §2.401, the Enforcement Committee and Executive Director recommend a Final Order of Debarment for a term of 10 years for Hale Center Housing Authority and Cindy Carthel.

Attachments:

1. Excerpts from 10 TAC §2.102, 10 TAC §11.1(30), 10 TAC §2.401(d)(1), and Tex. Gov't Code §2306.0504

Attachment 1: Excerpts from Tex. Gov't Code §2306.0504, 10 TAC §2.102, 10 TAC §11.1(29), and 10 TAC §2.401(d)(1)

TEXAS GOVERNMENT CODE CHAPTER 2306. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Sec. 2306.0504. DEBARMENT FROM PROGRAM PARTICIPATION. (a) The department shall develop, and the board by rule shall adopt, a policy providing for the debarment of a person from participation in programs administered by the department.

(b) The department may debar a person from participation in a department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs.

(c) The department shall debar a person from participation in a department program if the person:

(1) materially or repeatedly violates any condition imposed by the department in connection with the administration of a department program, including a material or repeated violation of a land use restriction agreement regarding a development supported with a housing tax credit allocation; or

(2) is debarred from participation in federal housing programs by the United States Department of Housing and Urban Development.

(d) A person debarred by the department from participation in a department program may appeal the person's debarment to the board.

Added by Acts 2001, 77th Leg., ch. 1367, Sec. 8.01, eff. Sept. 1, 2001.

Transferred, redesignated and amended from Government Code, Section 2306.6721 by Acts 2013, 83rd Leg., R.S., Ch. 556 (S.B. 659), Sec. 1, eff. September 1, 2013.

Transferred, redesignated and amended from Government Code, Section 2306.6721 by Acts 2013, 83rd Leg., R.S., Ch. 1079 (H.B. 3361), Sec. 1.07, eff. September 1, 2013.

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 2	ENFORCEMENT
SUBCHAPTER A	GENERAL
RULE §2.102	Definitions

The words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Capitalized words used herein have the meaning assigned in the specific chapters of this title that govern the program associated with the request, in Chapter 1 of this title (relating to Administration), or assigned by federal or state law.

- (1) **Actively Monitored Development**--A Development that within the last three years has been monitored by the Department, either through a Uniform Physical Condition Standards (UPCS) inspection, a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection, an onsite or desk file monitoring review, an Affirmative Marketing Plan review, or a Written Policies and Procedures Review. UPCS and NSPIRE inspections include inspections completed by Department staff, Department contractors and inspectors from the Real Estate Assessment Center through federal alignment efforts.
- (2) **Consultant**--A Person who provides services or advice for a fee in a capacity other than as an employee and does not have Control.
- (3) **Control (including the terms Controlled and Controlling)**--"Control" is defined in §11.1 of this title (relating to General) or as identified in the specific Program rule.
- (4) **Debarment**--A prohibition from future participation in some or all Programs administered by the Department. Except as otherwise stated in the Order, Debarment does not impact existing or ongoing participation in Department Programs, prior to the date of the Debarment, nor does it affect any continuing responsibilities or duties thereunder.
- (5) **Enforcement Committee (Committee)**--A Committee of employees of the Department appointed by the Executive Director. The Committee may be composed of any member of any Department division, but members from the referring division may not be present during deliberations. The Legal Division will designate person(s) to attend meetings and advise the Committee. A Legal Division designee will serve as Secretary to the Committee.
- (6) **Event of Noncompliance (including the alternate term Finding of Noncompliance)**--Any event for which a Person may be found to be in noncompliance with Texas Government Code Chapters 2105 or 2306, any rule adopted thereunder, any Program Agreement requirement, or federal program requirements.
- (7) **Legal Requirements**--All requirements, as it relates to the particular Department Program, of state, federal, or local statutes, rules, regulations, ordinances, orders, court opinions, official interpretations, policy issuances, OMB Circulars, representations to secure awards, or any similar memorialization of requirement, including contract requirements.
- (8) **Monitoring Event**--An onsite or desk monitoring review, a UPCS inspection, a NSPIRE inspection, the submission of the Annual Owner's Compliance Report, Final Construction Inspection, a Written Policies and Procedures Review, or any other instance when the Department's Compliance Division or other reviewing area provides written notice to an Owner or Contact Person requesting a response by a certain date. This would include, but not be limited to, responding to a tenant complaint.
- (9) **Person**--A legal entity including, without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability corporation, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever, and shall include any group of Persons acting in concert toward a common goal, including individual members of the group.
- (10) **Program**--Includes any activity performed by a Subrecipient, Administrator, Contractor, Development Owner, or other Person under a Program Agreement or activities performed by a third party under a Program Agreement, including but not limited to a Subgrantee or Subcontractor.
- (11) **Program Agreements include:**
 - (A) agreements between the Department and a Person setting forth Legal Requirements; and
 - (B) agreements between a Person subject to a Program Agreement and a third party to carry out one or more Legal Requirements.
- (12) **Responsible Party**--Any Person subject to a Program Agreement.
- (13) **Vendor**--A person who is procured by a subrecipient to provide goods or services in any way relating to a Department program or activity.

Source Note: The provisions of this §2.102 adopted to be effective April 1, 2021, 46 TexReg 1992; amended to be effective March 28, 2024, 49 TexReg 1891

Texas Administrative Code[Next Rule>>](#)[TITLE 10](#)

COMMUNITY DEVELOPMENT

[PART 1](#)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[CHAPTER 11](#)

QUALIFIED ALLOCATION PLAN (QAP)

[SUBCHAPTER A](#)

PRE-APPLICATION, DEFINITIONS, THRESHOLD REQUIREMENTS AND COMPETITIVE SCORING

RULE §11.1

General

[...]

(29) Control (including the terms "Controlling," "Controlled by," and "under common Control with")--The power, ability, or authority, acting alone or in concert with others, directly or indirectly, to manage, direct, superintend, restrict, regulate, govern, administer, or oversee. As used herein "acting in concert" involves more than merely serving as a single member of a multi-member body. A member of a multi-member body is not acting in concert and therefore does not exercise control in that role, but may have other roles, such as executive officer positions, which involve actual or apparent authority to exercise control. Controlling entities of a partnership include the general partners, may include special limited partners when applicable, but not investor limited partners or special limited partners who do not possess other factors or attributes that give them Control. Persons with Control of a Development must be identified in the Application. Controlling individuals and entities are set forth in subparagraphs (A) - (E) of this paragraph. Multiple Persons may be deemed to have Control simultaneously.

(A) For for-profit corporations, any officer authorized by the board of directors, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, and each stock holder having a 50% or more interest in the corporation, and any individual who has Control with respect to such stockholder.

(B) For nonprofit corporations or governmental instrumentalities (such as housing authorities), any officer authorized by the board, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, the Audit committee chair, the Board chair, and anyone identified as the executive director or equivalent.

(C) For trusts, all beneficiaries that have the legal ability to Control the trust who are not just financial beneficiaries.

(D) For limited liability companies, all managers, managing members, members having a 50% or more interest in the limited liability company, any individual Controlling such members, or any officer authorized to act on behalf of the limited liability company.

(E) For partnerships, Principals include all General Partners, and Principals with ownership interest and special limited partners with ownership interest who also possess factors or attributes that give them Control.

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Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 2	ENFORCEMENT
SUBCHAPTER D	DEBARMENT FROM PARTICIPATION IN PROGRAMS ADMINISTERED BY THE DEPARTMENT
RULE §2.401	General

(a) The Department may debar a Responsible Party, a Consultant and/or a Vendor who has exhibited past failure to comply with any condition imposed by the Department in the administration of its programs. A Responsible Party, Consultant or Vendor may be referred to the Committee for Debarment for any of the following:

(1) Refusing to provide an acceptable plan to implement and adhere to procedures to ensure compliant operation of the program after being placed on Modified Cost Reimbursement;

(2) Refusing to repay disallowed costs;

(3) Refusing to enter into a plan to repay disallowed costs or egregious violations of an agreed repayment plan;

(4) Meeting any of the ineligibility criteria referenced in §11.202 of this title (relating to Ineligible Applicants and Applications) or other ineligibility criteria outlined in a Program Rule, with the exception of: ineligibility related to conflicts of interest disclosed to the Department for review, and ineligibility identified in a previous participation review in conjunction with an application for funds or resources (unless otherwise eligible for Debarment under this Subchapter D);

(5) Providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department;

(6) Failing to correct Events of Noncompliance as required by an order that became effective after April 1, 2021, and/or failing to pay an administrative penalty as required by such order, within six months of a demand being issued by the Department. In this circumstance, if the Debarment process is initiated but the Responsible Party fully corrects the findings of noncompliance to the satisfaction of the referring division and pays the administrative penalty as required by the order before the Debarment is finalized by the Board, the Debarment recommendation may be cancelled or withdrawn by Committee recommendation and Executive Director concurrence. This type of referral would be initiated by the Secretary;

(7) Controlling a multifamily Development that was foreclosed after April 1, 2021, where the foreclosure or deed in lieu of foreclosure terminates a subordinate TDHCA LURA;

(8) Controlling a multifamily Development and allowing a change in ownership after April 1, 2021, without Department approval;

(9) Transferring a Development, after April 1, 2021, without regard for a Right of First Refusal requirement;

(10) Being involuntary removed, or replaced due to a default by the General Partner under the Limited Partnership Agreement, after April 1, 2021;

(11) Controlling a multifamily Development and failing to correct Events of Noncompliance before the expiration of a Land Use Restriction Agreement, after the effective date of this rule;

(12) Refusing to comply with conditions approved by the Board that were recommended by the Executive Award Review Advisory Committee after April 1, 2021;

(13) Having any Event of Noncompliance that occurs after April 1, 2021, that causes the Department to be required to repay federal funds to any federal agency including, but not limited to the U.S. Department of Housing and Urban Development; and/or

(14) Submitting a written certification that non-compliance has been corrected when it is determined that the Event of Noncompliance was not corrected. For certain Events of Noncompliance, in lieu of documentation, the Compliance Division accepts a written certification that noncompliance has been corrected. If it is determined that the Event of Noncompliance was not corrected, a Person who signed the certification may be recommended for debarment;

(15) Refusing to provide an amenity required by the LURA after April 1, 2021;

(16) Failing to reserve units for Section 811 PRA participants after April 1, 2021;

(17) Failing to notify the Department of the availability of 811 PRA units after April 1, 2021;

(18) Taking "choice limiting" actions prior to receiving HUD environmental clearance (24 CFR §58.22);

(19) Substandard construction, as defined by the Program, and repeated failure to conduct required inspections;

(20) Repeated failure to provide eligible match. 24 CFR §92.220, 24 CFR §576.201, and as required by NOFA;

(21) Repeated failure to report program income. 24 CFR §200.80, 24 CFR §570.500, 24 CFR §576.407(c), 24 CFR §92. 503, (as applicable), and 10 TAC §20.9, or as defined by Program Rule;

(22) Participating in activities leading to or giving the appearance of "Conflict of Interest". As applicable, in 2 CFR Part 215 2 CFR Part 200. 24 CFR §93.353, §92.356 24 CFR, §570.489, 24 CFR §576.404, 10 TAC §20.9, or as defined by Program Rule;

(23) Repeated material financial system deficiencies. As applicable, 2 CFR Part 200, 24 CFR §§, 92.205, 92.206, 92.350, 92.505, and 92.508, 2 CFR Part 215, 2 CFR Part 225 (if applicable), 2 CFR Part 230 (, 10 TAC §20.9, Uniform Grant Management Standards, and Texas Grant Management Standards (as applicable), and as defined by Program Rule.

(24) Repeated violations of Single Audit or other programmatic audit requirements;

(25) Failure to remain a CHDO for Department committed HOME funds;

(26) Commingling of funds, Misapplication of funds;

(27) Refusing to submit a required Audit Certification Form, Single Audit, or other programmatic audit;

(28) Refusing to timely respond to reports/provide required correspondence;

(29) Failure to timely expend funds; and

(30) A Monitoring Event determines that 50% or more of the client or household files reviewed do not contain required documentation to support income eligibility or indicate that the client or household is not income eligible.

(b) The Department shall debar any Responsible Party, Consultant, or Vendor who is debarred from participation in any program administered by the United States Government.

(c) Debarment for violations of the Department's Multifamily Programs. The Department shall debar any Responsible Party who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including but not limited to a material or repeated violation of a land use restriction agreement (LURA) or Contract. Subsection (d) of this section provides the criteria the Department will use to determine if there has been a material violation of a LURA. Subsections (e)(1) and (e)(2) of this section provide the criteria the Department shall use to determine if there have been repeated violations of a LURA.

(d) Material violations of a LURA. A Responsible Party will be considered to have materially violated a LURA, Program Agreement, or condition imposed by the Department and shall be referred to the committee for mandatory Debarment if they:

(1) Control a Development that has, on more than one occasion scored 50 or less on a UPCS inspection or has, on more than one occasion scored 50 or less on a NSPIRE inspection, or any combination thereof. The Compliance Division may temporarily decrease this NSPIRE score threshold with approval by the Executive Director, for a period of time not longer than one year, so long as the score threshold is applied evenly to all properties;

(2) Refuse to allow a monitoring visit when proper notice was provided or failed to notify residents, resulting in inspection cancellation, or otherwise fails to make units and records available;

(3) Refuse to reduce rents to less than the highest allowed under the LURA;

(4) Refuse to correct a UPCS, NSPIRE, or final construction inspection deficiency after the effective date of this rule;

(5) Fail to meet minimum set aside by the end of the first year of the credit period (HTC Developments only) after April 1, 2021; or

(6) Excluding an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1-437), or other federal, state, or local government rental assistance program after April 1, 2021.

(e) Repeated Violations of a LURA that shall be referred to the Committee for Debarment.

(1) A Responsible Party shall be referred to the Committee for mandatory Debarment if they Control a Development that, during two Monitoring Events in a row is found to be out of compliance with the following Events of Noncompliance:

(A) No evidence of, or failure to certify to, material participation of a non-profit or HUB, if required by the Land Use Restriction Agreement;

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Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 2	ENFORCEMENT
SUBCHAPTER D	DEBARMENT FROM PARTICIPATION IN PROGRAMS ADMINISTERED BY THE DEPARTMENT
RULE §2.401	General

(B) Any Uniform Physical Condition Standards Violations that result in a score of 70 or below in sequential UPCS inspections after April 1, 2021 or NSPIRE violations that result in a score of 50 or below in sequential inspections after the effective date of this rule, or any combination thereof. The Compliance Division may temporarily decrease this NSPIRE score threshold with approval by the Executive Director, for a period not to exceed one year, so long as the score threshold is applied evenly to all properties;

(C) Refuse to submit all or parts of the Annual Owner's Compliance Report for two consecutive years after April 1, 2021; or

(D) Gross rents exceed the highest rent allowed under the LURA or other deed restriction.

(2) Repeated violations in a portfolio. Persons who control five or more Actively Monitored Developments will be considered for Debarment based on repeated violations in a portfolio. A Person shall be referred to be committee if an inspection or referral, after April 1, 2021, indicates the following:

(A) 50% or more of the Actively Monitored Developments in the portfolio have been referred to the Enforcement Committee within the last three years. The Enforcement Committee may increase this threshold at its discretion. For example, if three properties in a five-property portfolio are monitored in the same month, and then referred to the Enforcement Committee at the same time, it may be appropriate to increase the 50% threshold; or,

(B) 50% or more of the Actively Monitored Developments in the portfolio score a 70 or less during a Uniform Physical Conditions Standards inspection or score 50 or less during a NSPIRE inspection, or any combination thereof. The Compliance Division may decrease this NSPIRE score threshold with approval by the Executive Director, for a period not to exceed one year, so long as the score threshold is applied evenly to all properties.

(f) Debarment for violations of Department Programs, with the exception of the Non-Discretionary funds in the Community Services Block Grant program. Material or repeated violations of conditions imposed in connection with the administration of Programs administered by the Department. Administrators, Subrecipients, Responsible Parties, contractors, multifamily owners, and related parties shall be referred to the Committee for consideration for Debarment for violations including but not limited to:

(1) 50% or more loan defaults in the first 12 months of the loan agreement after April 1, 2021;

(2) The following Davis Bacon Act Violations:

(A) Refusing to pay restitution (underpayment of wages). 29 CFR §5.31.

(B) Refusing to pay liquidated damages (overtime violations). 29 CFR §5.8.

(C) Repeated failure to pay full prevailing wage, including fringe benefits, for all hours worked. 29 CFR §5.31.

(3) The following violations of the Uniform Relocation Act and requirements of §104(d):

(A) Repeated failure to provide the General Information Notice to tenants prior to application. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352 and HUD Handbook 1378.

(B) Repeated failure to provide all required information in the General Information Notice. 49 CFR §24.203, 24 CFR §570.606, 24 CFR §92.353, 24 CFR §93.352, or HUD Handbook 1378.

(C) Repeated failure to provide the Notice of Eligibility and/or Notice of Non-displacement on or before the Initiation of Negotiations date. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(D) Repeated failure to provide all required information in the Notice of Eligibility and/or Notice of Non-displacement. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(E) Repeated failure to provide 90 Day Notices to all "displaced" tenants and/or repeated failure to provide 30 Day Notices to all "non-displaced" tenants. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(F) Repeated failure to perform and document "decent, safe and sanitary" inspections of replacement housing. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(G) Refusing to properly provide Uniform Relocation Act or §104(d) assistance. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §570.606 and §104(d) of the Housing & Community Development Act of 1974 - 24 CFR Part 42.

(4) Refusing to reimburse excess cash on hand;

(5) Using Department funds to demolish a homeowner's dwelling and then refusing to rebuild;

(6) Drawing down Department funds for an eligible use and then refusing to pay a properly submitted request for payment to a subgrantee or vendor with the drawn down funds.

(g) The referring division shall provide the Responsible Party with written notice of the referral to the Committee, setting forth the facts and circumstances that justify the referral for Debarment consideration.

(h) The Secretary shall then offer the Responsible Party the opportunity to attend an Informal Conference with the Committee to discuss resolution of the. In the event that the Debarment referral was the result of a violated agreed order or a determination that 50% or more of the Actively Monitored Developments in their portfolio have been referred to the Enforcement Committee, the above written notice of the referral to the Committee and the informal conference notice shall be combined into a single notice issued by the Secretary.

(i) A Debarment Informal Conference may result in the following, which shall be reported to the Executive Director:

(1) A determination that the Department did not have sufficient information and/or that the Responsible Party does not meet any of the criteria for Debarment;

(2) An agreed Debarment, with a proposed agreed order to be prepared and presented to the Board for approval;

(3) A recommendation by the Committee to the Executive Director for Debarment;

(4) A request for further information, to be considered during a future meeting; or,

(5) If Debarment is not mandatory, an agreement to dismiss the matter with no further action, an agreement to dismiss the matter with corrective action being taken, or any other action as the Committee deems appropriate, which will then be reported to the Executive Director.

(j) The Committee's recommendation to the Executive Director regarding Debarment shall include a recommended period of Debarment. Recommended periods of Debarment will be based on material factors such as repeated occurrences, seriousness of underlying issues, presence or absence of corrective action taken or planned, including corrective action to install new responsible persons and ensure they are qualified and properly trained. Recommended periods of Debarment if based upon HUD Debarment, shall be for the period of the remaining HUD Debarment; or, if based upon criminal conviction, shall be up to ten (10) years or until fulfillment of all conditions of incarceration and/or probation, whichever is greater.

(k) The Executive Director shall accept, reject, or modify the Debarment recommendation by the Committee and shall provide written notice to the Responsible Party of the determination, and an explanation of the determination if different than the Committee's recommendation, including the period of Debarment, if any. The Responsible Party may appeal the Debarment determination in writing to the Board as described in §1.7 of this title (relating to Appeals Process).

(l) The Debarment recommendation will be brought to the next Board meeting for which the matter can be properly posted. The Board reserves discretion to impose longer or shorter Debarment periods than those recommended by staff based on its finding that such longer or shorter periods are appropriate when considering all factors and/or for the purposes of equity or other good cause. An action on a proposed Debarment of an Eligible Entity under the CSBG Act will not become final until and unless proceedings to terminate Eligible Entity status have occurred, resulting in such termination and all rights of appeal or review have run or Eligible Entity status has been voluntarily relinquished.

(m) Until the Responsible Party's Debarment referral is fully resolved, the Responsible Party may not participate in new Department financing and assistance opportunities.

(n) Any person who has been debarred is prohibited from participation as set forth in the final order of Debarment for the term of their Debarment. Unless specifically stated in the order of Debarment, Debarment does not relieve a Responsible Party from its current obligations, or prohibit it from continuing its participation in any existing engagements funded through the Department, nor limit its responsibilities and duties thereunder. The Board will not consider modifying the terms of the Debarment after the issuance of a final order of Debarment.

(o) If an Eligible Entity under the CSBG Act meets any of the criteria for Debarment in this rule, the Department may recommend the Eligible Entity for Debarment. However, that referral or recommendation shall not proceed until the termination of the Eligible Entity's status under the CSBG Act has concluded, and no right of appeal or review remains.

(p) All correspondence under this rule shall be delivered electronically.

Source Note: The provisions of this §2.401 adopted to be effective November 19, 2014, 39 TexReg 8976; amended to be effective April 1, 2021, 46 TexReg 1992; amended to be effective March 28, 2024, 49 TexReg 1891

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ENFORCEMENT ACTION AGAINST § BEFORE THE
HALE CENTER HOUSING AUTHORITY § TEXAS DEPARTMENT OF HOUSING
AND CINDY CARTHEL § AND COMMUNITY AFFAIRS

FINAL ORDER OF DEBARMENT

General Remarks and official action taken:

On this 10th day of October, 2024, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against Hale Center Housing Authority, a public housing authority, and Cindy Carthel, its Executive Director (collectively, “Respondent”), the Responsible Parties in Control of Plainview II Triplex (HOME 532315 / CMTS 2658) (“Property”), for failing to correct an event of noncompliance as required by the 2023 Agreed Final Order within six months of a demand being issued by the Department, and for failing to correct an event of noncompliance prior to LURA expiration.

This Final Order is executed pursuant to the authority granted in Texas Government Code section 2306.0504, which requires the Board to adopt a policy providing for the debarment of a person from participation in Department programs because of a person’s past failure to comply with conditions imposed by the Department in the administration of its programs. A policy was adopted by the Board and is set forth at 10 TAC §2.401.

Upon recommendation of the Executive Director, the Board makes the following findings of fact and conclusions of law and enters this Order:

FINDINGS OF FACT

Jurisdiction:

1. In 1994, Caprock Community Action Association, Inc. (“Prior Owner”) received a HOME loan to build and operate Plainview II Triplex (“Property”) (HOME file No. 532315 / CMTS No. 2658).
2. Prior Owner signed a Land Use Restriction Agreement (“LURA”) regarding the Property. The LURA was effective August 19, 1994, and filed of record on August 22, 1994, at Volume 851, Page 397 of the Official Public Records of Real Property of Hale County, Texas (“Records”), and amended via a First Amendment to Land Use Restriction Agreement (Multifamily Properties) (HOME Program) effective May 27, 2020, and filed of record on September 16, 2020, at Document Number 2020-002690 of the Records. In accordance with Section 7.8 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the property and binding on all successors and assigns for the full term of the LURA.

3. Respondent purchased the Property and signed an Assumption Agreement with TDHCA to assume the loan, LURA, and all duties imposed, effective March 17, 2014, and filed of record on March 24, 2014, at Document Number 2014-001000 of the Records.
4. Respondent is subject to the regulatory authority of TDHCA.
5. The Hale Center Housing Authority is an organization that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.
6. Cindy Carthel is the Executive Director for the Hale Center Housing Authority.
7. Respondent is subject to the regulatory authority of TDHCA and, for purposes of this debarment recommendation, is considered a Responsible Party in Control, as defined by 10 TAC §2.102(12) and 10 TAC §11.1(29), respectively.

Violations Subject To Debarment:

1. Failing to comply with Agreed Final Order: 10 TAC §2.401(a)(6) states that the Department may debar a Responsible Party for *“[f]ailing to correct Events of Noncompliance as required by an order that became effective after April 1, 2021, and/or failing to pay an administrative penalty as required by such order, within six months of a demand being issued by the Department.”*

On February 2, 2023, Cindy Carthel signed an Agreed Final Order as the Executive Director for Hale Center Housing Authority, agreeing to correct noncompliance from the March 1, 2022 file monitoring review, as outlined in the Order. Hale Center Housing Authority violated the Order, and TDHCA issued a collection letter on April 28, 2023, demanding an administrative penalty and corrective action within 30 days. The administrative penalty was paid, but it has been more than six months, and one violation remains unresolved, relating to a household in unit 306 that exceeds the income limit.

2. Having unresolved noncompliance at LURA expiration: 10 TAC §2.401(a)(11) states that the Department may debar a Responsible Party for *“Controlling a multifamily Development and failing to correct Events of Noncompliance before the expiration of a Land Use Restriction Agreement, after the effective date of this rule.”*

The LURA expired August 19, 2024, and there is unresolved noncompliance relating to a household in unit 306 that exceeds the income limit.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov’t Code §2306.0504 and 10 TAC §2.401.

2. Respondent is a “Responsible Party” as defined by 10 TAC §2.102(12).
3. Respondent is in a position of “Control” as defined by 10 TAC §11.1(29).
4. Pursuant to Tex. Gov’t Code §2306.185, TDHCA is required to monitor to ensure compliance.
5. Respondent violated 10 TAC §2.401(a)(6) in 2024 by failing to correct an event of noncompliance within six months of a demand being issued by the Department.
6. Respondent violated 10 TAC §2.401(a)(11) in 2024 by failing to correct an event of noncompliance prior to expiration of the LURA on August 19, 2024.
7. Pursuant to Tex. Gov’t. Code §2306.0504(b), the Department may debar a person from participation in a Department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of material factors including those set forth in 10 TAC §2.401(j) to be considered for a recommended period of debarment, as applied specifically to the facts and circumstances present in this case, the Board of the TDHCA orders the following:

IT IS HEREBY ORDERED that Respondent is barred from future participation in all programs administered by the Department for a **ten-year term ending October 10, 2034**. This debarment does not prohibit Respondent from participating in any existing engagements funded through the Department, nor does it affect any responsibilities or duties thereunder.

IT IS FURTHER ORDERED that the terms of this Final Order shall be published on the TDHCA website.

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Approved by the Governing Board of TDHCA on October 10, 2024.

By: _____

Name: Leo Vasquez

Title: Chair of the Board of TDHCA

By: _____

Name: James "Beau" Eccles

Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 10th day of October, 2024, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 10th day of October, 2024, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 743

Agenda Date: 10/10/2024

Agenda #: 25.

Presentation, discussion, and possible action on Program Year 2024 Emergency Solutions Grants Program Awards.

RECOMMENDED ACTION

WHEREAS, the Department received an allocation of \$9,723,237 in Emergency Solutions Grants Program (ESG) funds for Fiscal Year 2024 from the U.S. Department of Housing and Urban Development (HUD) of which \$9,285,692 was made available in accordance with 10 TAC Chapter 7, Subchapter C, Section 7.33, Apportionment of ESG Funds;

WHEREAS, the Board authorized release of the Notice of Funding Availability (NOFA) for the ESG Program totaling \$9,285,692 on May 9, 2024;

WHEREAS, HUD regulations require the Department to award ESG funds within 60 days of HUD's execution of the grant agreement, which was dated September 6, 2024;

WHEREAS, the Department evaluated organizations eligible for receipt of a Continuing Award in accordance with 10 TAC §7.34, Continuing Awards, and accepted Applications from 28 eligible Applicants and made offers of Continuing Awards to 27 Applicants totaling \$5,511,795;

WHEREAS, the Department received 87 Applications from eligible Applicants under a Competitive Application cycle in response to the NOFA, with requests totaling \$9,687,938;

WHEREAS, the Applications received under the NOFA have been reviewed and ranked in accordance with the requirements of 10 TAC §7.38(b); and

WHEREAS, the Previous Participation Review and Approval Process (PPRAP) has reviewed the compliance history of all Applicants, and recommends approval with conditions for San Antonio Metropolitan Ministry, Inc. (SAMM), Comal County Family Violence Shelter (CCFVS), and The Bridge Over Troubled Waters, Inc., and approval with no conditions for all other Applicants;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate awards totaling \$9,285,692 for ESG funding recommended under the ESG NOFA as detailed in Attachment B, as recommended by PPRAP.

BACKGROUND

The ESG Program is a HUD-funded program designed to assist people experiencing homelessness or at-risk of homelessness to regain stability in permanent housing quickly after experiencing a housing crisis and/or homelessness. The program components under ESG include street outreach, emergency shelter, rapid re-housing, homelessness prevention, Homeless Management Information System (HMIS), and administration. Rapid re-housing and homelessness prevention may be used for housing relocation and stabilization services and short-term and medium-term rental assistance.

On May 9, 2024, the Board approved the release of a NOFA notifying prospective Applicants of availability of PY2024 ESG funds; the NOFA closed on June 24, 2024. The NOFA resulted in 27 offers for a Continuing Award and 33 Award offers under the Competitive Application cycle. The distribution of the Regional allocation between the Continuing Awards and the Competitive Cycle is summarized in Attachment C.

Applicants were assigned a random number as a tiebreaker for use in case of a tied score, per 10 TAC §7.38(d). Applicants were ranked by score and then by tiebreaker number, with the high numbers ranking higher than lower numbers. Recommendation of a Continuing Award is not determined by a score, therefore these Applications will not note scores or a tie breaker number. The final scores were determined after a staff review, which when necessary and requested by staff allowed the opportunity for Applicants to provide clarification, correction, or non-material missing information. This information was requested to resolve inconsistencies in the original Application or to assist staff in evaluating the Application, per 10 TAC §7.37(b).

After completion of the scoring and ranking process, award recommendations were determined in accordance with the process outlined in 10 TAC §7.38 through two levels of funding. Level one of funding is for the highest ranked Applicants within each CoC region, until the funding is exhausted or until there is an offer of a partial award. Level two pools unused funds from level one of funding and offers the pooled funds to the highest ranked Applications statewide.

The Department received two appeals in response to application scoring, which did not result in a change to funding recommendations. BEAT AIDS and Sarah's House appealed staff's determination of point reduction as a result of inaccurate reporting of match and outcomes as required by 10 TAC §7.5. Although the appeals were denied, both applications are recommended for the full requested funds, as they were still eligible under the regional award.

The total amounts available by CoC region, and the total requests received are listed in Attachment A. The requirements set forth in 24 Code of Federal Regulations (CFR) §576.100(b) (1) mandates that no more than 60% of the state's ESG allocation be used for street outreach and emergency shelter. As a result, in some cases, higher scoring Applicants with emergency shelter or street outreach Applications were offered a partial award to ensure that the state would not exceed this cap. The Emergency Shelter and Street Outreach Cap per Region is summarized in Attachment C.

All Applications recommended for award through the NOFA and direct award recommendation have been reviewed for previous participation. On September 30, 2024, PPRAP recommended

an approval with conditions for San Antonio Metropolitan Ministries, Inc. (SAMM), Comal County Family Violence Shelter (CCFVS), and The Bridge Over Troubled Waters, Inc. (TBOTW). Their awards are conditioned upon the following: Applicant is required to provide all documentation relating to the FYE 2023 Single Audit on or before December 1, 2024. The compliant Single Audit must also be uploaded to the Federal Audit Clearinghouse (FAC), 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. In addition to the condition recommended by PPRAP, TBOTW is currently within their corrective action period for the Department's review of the FY 2022 Single Audit. As the deadline (October 18, 2024) for the corrective action response is prior to the ESG Contract start date, if it results in disallowed costs, in accordance to 10 TAC 1.21(d) the Department will not enter into a Contract with TBOTW unless there is a satisfactorily resolution on or before December 1, 2024. If any Applicant does not meet the requirements of their condition, the funds allocated to their respective organizations will be reallocated. PPRAP recommended approval with no conditions for all other Applicants.

The results of the NOFA, including funding recommendations, are included for approval as Attachment B for the Regional competition and Attachment D for the Statewide Competition.

Attachment A: Allocation Amount and Requests by CoC Region

CoC #	CoC Name	2024 Allocation Amount	ES/SO Cap	Total Requests	Amount Over / Under Subscribed
TX-500	San Antonio/ Bexar County	\$764,078	\$458,447	\$1,136,188	-\$372,110
TX-503	Austin/Travis County	\$551,072	\$330,643	\$498,304	\$52,768
TX-600	Dallas City & County/Irving	\$1,146,424	\$687,854	\$2,016,804	-\$870,380
TX-601	Fort Worth/Arlington/Tarrant County	\$712,583	\$427,550	\$712,583	\$0
TX-603	El Paso City & County	\$331,606	\$198,964	\$331,606	\$0
TX-604	Waco/McLennan County	\$120,798	\$72,479	\$120,798	\$0
TX-607	Texas Balance of State	\$3,768,851	\$2,261,311	\$7,454,227	-\$3,685,376
TX-611	Amarillo	\$153,019	\$91,811	\$266,519	-\$113,500
TX-624	Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties	\$117,401	\$70,441	\$117,401	\$0
TX-700	Houston, Pasadena, Conroe/Harris, Ft. Bend, Montgomery Counties	\$1,444,002	\$866,401	\$2,251,357	-\$807,355
TX-701	Bryan/College Station/Brazos Valley	\$175,858	\$105,515	\$175,858	\$0
	Total	\$9,285,692	\$5,571,416	\$15,081,645	-\$5,795,953

Attachment B: Continuing Awards and Regional Competition Award Recommendations

TX-500 San Antonio/ Bexar County

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2450001-CE	Family Violence Prevention Services, Inc.	Emergency Shelter				\$ 122,911.00	\$ 122,911.00
2450001-CR	Family Violence Prevention Services, Inc.	Rapid Re-Housing				\$ 164,566.00	\$ 164,566.00
2450002-CS	Haven for Hope of Bexar County	Street Outreach				\$ 80,879.00	\$ 80,879.00
2450002-CE	Haven for Hope of Bexar County	Emergency Shelter				\$ 74,253.00	\$ 74,253.00
2450003-CR	San Antonio Metropolitan Ministries, Inc.	Rapid Re-Housing				\$ 130,434.00	\$ 130,434.00
2450004-R	BEAT AIDS Coalition Trust	Rapid Re-Housing	66	56	67	\$ 191,035.00	\$ 191,035.00
2450007-E*	Thrive Youth Center	Emergency Shelter	56	56	25	\$ 139,050.00	\$ -
2450007-S	Thrive Youth Center	Street Outreach	50	50	42	\$ 41,200.00	\$ -
2450005-E	San Antonio Metropolitan Ministries, Inc.	Emergency Shelter	40	34	34	\$ 114,610.00	\$ -
2450006-E	San Antonio Legal Services Association	Emergency Shelter	10	10	64	\$ 77,250.00	\$ -
Total						\$ 1,136,188.00	\$ 764,078.00
<p><i>*Applicant was awarded in the Statewide Competition, in accordance with 10 TAC §7.38(g).</i> \$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)</p>							

TX-503 Austin/Travis County

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2450301-CE	The SAFE Alliance	Emergency Shelter				\$ 54,884.00	\$ 54,884.00
2450301-CH	The SAFE Alliance	Homeless Prevention				\$ 68,410.00	\$ 68,410.00
2450301-CR	The SAFE Alliance	Rapid Re-Housing				\$ 88,248.00	\$ 88,248.00
2450302-CE	Youth and Family Alliance dba Lifeworks	Emergency Shelter				\$ 122,572.00	\$ 122,572.00
2450302-CR	Youth and Family Alliance dba Lifeworks	Rapid Re-Housing				\$ 79,190.00	\$ 79,190.00
2450303-H	Center for Survivors of Torture	Homeless Prevention	34	34	87	\$ 85,000.00	\$ 85,000.00
Total						\$ 498,304.00	\$ 498,304.00
\$52,768 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)							

TX-600 Dallas City & County/Irving

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460001-CE	Bridge Steps dba The Bridge	Emergency Shelter				\$ 428,672.00	\$ 428,672.00
2460002-CE	City House, Inc.	Emergency Shelter				\$ 54,414.00	\$ 54,414.00
2460003-CE	Shelter Ministries of Dallas, dba Austin Street Center	Emergency Shelter				\$ 204,768.00	\$ 204,768.00
2460003-CR	Shelter Ministries of Dallas, dba Austin Street Center	Rapid Re-Housing				\$ 98,878.00	\$ 98,878.00
2460010-H	Under 1 Roof	Homeless Prevention	54	50	78	\$ 212,180.00	\$ 212,180.00
2460008-H	The Family Place	Homeless Prevention	63	47	77	\$ 77,250.00	\$ 77,250.00
2460006-H*	Harmony Community Development Corporation	Homeless Prevention	45	45	79	\$ 70,262.00	\$ 70,262.00
2460009-R	Transcend STEM Education	Rapid Re-Housing	49	45	57	\$ 86,250.00	\$ -

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460006-R	Harmony Community Development Corporation	Rapid Re-Housing	45	45	21	\$ 240,530.00	\$ -
2460010-R	Under 1 Roof	Rapid Re-Housing	49	45	6	\$ 149,350.00	\$ -
2460005-H	Center for Survivors of Torture	Homeless Prevention	34	34	24	\$ 170,000.00	\$ -
2460007-E	Hope's Door	Emergency Shelter	46	38	41	\$ 154,500.00	\$ -
2460004-H	Ardyn Hope, Inc.	Homeless Prevention	45	23	36	\$ 34,875.00	\$ -
2460004-R	Ardyn Hope, Inc.	Rapid Re-Housing	43	23	17	\$ 34,875.00	\$ -
Total						\$ 2,016,804.00	\$ 1,146,424.00
* Applicant accepted a partial offer award under 10 TAC §7.38(f)(3).							
\$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)							

TX-601 Fort Worth/Arlington/Tarrant County

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460101-CE	SafeHaven of Tarrant County	Emergency Shelter				\$ 54,323.00	\$ 54,323.00
2460102-CE	The Salvation Army, Inc. - Mabee Center	Emergency Shelter				\$ 160,017.00	\$ 160,017.00
2460102-CH	The Salvation Army, Inc. - Mabee Center	Homeless Prevention				\$ 44,500.00	\$ 44,500.00
2460102-CR	The Salvation Army, Inc. - Mabee Center	Rapid Re-Housing				\$ 70,805.00	\$ 70,805.00
2460103-CS	Tarrant County Hands of Hope	Street Outreach				\$ 46,776.00	\$ 46,776.00
2460105-R	SafeHaven of Tarrant County	Rapid Re-Housing	62	60	62	\$ 80,000.00	\$ 80,000.00
2460106-E	The Salvation Army, Inc - Arlington	Emergency Shelter	58	56	11	\$ 150,000.00	\$ 150,000.00
2460104-R*	Center for Transforming Lives	Rapid Re-Housing	54	54	81	\$ 106,162.00	\$ 106,162.00
Total						\$ 712,583.00	\$ 712,583.00
* Applicant accepted a partial offer award under 10 TAC §7.38(f)(3).							
\$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)							

TX-603 El Paso City & County

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460301-CE	El Paso Human Services, Inc.	Emergency Shelter				\$ 198,963.00	\$ 198,963.00
2460302-H	Project Vida	Homeless Prevention	61	57	70	\$ 60,273.00	\$ 60,273.00
2460302-R	Project Vida	Rapid Re-Housing	61	57	82	\$ 72,370.00	\$ 72,370.00
Total						\$ 331,606.00	\$ 331,606.00
\$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)							

TX-604 Waco/McLennan County

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460401-R	The Salvation Army, Inc. - Waco	Rapid Re-Housing	58	52	33	\$ 28,678.00	\$ 28,678.00
2460401-H	The Salvation Army, Inc. - Waco	Homeless Prevention	57	51	63	\$ 28,163.00	\$ 28,163.00
2460401-E	The Salvation Army, Inc. - Waco	Emergency Shelter	47	41	39	\$ 63,957.00	\$ 63,957.00
Total						\$ 120,798.00	\$ 120,798.00
\$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)							

TX-607 Texas Balance of State

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460701-CE	Advocacy Outreach	Emergency Shelter				\$ 25,286.00	\$ 25,286.00
2460701-CH	Advocacy Outreach	Homeless Prevention				\$ 71,601.00	\$ 71,601.00
2460701-CR	Advocacy Outreach	Rapid Re-Housing				\$ 71,601.00	\$ 71,601.00
2460702-CH	Community Action Committee of Victoria, Texas	Homeless Prevention				\$ 366,772.00	\$ 366,772.00
2460703-CE	Corpus Christi Hope House, Inc.	Emergency Shelter				\$ 61,129.00	\$ 61,129.00
2460704-CE	Denton County Friends of the Family, Inc.	Emergency Shelter				\$ 197,703.00	\$ 197,703.00
2460704-CR	Denton County Friends of the Family, Inc.	Rapid Re-Housing				\$ 102,628.00	\$ 102,628.00
2460705-CE	Families In Crisis, Inc.	Emergency Shelter				\$ 163,702.00	\$ 163,702.00
2460705-CH	Families In Crisis, Inc.	Homeless Prevention				\$ 62,963.00	\$ 62,963.00
2460705-CR	Families In Crisis, Inc.	Rapid Re-Housing				\$ 62,963.00	\$ 62,963.00
2460706-CR	Family Crisis Center, Inc.	Rapid Re-Housing				\$ 87,786.00	\$ 87,786.00
2460707-CE	Randy Sams Outreach Shelter	Emergency Shelter				\$ 146,922.00	\$ 146,922.00
2460708-CE	Friendship of Women, Inc.	Emergency Shelter				\$ 145,205.00	\$ 145,205.00
2460709-CE	La Posada Providencia	Emergency Shelter				\$ 193,853.00	\$ 193,853.00
2460710-CS	Mid-Coast Family Services, Inc.	Street Outreach				\$ 16,873.00	\$ 16,873.00
2460710-CE	Mid-Coast Family Services, Inc.	Emergency Shelter				\$ 123,615.00	\$ 123,615.00
2460710-CH	Mid-Coast Family Services, Inc.	Homeless Prevention				\$ 105,447.00	\$ 105,447.00
2460710-CR	Mid-Coast Family Services, Inc.	Rapid Re-Housing	\$ 175,743.00	\$ 175,743.00			

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460711-CS	Salvation Army (Coastal Bend)	Street Outreach				\$ 20,723.00	\$ 20,723.00
2460711-CE	Salvation Army (Coastal Bend)	Emergency Shelter				\$ 140,595.00	\$ 140,595.00
2460711-CH	Salvation Army (Coastal Bend)	Homeless Prevention				\$ 61,191.00	\$ 61,191.00
2460711-CR	Salvation Army (Coastal Bend)	Rapid Re-Housing				\$ 55,565.00	\$ 55,565.00
2460712-CE	Salvation Army (Temple)	Emergency Shelter				\$ 182,518.00	\$ 182,518.00
2460712-CH	Salvation Army (Temple)	Homeless Prevention				\$ 73,764.00	\$ 73,764.00
2460712-CR	Salvation Army (Temple)	Rapid Re-Housing				\$ 110,490.00	\$ 110,490.00
2460721-E	Family Crisis Center, Inc.	Emergency Shelter				62	62
2460718-E	Comal County Family Violence Shelter	Emergency Shelter	58	58	20	\$ 359,500.00	\$ 359,500.00
2460724-E	NB Housing Partners	Emergency Shelter	57	57	86	\$ 132,250.00	\$ 132,250.00
2460715-H	Catholic Charities of the Rio Grande Valley, Inc.	Homeless Prevention	60	56	44	\$ 155,267.00	\$ 155,267.00
2460735-R	Transcend STEM Education	Rapid Re-Housing	59	55	31	\$ 86,250.00	\$ 86,250.00
2460729-E*	The Salvation Army, Inc. - Midland	Emergency Shelter	57	54	69	\$ 93,592.00	\$ 93,592.00
2460726-H	The Salvation Army, Inc. - Sherman	Homeless Prevention	55	53	60	\$ 156,400.00	\$ -
2460716-H	Christian Community Action	Homeless Prevention	64	52	66	\$ 50,112.00	\$ -
2460736-H	Women's Center of East Texas, Inc.	Homeless Prevention	55	52	61	\$ 38,837.00	\$ -
2460716-R	Christian Community Action	Rapid Re-Housing	64	52	55	\$ 55,000.00	\$ -
2460736-R	Women's Center of East Texas, Inc.	Rapid Re-Housing	55	52	51	\$ 39,135.00	\$ -

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460726-E	The Salvation Army, Inc. - Sherman	Emergency Shelter	52	52	32	\$ 190,900.00	\$ -
2460724-S	NB Housing Partners	Street Outreach	52	52	27	\$ 93,200.00	\$ -
2460728-R	The Salvation Army, Inc. - Lufkin	Rapid Re-Housing	59	52	18	\$ 22,600.00	\$ -
2460730-H	The Salvation Army, Inc. - New Braunfels	Homeless Prevention	53	50	56	\$ 100,000.00	\$ -
2460713-E	Abigails Arms (Cooke County Family Crisis Center)	Emergency Shelter	50	50	23	\$ 117,415.00	\$ -
2460732-E	Texoma Family Shelter, Inc.	Emergency Shelter	49	49	65	\$ 113,850.00	\$ -
2460733-R	The Chosen Ones Outreach Ministries of Galveston, Inc.	Rapid Re-Housing	54	49	58	\$ 115,000.00	\$ -
2460733-H	The Chosen Ones Outreach Ministries of Galveston, Inc.	Homeless Prevention	54	49	43	\$ 189,750.00	\$ -
2460730-E	The Salvation Army, Inc. - New Braunfels	Emergency Shelter	53	48	16	\$ 100,000.00	\$ -
2460714-H	Brazoria County	Homeless Prevention	48	48	8	\$ 51,500.00	\$ -
2460726-R	The Salvation Army, Inc. - Sherman	Rapid Re-Housing	48	48	1	\$ 29,325.00	\$ -
2460728-H	The Salvation Army, Inc. - Lufkin	Homeless Prevention	54	47	68	\$ 131,400.00	\$ -
2460729-H	The Salvation Army, Inc. - Midland	Homeless Prevention	60	47	28	\$ 200,000.00	\$ -
2460734-H	The Tracy Andrus Foundation, Inc.	Homeless Prevention	75	46	76	\$ 86,250.00	\$ -
2460734-R	The Tracy Andrus Foundation, Inc.	Rapid Re-Housing	75	46	54	\$ 86,250.00	\$ -

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460725-E	Resource and Crisis Center of Galveston County, Inc.	Emergency Shelter	46	46	46	\$ 168,500.00	\$ -
2460734-E	The Tracy Andrus Foundation, Inc.	Emergency Shelter	67	46	29	\$ 86,250.00	\$ -
2460717-E	City of Denton	Emergency Shelter	46	46	13	\$ 400,000.00	\$ -
2460722-H	Hopkins County Community Action Network	Homeless Prevention	45	45	50	\$ 81,000.00	\$ -
2460723-E	Loaves and Fishes of the Rio Grande Valley	Emergency Shelter	67	45	40	\$ 154,200.00	\$ -
2460734-S	The Tracy Andrus Foundation, Inc.	Street Outreach	75	45	12	\$ 86,250.00	\$ -
2460727-E	The Salvation Army, Inc. - Denton	Emergency Shelter	44	44	53	\$ 150,000.00	\$ -
2460720-S	Concho Valley Community Action Agency	Street Outreach	44	44	49	\$ 74,750.00	\$ -
2460720-E	Concho Valley Community Action Agency	Emergency Shelter	43	43	72	\$ 74,750.00	\$ -
2460714-R	Brazoria County	Rapid Re-Housing	43	43	52	\$ 30,900.00	\$ -
2460723-R	Loaves and Fishes of the Rio Grande Valley	Rapid Re-Housing	65	43	10	\$ 33,582.00	\$ -
2460723-H	Loaves and Fishes of the Rio Grande Valley	Homeless Prevention	65	43	3	\$ 102,700.00	\$ -
2460733-S	The Chosen Ones Outreach Ministries of Galveston, Inc.	Street Outreach	54	42	47	\$ 86,250.00	\$ -
2460731-R	The Salvation Army, Inc. - Texarkana	Rapid Re-Housing	42	42	30	\$ 57,500.00	\$ -
2460731-H	The Salvation Army, Inc. - Texarkana	Homeless Prevention	40	40	73	\$ 34,500.00	\$ -

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460726-S	The Salvation Army, Inc. - Sherman	Street Outreach	40	40	15	\$ 19,997.00	\$ -
2460731-S	The Salvation Army, Inc. - Texarkana	Street Outreach	38	38	48	\$ 23,000.00	\$ -
2460725-H	Resource and Crisis Center of Galveston County, Inc.	Homeless Prevention	38	38	45	\$ 54,323.00	\$ -
2460719-H**	Community Action Committee of Victoria, Texas	Homeless Prevention	55	0	14	\$ -	\$ -
Total						\$ 7,454,227.00	\$ 3,768,851.00
<p>* Applicant accepted a partial offer award under 10 TAC §7.38(f)(3). ** Application was terminated, but funded under a Continuing Award. \$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)</p>							

TX-611 Amarillo

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2461101-R	City of Amarillo	Rapid Re-Housing	52	52	85	\$ 61,208.00	\$ 61,208.00
2461102-R	The Salvation Army, Inc. - Amarillo	Rapid Re-Housing	45	45	83	\$ 25,750.00	\$ 25,750.00
2461101-S*	City of Amarillo	Street Outreach	44	44	5	\$ 66,061.00	\$ 66,061.00
2461102-H	The Salvation Army, Inc. - Amarillo	Homeless Prevention	40	40	7	\$ 25,750.00	\$ -
2461102-E	The Salvation Army, Inc. - Amarillo	Emergency Shelter	31	31	2	\$ 87,750.00	\$ -
Total						\$ 266,519.00	\$ 153,019.00
<p><i>* Applicant accepted a partial offer award under 10 TAC 7.38(f)(3).</i> \$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)</p>							

TX-624 Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2462401-H	Nortex Regional Planning Commission	Homeless Prevention	39	39	75	\$ 95,401.00	\$ 95,401.00
2462401-R	Nortex Regional Planning Commission	Rapid Re-Housing	35	35	9	\$ 22,000.00	\$ 22,000.00
Total						\$ 117,401.00	\$ 117,401.00
<p>\$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)</p>							

TX-700 Houston, Pasadena, Conroe/Harris, Ft. Bend, Montgomery Counties

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2470001-CH	Alliance of Community Assistance Ministries, Inc.	Homeless Prevention				\$ 165,137.00	\$ 165,137.00
2470002-CE	Covenant House Texas	Emergency Shelter				\$ 133,914.00	\$ 133,914.00
2470003-CS	HTX H.O.P.E. Haven	Street Outreach				\$ 37,643.00	\$ 37,643.00
2470010-H	West Houston Assistance Ministries	Homeless Prevention	63	63	4	\$ 394,125.00	\$ 394,125.00
2470007-E	Sarah's House	Emergency Shelter	63	57	84	\$ 301,530.00	\$ 301,530.00
2470008-E	The Bridge Over Troubled Waters, Inc.	Emergency Shelter	65	54	80	\$ 150,000.00	\$ 150,000.00
2470004-E	Bay Area Turning Point	Emergency Shelter	61	53	38	\$ 93,500.00	\$ 93,500.00
2470004-H	Bay Area Turning Point	Homeless Prevention	61	51	59	\$ 37,000.00	\$ 37,000.00
2470004-R	Bay Area Turning Point	Rapid Re-Housing	61	51	19	\$ 119,500.00	\$ 119,500.00
2470006-E	The Salvation Army, Inc. - Houston	Emergency Shelter	54	49	35	\$ 400,000.00	\$ -
2470005-E	Houston Area Women's Center	Emergency Shelter	47	47	71	\$ 246,508.00	\$ -
2470009-H	Wesley Community Center	Homeless Prevention	59	46	22	\$ 172,500.00	\$ -
Total						\$ 2,251,357.00	\$ 1,432,349.00
\$11,653 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)							

TX-701 Bryan/College Station/Brazos Valley

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2470101-R	Twin City Mission	Rapid Re-Housing	44	43	74	\$ 122,992.00	\$ 122,992.00
2470101-E	Twin City Mission	Emergency Shelter	38	38	26	\$ 52,866.00	\$ 52,866.00
Total						\$ 175,858.00	\$ 175,858.00
\$0 of regional allocation transferred to Statewide Competition in accordance with 10 TAC §7.38(g)							

Attachment C: 2024 ESG Regional Competition Summary

CoC #	CoC Name	2024 Allocation Amount	2024 Continuing Awards	2024 Competitive Awards	ES/SO Cap Remaining	Total Amount Remaining
TX-500	San Antonio/ Bexar County	\$ 764,078	\$ 573,043	\$ 191,035	\$ 180,404	\$ -
TX-503	Austin/Travis County	\$ 551,072	\$ 413,304	\$ 85,000	\$ 275,759	\$ 52,768
TX-600	Dallas City & County/Irving	\$ 1,146,424	\$ 786,732	\$ 359,692	\$ -	\$ -
TX-601	Fort Worth/Arlington/Tarrant County	\$ 712,583	\$ 376,421	\$ 336,162	\$ 16,434	\$ -
TX-603	El Paso City & County	\$ 331,606	\$ 198,963	\$ 132,643	\$ -	\$ -
TX-604	Waco/McLennan County	\$ 120,798	\$ -	\$ 120,798	\$ 8,522	\$ -
TX-607	Texas Balance of State	\$ 3,768,851	\$ 2,826,638	\$ 942,213	\$ 142,491	\$ -
TX-611	Amarillo	\$ 153,019	\$ -	\$ 153,019	\$ 91,811	\$ -
TX-624	Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties	\$ 117,401	\$ -	\$ 117,401	\$ 70,441	\$ -
TX-700	Houston, Pasadena, Conroe/Harris, Ft. Bend, Montgomery Counties	\$ 1,444,002	\$ 336,694	\$ 1,095,655	\$ 149,814	\$ 11,653
TX-701	Bryan/College Station/Brazos Valley	\$ 175,858	\$ -	\$ 175,858	\$ 52,649	\$ -
Total		\$ 9,285,692	\$ 5,511,795	\$ 3,709,476	\$ 988,325	\$ 64,421

Attachment D: Statewide Competition Award Recommendation

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2450007-E*	Thrive Youth Center	Emergency Shelter	56	56	25	\$ 64,421.00	\$ 64,421.00
2460726-H	The Salvation Army, Inc. - Sherman	Homeless Prevention	55	53	60	\$ 156,400.00	\$ -
2460716-H	Christian Community Action	Homeless Prevention	64	52	66	\$ 50,112.00	\$ -
2460736-H	Women's Center of East Texas, Inc.	Homeless Prevention	55	52	61	\$ 38,837.00	\$ -
2460716-R	Christian Community Action	Rapid Re-Housing	64	52	55	\$ 55,000.00	\$ -
2460736-R	Women's Center of East Texas, Inc.	Rapid Re-Housing	55	52	51	\$ 39,135.00	\$ -
2460726-E	The Salvation Army, Inc. - Sherman	Emergency Shelter	52	52	32	\$ 190,900.00	\$ -
2460724-S	NB Housing Partners	Street Outreach	52	52	27	\$ 93,200.00	\$ -
2460728-R	The Salvation Army, Inc. - Lufkin	Rapid Re-Housing	59	52	18	\$ 22,600.00	\$ -
2460730-H	The Salvation Army, Inc. - New Braunfels	Homeless Prevention	53	50	56	\$ 100,000.00	\$ -
2450007-S	Thrive Youth Center	Street Outreach	50	50	42	\$ 41,200.00	\$ -
2460713-E	Abigails Arms (Cooke County Family Crisis Center)	Emergency Shelter	50	50	23	\$ 117,415.00	\$ -
2460732-E	Texoma Family Shelter, Inc.	Emergency Shelter	49	49	65	\$ 113,850.00	\$ -

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460733-R	The Chosen Ones Outreach Ministries of Galveston, Inc.	Rapid Re-Housing	54	49	58	\$ 115,000.00	\$ -
2460733-H	The Chosen Ones Outreach Ministries of Galveston, Inc.	Homeless Prevention	54	49	43	\$ 189,750.00	\$ -
2470006-E	The Salvation Army, Inc. - Houston	Emergency Shelter	54	49	35	\$ 400,000.00	\$ -
2460730-E	The Salvation Army, Inc. - New Braunfels	Emergency Shelter	53	48	16	\$ 100,000.00	\$ -
2460714-H	Brazoria County	Homeless Prevention	48	48	8	\$ 51,500.00	\$ -
2460726-R	The Salvation Army, Inc. - Sherman	Rapid Re-Housing	48	48	1	\$ 29,325.00	\$ -
2470005-E	Houston Area Women's Center	Emergency Shelter	47	47	71	\$ 246,508.00	\$ -
2460728-H	The Salvation Army, Inc. - Lufkin	Homeless Prevention	54	47	68	\$ 131,400.00	\$ -
2460729-H	The Salvation Army, Inc. - Midland	Homeless Prevention	60	47	28	\$ 200,000.00	\$ -
2460734-H	The Tracy Andrus Foundation, Inc.	Homeless Prevention	75	46	76	\$ 86,250.00	\$ -
2460734-R	The Tracy Andrus Foundation, Inc.	Rapid Re-Housing	75	46	54	\$ 86,250.00	\$ -
2460725-E	Resource and Crisis Center of Galveston County, Inc.	Emergency Shelter	46	46	46	\$ 168,500.00	\$ -
2460734-E	The Tracy Andrus Foundation, Inc.	Emergency Shelter	67	46	29	\$ 86,250.00	\$ -
2470009-H	Wesley Community Center	Homeless Prevention	59	46	22	\$ 172,500.00	\$ -

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460717-E	City of Denton	Emergency Shelter	46	46	13	\$ 400,000.00	\$ -
2460009-R	Transcend STEM Education	Rapid Re-Housing	49	45	57	\$ 86,250.00	\$ -
2460722-H	Hopkins County Community Action Network	Homeless Prevention	45	45	50	\$ 81,000.00	\$ -
2460723-E	Loaves and Fishes of the Rio Grande Valley	Emergency Shelter	67	45	40	\$ 154,200.00	\$ -
2460006-R	Harmony Community Development Corporation	Rapid Re-Housing	45	45	21	\$ 240,530.00	\$ -
2460734-S	The Tracy Andrus Foundation, Inc.	Street Outreach	75	45	12	\$ 86,250.00	\$ -
2460010-R	Under 1 Roof	Rapid Re-Housing	49	45	6	\$ 149,350.00	\$ -
2460727-E	The Salvation Army, Inc. - Denton	Emergency Shelter	44	44	53	\$ 150,000.00	\$ -
2460720-S	Concho Valley Community Action Agency	Street Outreach	44	44	49	\$ 74,750.00	\$ -
2460720-E	Concho Valley Community Action Agency	Emergency Shelter	43	43	72	\$ 74,750.00	\$ -
2460714-R	Brazoria County	Rapid Re-Housing	43	43	52	\$ 30,900.00	\$ -
2460723-R	Loaves and Fishes of the Rio Grande Valley	Rapid Re-Housing	65	43	10	\$ 33,582.00	\$ -
2460723-H	Loaves and Fishes of the Rio Grande Valley	Homeless Prevention	65	43	3	\$ 102,700.00	\$ -
2460733-S	The Chosen Ones Outreach Ministries of Galveston, Inc.	Street Outreach	54	42	47	\$ 86,250.00	\$ -
2460731-R	The Salvation Army, Inc. - Texarkana	Rapid Re-Housing	42	42	30	\$ 57,500.00	\$ -

Application Number	Applicant Name	Type	Self Score	Final Score	Tie Breaker	Requested Amount	Amount Recommended
2460731-H	The Salvation Army, Inc. - Texarkana	Homeless Prevention	40	40	73	\$ 34,500.00	\$ -
2460726-S	The Salvation Army, Inc. - Sherman	Street Outreach	40	40	15	\$ 19,997.00	\$ -
2460731-S	The Salvation Army, Inc. - Texarkana	Street Outreach	38	38	48	\$ 23,000.00	\$ -
2460725-H	Resource and Crisis Center of Galveston County, Inc.	Homeless Prevention	38	38	45	\$ 54,323.00	\$ -
2460007-E	Hope's Door	Emergency Shelter	46	38	41	\$ 154,500.00	\$ -
2450005-E	San Antonio Metropolitan Ministries, Inc.	Emergency Shelter	40	34	34	\$ 114,610.00	\$ -
2460005-H	Center for Survivors of Torture	Homeless Prevention	34	34	24	\$ 170,000.00	\$ -
2461102-E	The Salvation Army, Inc. - Amarillo	Emergency Shelter	31	31	2	\$ 87,750.00	\$ -
2460004-H	Ardyn Hope, Inc.	Homeless Prevention	45	23	36	\$ 34,875.00	\$ -
2460004-R	Ardyn Hope, Inc.	Rapid Re-Housing	43	23	17	\$ 34,875.00	\$ -
2450006-E	San Antonio Legal Services Association	Emergency Shelter	10	10	64	\$ 77,250.00	\$ -
Total						\$ 5,759,995.00	\$ 64,421.00

** Applicant accepted a partial offer award under 10 TAC §7.38(f)(3).*



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 764

Agenda Date: 10/10/2024

Agenda #: 26.

Presentation, discussion, and possible action to ratify staff's actions to accept and implement the Rapid Unsheltered Survivor Housing allocation under the Emergency Solutions Grants Program (ESG RUSH), and to ratify staff's submission of an amendment to the State of Texas 2023 State of Texas One Year Action Plan reflecting such action.

RECOMMENDED ACTION

WHEREAS, on May 17, 2024, President Biden issued a major disaster declaration for the State of Texas resulting from severe storms, straight-line winds, tornadoes, and flooding;

WHEREAS, on July 9, 2024, the President also issued a major disaster declaration for the State of Texas in response to Hurricane Beryl;

WHEREAS, on July 18, 2024, U.S. Department of Housing and Urban Development (HUD) released a Federal Register Notice implementing the new Rapid Unsheltered Survivor Housing allocation under the Emergency Solutions Grant Program (ESG RUSH);

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) received a special allocation of \$1,885,118 in ESG RUSH from HUD;

WHEREAS, the Department will make available \$1,800,288 in ESG RUSH funding for eligible Subrecipients, and in accordance with 10 TAC §7.33 concerning Apportionment of ESG Funds will retain \$84,830 for administrative purposes;

WHEREAS, HUD regulations require that in order to receive the allocation the Department must submit an amendment the 2023 State of Texas One Year Action Plan within 30 days of HUD's award notification, which was dated August 28, 2024; staff proceeded with the submission without Board authority due to the time limitation, and based on the Board's long-standing support and interest in bringing additional resources to help Texas communities in need;

WHEREAS, the Board authorizes a waiver 10 TAC Chapter §7.3(a) as described herein in order to provide all available resources to Texans affected by the disasters;

WHEREAS, the Department is committed to promptly providing much needed funding in the communities affected by the disasters, and as such staff is requesting to award the ESG RUSH funding as new contracts to current high performing ESG Subrecipients in only the geographically eligible areas; and

WHEREAS, the HUD Notice includes the possibility of additional allocations of ESG RUSH funding to recipients of the initial allocation, and for future allocations made that may be for other eligible disasters and as such staff is also requesting authority that if awarded, additional allocations be made available in similar fashion as direct awards to current ESG Subrecipients;

NOW, therefore, it is hereby

RESOLVED, that the Board hereby ratifies the acceptance of the ESG RUSH allocation awarded in response to the major disaster declaration for the State of Texas;

FURTHER RESOLVED, that the Board hereby ratifies staff's submission of an amendment to the 2023 State of Texas Action Plan;

FURTHER RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to administer and award the first allocation of ESG RUSH funding; and

FURTHER RESOLVED, that the Executive Director, his designees, and each of them be and they are hereby authorized, empowered, and directed, for and on behalf of the Department, to take any and all such action as they or any of them may deem necessary or advisable to accept and administer future allocations of ESG RUSH funding, including submission of required amendments to the applicable State of Texas One Year Action Plan.

BACKGROUND

When there is a Presidential declaration of a major disaster pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, HUD typically provides relief through the implementation of regulatory waivers for the use of Emergency Solutions Grants (ESG) Program funds in the affected areas. On July 18, 2024, HUD released a Federal Register Notice announcing the creation of a new form of disaster relief that allocates special grants under the existing Emergency Solutions Grants (ESG) Program, which HUD designates as Rapid Unsheltered Survivor Housing (RUSH) funds.

The ESG RUSH allocations are funded through HUD's recapture of unspent homeless assistance grants, including ESG and Continuum of Care (COC) funding. HUD makes these allocations available to States and/or local governments to address the needs of individuals and families who are experiencing homelessness or are at risk of experiencing homelessness residing in a declared disaster area whose needs are not otherwise addressed or fully met by existing Federal disaster relief programs. ESG RUSH funds may be used to address short-term disaster response needs; other eligible activities are those federally eligible under the annual ESG Program, including street outreach, emergency shelter, homeless prevention, rapid rehousing, and HMIS.

On May 17, 2024, and July 9, 2024, the President issued a major disaster declaration for the State of Texas resulting from severe storms, straight-line winds, tornadoes, and flooding and in response to Hurricane Beryl, respectively. In response to the President's major disaster declaration HUD awarded

the Department a special allocation of ESG RUSH in the amount of \$1,885,118 for use within the declared disaster areas, or to persons who resided in the declared disaster area as of the date of the disaster. The Department will retain \$84,830 for administrative purposes; the remaining funds will be made available for awards to Subrecipients providing services within the eligible areas. The service area is geographically restricted to areas identified as eligible for FEMA Individual Assistance when a major disaster is declared. A listing of eligible counties by Continuum of Care (CoC) for this initial allocation of ESG RUSH is included in Attachment A. Since some areas in the eligible counties have also been offered an allocation of ESG RUSH, staff submitted an inquiry to HUD to determine if these counties must be excluded from the TDHCA ESG RUSH service area. Regardless of HUD's response, staff recommended prioritizing TDHCA ESG RUSH to areas otherwise unable to access this fund source in its amendment to the 2023 State of Texas One Year Action Plan (2023 OYAP).

To expedite the release of funds into the affected communities, HUD has waived CoC consultation requirements noted in 24 CFR 576.400(a) and Consultation and citizen participation requirements under 24 CFR §§91.110 and 91.115 for the first allocation. However, HUD regulations require the Department submit an amendment to the 2023 State of Texas One Year Action Plan within 30 days of HUD's award notification, which was dated August 28, 2024. Therefore, during the Board meeting of September 5, 2024, the Executive Director notified the Board that the required submission must be made prior to obtaining Board approval.

To expedite the delivery of services in affected communities, staff is recommending awarding funds as new contracts to existing high performing ESG Subrecipients which provide services within the affected areas, noted in Attachment A. Staff recommends direct awards rather than a competitive NOFA when possible due to the immediate need for these funds. Funding recommendations arising from this action must complete a Previous Participation Review, in accordance with 10 TAC §1.302, prior to Board recommendation.

In addition to the request to award RUSH funds to high performing Subrecipients, Staff requests a waiver of 10 TAC §7.3(a) which prohibits the use of ESG funds for new construction, renovation, rehabilitation, or conversion of a shelter, or construction or rehabilitation of a Dwelling Unit. Although new construction is not permissible under the federal regulation, renovation, rehabilitation, or conversion of a shelter is a federally eligible use of ESG funding. Typically, both the one-year contract term and administrative requirements tied to such large-scale projects create an impediment to using ESG Annual funds for these activities. However, the need for this specific activity due to the potential damage sustained by shelters because of the disaster may substantially expedite processes that generally render this activity unavailable under regular ESG. This waiver will allow Subrecipients be able to use the ESG RUSH funds to rehabilitate emergency shelters damaged in the eligible disaster. The Board is authorized to provide such waiver pursuant to 10 TAC §7.12, Waivers.

The HUD Notice included the possibility of a second allocation of RUSH funding if ongoing disaster effects continue to show a high level of unmet needs and additional funds become available. Since these funds are meant to address immediate needs after a disaster, staff is requesting that the Executive Director and his designees have authority to accept future allocations of ESG RUSH as they may become available for these disasters or other future disasters, and authorization to submit required amendments to the applicable State of Texas One Year Action Plan for such allocations. Staff

will prepare a report to the Board each time an allocation of RUSH funding is received by the Department, and all awards of ESG RUSH to Subrecipients will be presented to the Board for approval prior to commencement.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Amendments to the 2023 State of Texas Consolidated Plan One-Year Action Plan

September 27, 2024

The amendment to the 2023 One Year Action Plan implements updates to allow for the programming of an additional allocation of funds to the Emergency Solutions Grants (ESG) Program for the Rapid Unsheltered Survivor Housing (ESG RUSH) allocation and reflects only those sections, or portions of sections, within which changes have been made. All other sections remain unchanged.

AP-15 Expected Resources – 91.320(c)(1,2)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	Public federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	9,959,390 11,844,508			9,959,390 11,844,508	9,959,390 11,844,508	<p>TDHCA's <u>\$9,959,380</u> regular ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities. HHSP is Texas state general revenue funding for the nine largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees.</p> <p><u>A set-aside of ESG funds in the amount of \$1,885,118 was awarded under RUSH (ESG RUSH)-, and these funds will be awarded via contract to subrecipients to provide ESG eligible activities under ESG RUSH in the disaster declared areas, as defined in the award letter for the ESG RUSH allocation.</u></p>

Table 1 - Expected Resources – Priority Table

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2020	2024	Homeless	State of Texas	Emergency Shelter and Transitional Housing Rapid Re-housing Homeless Prevention	<u>Regular</u> ESG: \$9,959,390 <u>ESG RUSH:</u> \$1,885,118	Tenant-based rental assistance / Rapid Rehousing: 889736 Households Assisted Homeless Person Overnight Shelter: 2224226,858 Persons Assisted Homelessness Prevention: 5,0984222 Persons Assisted

Table 2 – Goals Summary

<u>1</u>	Goal Name	<u>Homeless Goals</u>
	Goal Description	<u>Funds will be utilized to provide Administration, HMIS services, emergency shelter, rapid re-housing, homeless prevention, and street outreach to eligible persons who are experiencing homelessness or at-risk of homelessness. Actual funding amounts will be determined based on the actual requested funds by component. The estimates for the funding amount per activity type and number of persons served are extrapolated from data collected over the prior three years. Regardless of the CoC recommendations or any other factors, TDHCA limits the amount of funding available for street outreach and emergency shelter to not more than 60% of the total ESG funding available. Likewise, funds for administration and HMIS are limited proportionate to the funds made available in each service component to ensure that the regulatory caps for these expenditures are not exceeded.</u>

		<u>Special allocations under the ESG Program, such as ESG RUSH funding, will be utilized to provide short-term disaster response assistance for the needs of persons who are experiencing homelessness or at-risk of homelessness residing in disaster areas, and will be subject to the limitations set forth for the funding source, including restrictions on use of funds or flexibilities offered by the funds.</u>
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Goal Descriptions

AP-25 Allocation Priorities – 91.320(d)

Reason for Allocation Priorities

Disaster Recovery

With the block grants and the layering resources listed above, there are also CDBG Disaster Recovery (DR) funds for disasters that have affected that State of Texas. More details and action plans for the various disasters CDBG-DR have been awarded for can be found at <http://recovery.texas.gov/action-plans/index.html>.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

ESG Serves Special Needs

ESG does not have funding allocation priorities for special needs populations, but the Department's subrecipient selection criteria include prioritization for homeless subpopulations as defined in the most recent Point in Time data collection guidance. ESG RUSH funding, a special allocation under the ESG Program, is limited to serving populations residing within disaster declared areas. ESG RUSH assistance to individuals and organizations will be evaluated for duplication of benefits as required by 42 U.S.C. 11364a and the ESG RUSH implementing guidelines and regulations prior to provision of assistance. These resources may include private insurance, other federal resources, such as FEMA Transitional Sheltering Assistance (TSA), Shelter and Services Program (SSP), Emergency Non-Congregate Shelter (NCS) or CDBG-DR funds. The Department may prioritize RUSH funding to areas with proportionately fewer resources to respond to the disaster.

TDHCA requires ESG subrecipients to comply with the HUD Final Rule Implementing Violence Against Women Reauthorization Act of 2013 (VAWA). Forms and information are required to be distributed to applicants and program participants for short- and medium-term rental assistance in accordance with 24 CFR §5.2005(e). Also pursuant to 24 CFR §5.2005(e), ESG Subrecipients are required to develop and follow an Emergency Transfer Plan.

AP-30 Methods of Distribution – 91.320(d)&(k)

Distribution Methods

Table 3 - Distribution Methods by State Program

18	State Program Name:	Texas ESG Program
	Funding Sources:	<u>ESG and special allocations of ESG Funding</u>
	Describe the state program addressed by the Method of Distribution.	<p>The ESG Program awarded contracts in PY2022, by making a portion of the funds available to prior subrecipients who have demonstrated effective performance under their prior award, with the remainder of funds offered under a competitive funding application. This process will carry over to the PY2023 funds, and some portion of the allocation may be set aside for direct awards to Subrecipients receiving funds for development of non-congregate shelter under HOME-ARP or awarded to nonprofit legal services providers who will accept referrals from subrecipients of ESG funds. ESG funds are awarded to private nonprofit organizations, cities, and counties in the State of Texas to provide the services necessary to help persons who are experiencing or at-risk of homelessness quickly regain stability in permanent housing. To prioritize geographic dispersion of funds, funding is allocated to each CoC based on an allocation formula that includes population and other data as described in the State ESG rules. <u>Special allocations made under the ESG Program, such as ESG RUSH funding, may be awarded to existing Subrecipients whose record demonstrates high performance of their ESG award, or under a competitive Notice of Funding Availability. ESG RUSH funding is geographically restricted for use within disaster declared areas, therefore they are</u> <u>ESG RUSH is exempt from the regional distribution formula noted in 10 TAC §7.33.</u> Award authority for all ESG funds remains with TDHCA’s Board, and TDHCA contracts directly with all subrecipients. Any funds returned to the Department from prior year ESG allocations will be redistributed in accordance with the 10 TAC §7.41, or as otherwise approved by the TDHCA Board or as required by HUD.</p>

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>TDHCA will review the performance of existing subrecipients to determine whether they meet criteria, including timely expenditure of funds and acceptable monitoring history, prior to making a determination about the suitability of the subrecipient to be offered a new award of funding. In a competitive process with TDHCA, applications will be selected for an award based on requirements stated in the ESG NOFA and State ESG Program Rules in effect the year they receive their award. These sources provide threshold requirements, which must be met prior to an application being considered for an award, and selection criteria, which are utilized to rank applications and determine the order in which applications may be funded. ESG Subrecipients that are awarded ESG funds will be required to maintain the terms of the contract under which they were competitively awarded, including the performance targets that were a condition of the award. Threshold requirements include current status of required single audits and submission of an audit certification form; information necessary to conduct a previous participation review, and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds, including but not limited to timely reporting.</p> <p>Selection criteria include items related to program design, including the type and quality of services offered and performance outcomes.</p> <p><u>Selection criteria is not applicable for ESG RUSH funding directly awarded to existing ESG subrecipients, however TDHCA will review the prior performance of existing Subrecipients prior to making an award recommendation. In addition to the scoring criteria for the regular ESG awards, ESG RUSH that is competitively awarded will consider other available resources in the service area of the application to assist with evaluation of unmet need.</u></p>
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<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>TDHCA may retain some portion of the allocation of funds and offer this portion for direct awards to certain subrecipients that have either successfully administered a prior ESG award, have an existing HOME-ARP funded non-congregate shelter, or will provide legal services to clients referred by other ESG subrecipients. <u>In addition, TDHCA will provide special allocations, such as ESG RUSH funding, as direct awards to existing Subrecipients who show high performance in their existing ESG award.</u> For a competitive process, TDHCA will release a NOFA prior to receipt of ESG funding. The NOFA will include both threshold and selection criteria, and awards will be made to eligible applicants based on the application rank within their CoC region. Applicants are required to consult with the CoC prior to submission of the Application. Eligible applicant organizations are Units of General Purpose Local Government, including cities, counties and metropolitan cities; urban counties that receive ESG funds directly from HUD; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may be eligible and should seek guidance from TDHCA to determine if they may apply. Governmental organizations such as Public Housing Authorities (PHAs) and housing finance agencies are not eligible and cannot apply directly for ESG funds.</p> <p>Eligible applicants also include private nonprofit organizations that are secular or religious organizations described in section 501(c) of the Internal Revenue Code of 1986, are exempt from taxation under subtitle A of the Code, have an acceptable accounting system and a voluntary board, and practice non-discrimination in the provision of assistance. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.</p>
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<p>Describe how resources will be allocated among funding categories.</p>	<p>ESG funds, <u>inclusive of special allocations</u>, may be used for four service components: street outreach, emergency shelter, homelessness prevention, and rapid re-housing assistance. Funds may also be utilized for HMIS/HMIS comparable database and administration in proportion to funding utilized for service components. In order for TDHCA to meet the requirement of no more than 60% of funds expended in street outreach and emergency shelter per 24 CFR §576.100(b), TDHCA reserves the right to remove applications proposing street outreach and emergency shelter from competition when 60% of ESG funds have been awarded to higher ranking applications proposing these activities.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>While applications for TDHCA ESG funds may request funds for multiple service component, each service type proposed in an application is individually considered for an award of funds. Applicants will be awarded an amount not to exceed an amount set forth in the program rules or NOFA for street outreach activities, rapid re-housing, homeless prevention, and emergency shelter activities. Funds for HMIS are limited to 12% of the amount awarded for Street Outreach, Emergency Shelter, Rapid Rehousing, and Homeless Prevention, and funds for administration are limited to 3% of these amounts. Threshold requirements include current status of required single audits and submission of an audit certification form; information necessary to conduct a previous participation review, and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds, including but not limited to timely reporting.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The expected outcome is that funds will be awarded to organizations that have the administrative and performance capacity to provide the services needed in their communities, with a broad distribution of funding to reach as many areas of the state with quality services as possible.</p>

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

ESG Addresses Geographic Areas for Assistance

Assistance provided by ESG funds will be directed statewide, according to the 11 HUD-designated CoC regions. TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration, as described in 24 CFR §91.320(f). Assistance provided by ESG RUSH funds will be directed to areas within the declared disaster areas.

Rationale for the priorities for allocating investments geographically

ESG Addresses Geographic Investments

ESG allocates ESG funds to each CoC region based on an allocation formula. This formula includes factors such as homeless population, people living in poverty, cost burden of renters, point in time counts and ESG funds available from federal and state sources. ESG RUSH funds are not subject to the allocation formula, as they have a geographic restriction.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

TDHCA will address requirements in 24 CFR §91.320 by using funds to reduce and end homelessness. Each ESG Applicant is required to coordinate with the lead agency of the CoC, which provides services and follows a centralized or coordinated assessment process; has written policies and procedures in place as described by 24 CFR §578.7(a)(8) and (9); and follows a written standard to provide street outreach, emergency shelter, rapid re-housing, and homelessness prevention assistance. To assist low-income individuals and families to avoid becoming homeless, TDHCA requires each ESG Subrecipient to set performance targets that are part of its scoring criteria for the NOFA, and these targets will be maintained for any offer of a direct award in the future. A Subrecipient must address the housing and supportive service needs of individuals assisted with ESG funds in a plan to move the client toward housing stability. Due to the nature of ESG RUSH funds being utilized to address emergent needs due to declared disasters, selection of Subrecipients doesn't may not include scoring criteria. However, when funds are directly awarded or awarded under a competitive Notice of Funding Availability, past performance of existing ESG Subrecipients will be evaluated prior to making an award.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The Texas ESG Program provides funds to service providers for outreach to unsheltered homeless persons in order to connect them to emergency shelter, housing, or critical services; and to provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or other appropriate facilities. Of critical importance is assisting the unsheltered homeless with emergency shelter or other placement. Subrecipients serving clients through street outreach will be measured against their targets to help persons experiencing homelessness move into temporary, transitional or permanent housing. Subrecipients conducting street outreach may provide case management, such as assessing housing and service needs; arranging, coordinating, and monitoring the delivery of services; and planning a path to permanent housing stability.

ESG Subrecipients are required to describe how they provide outreach to sheltered and unsheltered homeless persons in the ESG application.

For clients receiving emergency shelter, rapid re-housing, or homelessness prevention, clients will be required to receive case management services with exceptions pursuant to the VAWA and the Family Violence Prevention and Services Act (FVPSA). Subrecipients are required to develop a plan to assist program participants to retain permanent housing after the ESG assistance ends.

ESG RUSH funding will utilize the same methods as ESG for outreach; however, assessment may require

additional information be collected from clients, including ensuring that the client was residing in the disaster declared area and that their needs are not already fully met by other disaster funding that would result in a duplication of benefits under the Stafford Act.

Addressing the emergency shelter and transitional housing needs of homeless persons

The ESG Program provides support to organizations that provide emergency services and shelter to homeless persons and households.

If assisting persons experiencing homelessness that are in an emergency shelter, Subrecipients will be measured against their annual targets to serve clients with essential services and to help persons experiencing homelessness move into temporary, transitional or permanent housing. If assisting persons with rapid re-housing or homelessness prevention, Subrecipients will be measured against their annual targets to help persons experiencing or at-risk of homelessness maintain housing for 3 months or more, exit to a permanent housing destination, exit to a positive housing destination, or gain a higher income.

In addition, the State considers transitional housing as having characteristics associated with instability and an increased risk of homelessness, which may allow clients living in transitional housing to access Homelessness Prevention services.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Per §24 CFR 576.106, ESG funds may be utilized for short-term and medium-term rental assistance (24 CFR §576.106, unless otherwise waived) and for a variety of housing relocation and stabilization services such as rental application fees, security deposits, utility deposits, utility payments, and moving costs for homeless individuals or persons at risk of homelessness (24 CFR §576.106). Funds may also be utilized for housing service costs related to housing search and placement, housing stability case management, mediation, legal services, and credit repair. ESG funds can also be used to pay for essential service costs including case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation, and costs related to serving special populations. It should be noted that, while the assistance listed above are eligible under ESG, an ESG Subrecipient may choose to not provide all the assistance listed. Applicants for ESG funds are incentivized through the application scoring process to provide a wide array of services. ESG Subrecipients specify in their written standards

which services they will provide.

Subrecipients that request an award of funds must set targets within their application for funding intended to reduce the length of time from program intake to placement in permanent housing and positive housing destination for persons experiencing homelessness, as well as targets for the percentage of persons served that maintain housing for three or more months after exiting the program. These targets will be scored, and will be a factor in funding decisions.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

ESG funds promote coordination with community providers and integration with mainstream services to gather available resources. One possible performance measure for Subrecipients is their ability to help increase non-cash benefits for program participants; the Subrecipients help program participants obtain non-ESG resources, such as veterans benefits or food stamps.

Discussion

The Texas ESG Program is designed to assist, assess and, where possible, shelter the unsheltered homeless; to quickly re-house persons who have become homeless and provide support to help them maintain housing; and to provide support that helps persons at risk of becoming homeless maintain their current housing. ESG RUSH funding allocated to Texas -may also be prioritized for gap funding for rehabilitation of emergency shelter in the disaster area and damaged by the disaster. Other special needs populations are described in Action Plan Section 25.

AP-85 Other Actions – 91.320(j)

Actions planned to address obstacles to meeting underserved needs

ESG Addresses Underserved Needs

Lack of facilities and services for homeless persons in rural areas is ESG's greatest underserved need. To help meet this need, TDHCA has used Community Services Block Grant discretionary funds to provide training and technical support to organizations in the Balance of State CoC. Shelters in the Balance of State CoC have limited funds for operations and maintenance, with little access to federal funds which often require substantial organizational capacity less common in smaller organizations. ESG and TDHCAs HHSP, which is state-funded only in some urban areas, may supplement federal funds in operational support. ESG RUSH allocations will also assist with supporting otherwise eligible clients that resided in the disaster area(s) for which ESG RUSH funds are allocated. ESG RUSH may be prioritized first for areas that do not receive an allocation of ESG RUSH and do not directly administer ESG funding, and then for areas that did not receive an allocation of ESG RUSH, but do directly administer ESG funding.

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Emergency Solutions Grant (ESG)

Reference 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

ESG Written Standards are evaluated based on questions that are in the 2020 One Year Action Plan. These questions will be maintained for the 2023 program year, but re-evaluated in 2024.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

Each of the 11 CoC's in Texas has a different centralized or coordinated assessment system. TDHCA ensures that its Subrecipients participate in the local CoC's coordinated assessment. Applicants for ESG funding are required to certify their participation in the CoC centralized or coordinated assessment system. ESG Subrecipients are required to use this process per 24 CFR §576.400(d), with an exception for victim service providers. ESG Subrecipients are also required to certify that they have written standards that are consistent with the CoC's screening, assessment and referral of ESG program participants, or to certify that the Subrecipient is a victim services provider and not required to participate in coordinated assessment/entry.

3. Identify the process for making sub-awards and describe how the ESG allocation available to

private nonprofit organizations (including community and faith-based organizations).

ESG funds, including special allocations, such as ESG RUSH funds, may be offered to eligible prior subrecipients who have demonstrated effective performance under their prior award, or may be offered under a competitive funding application. Some portion of the allocation may be set aside for direct awards to Subrecipients receiving funds for development of non-congregate shelter under HOME-ARP or awarded to nonprofit legal services providers who will accept referrals from subrecipients of ESG funds. The allocation amounts available in each CoC region are established by formula.

Eligible applicant organizations include Units of General Purpose Local Government, including cities, counties and metropolitan cities; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may have been eligible and were advised to seek guidance from TDHCA to determine their eligibility for application. Governmental organizations such as Public Housing Authorities (PHAs) and housing finance agencies are not eligible subrecipients and applications from such agencies would not be awarded ESG funds.

Eligible applicants also include private nonprofit organizations that are secular or religious organizations exempt from taxation under Section 501(c) of the Internal Revenue Code of 1986, have an acceptable accounting system and a voluntary board, and practice non-discrimination in the provision of assistance. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

As a State recipient, TDHCA is not required to provide for the participation of a homeless individual or formerly homeless individual on the board of directors or other equivalent policy-making entity. However, TDHCA may prioritize funding for Subrecipients by allocating points if they have participation of homeless or formerly homeless individuals in their programs.

5. Describe performance standards for evaluating ESG.

TDHCA has transitioned from evaluating performance based on whole numbers of persons or households served to percentages of persons or households served who achieve particular outcomes.

Subrecipients providing street outreach will be required to meet contractual performance targets for the percentage of assisted persons placed in temporary or transitional housing. Subrecipients

providing emergency shelter and transitional shelter will be required to meet contractual performance targets for the provision of essential services and the percentage of assisted persons who will exit to temporary, transitional, positive, or permanent housing destinations.

Subrecipients providing homelessness prevention and rapid re-housing assistance will be required to meet contractual performance targets for the percentage of assisted persons receiving higher income at exit than at entry, the percentage of persons who will exit to permanent or positive housing destinations and, the percentage of persons who will maintain housing three months or more as a result of receiving ESG assistance.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 765

Agenda Date: 10/10/2024

Agenda #: 27.

Presentation, discussion, and possible action authorizing staff to register interest in, apply for, and accept additional Veterans Affairs Supportive Housing vouchers offered by the U.S. Department of Housing and Urban Development, and authorization to subsequently administer such awarded vouchers

RECOMMENDED ACTION

WHEREAS, on June 3, 2024, the U.S. Department of Housing and Urban Development (HUD) released Notice PIH 2024-18(HA) (the Notice) announcing the availability of approximately 7,800 new Veterans Affairs Supportive Housing (VASH) vouchers and providing the opportunity for Public Housing Authorities (PHAs) to register their interest in being recipients of those HUD-VASH vouchers;

WHEREAS, the HUD-VASH vouchers require that the Department of Veterans Affairs (VA) ensure the provision of case management and clinical services by the local Veterans Assistance Medical Center (VAMC) in conjunction with the vouchers, and therefore requires that a PHA's registration of interest include a letter of support from partnering VAMCs;

WHEREAS, the Texas Department of Housing and Community Affairs (TDHCA or the Department) operates as a PHA in its administration of its Housing Choice Voucher Program (HCVP), is also currently a recipient of both tenant-based and project-based HUD-VASH vouchers, and has the appropriate expertise and systems to perform such work;

WHEREAS, in response to the Notice the VAMCs with which the Department has an existing relationship provided the required letters of support for TDHCA to submit Registrations of Interest for Kerr, Bandera, Medina, Fort Bend, and Galveston counties;

WHEREAS, the Registrations of Interest were submitted by the HUD deadline for consideration of an award of new VASH voucher prior to having an opportunity to seek Board approval and staff is seeking ratification of that submission;

WHEREAS, HUD may notify the Department that an award of VASH vouchers is offered in response to the Registrations of Interest; and staff requests authority to accept any such HUD-VASH vouchers from HUD for the counties proposed; and

WHEREAS, on or about each year, HUD publishes a PIH notice in which additional VASH vouchers are made available, and the Department is also seeking authority at this time to request, accept, and administer future VASH voucher availability with existing or additional VAMCs, which may be within TDHCA's existing service area or may be added as new VASH service areas;

NOW, therefore, it is hereby

RESOLVED, that the Board ratifies staff's action of having submitted Registrations of Interest

and hereby authorizes staff to accept and administer any VASH vouchers offered in response to such Registration of Interest; and

FURTHER RESOLVED, that staff is authorized to request, accept, and administer VASH vouchers made available by HUD in subsequent years if such vouchers are supported by a VAMC for use in the Department's 34-county service area utilized for its regular Housing Choice Voucher (HCV) Program.

BACKGROUND

HUD-VASH vouchers are administered in partnership with the Department of Veterans Affairs and enable homeless veterans and their families to access affordable housing with an array of supportive services. The Department of Veterans Affairs (VA) ensures the provision of case management and clinical services through local Veterans Assistance Medical Centers (VAMCs). On June 3, 2024, HUD released Notice PIH 2024-18, regarding the Registration of Interest for HUD-VASH Vouchers. Any submissions of interest from a PHA must include a support letter from the specific VAMC that would be providing such services.

The Department operates as a PHA in its administration of its HCVP. The Department has several components to its program: provision of vouchers within a 34-county jurisdiction; provision of vouchers anywhere in the state for its Project Access Program and the Fostering Youth to Independence (FYI) Initiative; and provision of VASH vouchers, tenant-based in Fort Bend and Galveston counties, and a combination of project-based at Freedom's Path in Kerrville and tenant-based in Kerr, Medina, and Bandera counties. The Department only operates statewide in its Project Access Program and FYI Initiative; therefore pursuit of HUD-VASH vouchers previously and in this request have been limited to the 34-county jurisdiction. When this Notice was released, staff reached out to the existing VAMCs with which we operate our current VASH vouchers to determine if they would be interested in requesting additional vouchers. Each of the two VAMCs requested an additional ten vouchers, and staff submitted Registrations of Interest for each VAMC area based on this request. Submission of a Registration of Interest is not an application for additional vouchers, and acceptance of any vouchers offered in response to the Registration of Interest is contingent on Board approval of the acceptance, which is being requested with this action item.

As of September 10, 2024, all 55 of TDHCA's existing VASH vouchers are utilized. The additional vouchers would allow the Department to expand VASH benefits to an additional 20 veterans and their families.

In addition to authorization to accept these additional vouchers, staff requests authority to apply for, register interest in, accept, and administer future offers of VASH vouchers from HUD as they are made available and requested by the VAMCs, and which will serve veterans within the 34-county service area utilized for the Department's regular HCV Program.



2024 HUD-VASH Registration of Interest

PHA Information:

PHA Name: Texas Department of Housing and Community Affairs

PHA Code: TX901

PHA Executive Director Name: Bobby Wilkinson

PHA Executive Director Email: Bobby.Wilkinson@tdhca.texas.gov

PHA Primary Point of Contact (POC): Andre Adams

PHA PoC Email: Andre.Adams@tdhca.texas.gov

PHA Street Address: 221 E. 11th Street

PHA City, State: Austin TX 78701

HUD-VASH PBV Exemption: Yes No

How many vouchers are needed to complete your PHA's plan to project base HUD-VASH vouchers? 10.00

If available, would your PHA consider additional HUD-VASH vouchers beyond the specified number of vouchers needed to complete your PBV project? Yes No

PHAs expressing interest under the Project Basing Exception must upload a copy of the correspondence received from pbvsubmission@hud.gov in response to the PHA's notification of intent to project base HUD-VASH vouchers documenting review and approval of required information and notice of its intent to project-base HUD-VASH vouchers.

VA Medical Center (VAMC) Information:

VISN: 16

VAMC Station/Facility ID: 580-Houston

VAMC Primary Point of Contact (POC): Toni Harvell

VAMC PoC Email: Toni.Harvell@va.gov

VAMC Director Name: Francisco Vasquez

VAMC Director Email: Toni.Harvell@va.gov

Date of Letter of Support: 08/30/2024

Demonstration of Support:

The 580-Houston VAMC has demonstrated support for the PHA Agency of Texas Department of Housing and Community Affairs for a Fiscal Year 2024 allocation of HUD-VASH vouchers through the attached VAMC Letter of Support.

Signed by:

7D823E35235243B...Signature



By submitting, I acknowledge that I have obtained consent from PHA leadership and uploaded a valid, signed Letter of Support from the partnering VAMC to register interest in receiving an allocation of FY24 HUD-VASH vouchers.





HUD-VASH Registration of Interest Letter of Support

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Washington, DC 20410-5000

Michael E. DeBakey VA Medical Center

August 19, 2024

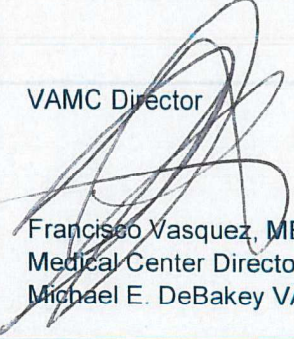
RE: [Notice PIH 2024-18 \(HA\)](#) Registration of Interest for HUD-VASH Vouchers

Ending Veteran homelessness remains a priority of the Veterans Health Administration (VHA), and the Housing and Urban Development – Department of Veterans Affairs Supportive Housing (HUD-VASH) program is a critical component of this ongoing effort.

Based on our internal deliberations, utilizing data-driven assessment of resources and community needs, this letter affirms our commitment to support a new allocation of HUD-VASH vouchers to Texas Department of Housing and Community Affairs (TDHCA), PHA #901.

In supporting this allocation of vouchers, VA commits to providing sufficient clinical staff of appropriate disciplines to meet the case management expectations outlined in the HUD-VASH Operating Requirements (as published in the Federal Register on September 27, 2021: [86 FR 53207](#)). Material support for these staff members shall include office space, equipment, and adequate clinical supervision and oversight. The National HUD-VASH Program Office will provide specific-purpose funding for staff and government-owned vehicles within the program office's budget capacity.

VAMC Director


Francisco Vasquez, MBA
Medical Center Director
Michael E. DeBakey VA Medical Center



2024 HUD-VASH Registration of Interest

PHA Information:

PHA Name: Texas Department of Housing and Community Affairs

PHA Code: TX901

PHA Executive Director Name: Bobby Wilkinson

PHA Executive Director Email: Bobby.Wilkinson@tdhca.texas.gov

PHA Primary Point of Contact (POC): Andre Adams

PHA PoC Email: Andre.Adams@tdhca.texas.gov

PHA Street Address: 221 E. 11th Street

PHA City, State: Austin TX 78701

HUD-VASH PBV Exemption: Yes No

How many vouchers are needed to complete your PHA's plan to project base HUD-VASH vouchers? 10.00

If available, would your PHA consider additional HUD-VASH vouchers beyond the specified number of vouchers needed to complete your PBV project? Yes No

PHAs expressing interest under the Project Basing Exception must upload a copy of the correspondence received from pbvsubmission@hud.gov in response to the PHA's notification of intent to project base HUD-VASH vouchers documenting review and approval of required information and notice of its intent to project-base HUD-VASH vouchers.

VA Medical Center (VAMC) Information:

VISN: 17

VAMC Station/Facility ID: 671-San Antonio

VAMC Primary Point of Contact (POC): Kearney Raven

VAMC PoC Email: Raven.Kearney@va.gov

VAMC Director Name: Julianne Flynn

VAMC Director Email: Raven.Kearney@va.gov

Date of Letter of Support: 08/30/2024

Demonstration of Support:

The 671-San Antonio VAMC has demonstrated support for the PHA Agency of Texas Department of Housing and Community Affairs for a Fiscal Year 2024 allocation of HUD-VASH vouchers through the attached VAMC Letter of Support.

Signed by:

7653286726234B2... Signature



By submitting, I acknowledge that I have obtained consent from PHA leadership and uploaded a valid, signed Letter of Support from the partnering VAMC to register interest in receiving an allocation of FY24 HUD-VASH vouchers.





DEPARTMENT OF VETERANS AFFAIRS
South Texas Veterans Health Care System
Audie L. Murphy Memorial Veterans Hospital Division
7400 Merton Minter Boulevard
San Antonio, TX 78229-4401

In Reply Refer To: 671/122

August 20, 2024

Andre Adams
HCV Section 8 Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Greetings:

Ending Veteran homelessness remains a priority of the Veterans Health Administration (VHA), and the Housing and Urban Development – Department of Veterans Affairs Supportive Housing (HUD-VASH) program is an important component of our ongoing effort to develop a responsive system with capacity to ensure Veteran homelessness is rare, brief, and non-recurring.

Based on our internal deliberations, South Texas Veterans Health Care System (STVHCS) affirms with this letter our commitment to support a new allocation of 10 HUD-VASH Vouchers to support homeless Veterans in the Kerr and Kendall County area through the Texas Department of Housing and Community Affairs.

Support for the 10 vouchers includes sufficient clinical staff of an appropriate discipline to provide case management as mandated in VHA Directive 1162.05 (1) "Housing and Urban Development Department of Veterans Affairs Supportive Housing Program." Material support shall include office space and furniture, IT equipment, government owned vehicles and adequate clinical supervision and oversight.

We understand that the National HUD-VASH Program Office will provide specific-purpose funding for staff and GSA vehicles as it becomes available.

Sincerely,

JOHN
MENDOZA

Digitally signed by
JOHN MENDOZA
Date: 2024.08.27
14:55:56 -05'00'

for

Julianne Flynn, M.D.
Executive Director, STVHCS



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 767

Agenda Date: 10/10/2024

Agenda #: 28.

Presentation, discussion, and possible action to authorize the issuance of the 2025 HOME Investment Partnerships Program Single Family Persons with Disabilities Set-Aside Notice of Funding Availability and publication of the NOFA in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Board of the Texas Department of Housing and Community Affairs (TDHCA or the Department) has previously authorized the Department's submission of the State of Texas 2024 Consolidated Plan One-Year Action Plan (OYAP) to the U.S. Department of Housing and Urban Development (HUD) which identified funding percentages and amounts for each of its HOME Investment Partnerships Program (HOME) Single Family activities;

WHEREAS, HUD has approved the OYAP and is releasing the State of Texas 2024 allocation of funds to TDHCA for the HOME Program;

WHEREAS, the OYAP identified and set-aside a percentage that equates to approximately \$2,328,618 for HOME Program Single Family Activities for Persons with Disabilities (PWD);

WHEREAS, TDHCA is experiencing continued demand for funding for HOME Program Single Family Activities under the Reservation System; and

WHEREAS, in compliance with the OYAP, the Department now wishes to release a Notice of Funding Availability (NOFA) for HOME Program Single Family Activities in the full amount of \$2,328,618 for the Personals with Disabilities (PWD) set-aside;

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 post on the Department's website and to publish a notification in the *Texas Register*, a 2025 HOME Single Family Persons with Disabilities Set-Aside NOFA for funding in the amount of approximately \$2,328,618, to be released into the Reservation System, and to make any technical corrections or perform such other acts as may be necessary to effectuate the foregoing.

BACKGROUND

The HUD State of Texas 2024 allocation to TDHCA for the HOME Program is approximately \$33,936,409.32, and the grant agreement is expected to be fully executed. TDHCA has programmed the funds for various uses in accordance with the HUD-approved 2024 Consolidated Plan One-Year Action Plan (OYAP). Staff is proposing to release a HOME Single Family Programs Reservation System NOFA that includes \$2,328,618 of the 2024 HOME allocation for the PWD set-aside. The PWD funds will be made available to single family HOME Program Reservation System Administrators for Homeowner Reconstruction Assistance and Tenant-Based Rental Assistance activities. Approval for participation in the Reservation System is not a guarantee of funding availability.

These PWD set-aside funds are not subject to the Regional Allocation Formula, but are available statewide on a first come first served basis. The availability and use of these funds are subject to state and federal regulations including, but not limited to Texas Administrative Code in Title 10 Part 1, Chapter 1 Administration, Chapter 2, Enforcement, Chapter 20, Single Family Umbrella Rule, Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and Chapter 23, the Single Family HOME Program, as amended (HOME Program Rule), and the federal regulation governing the HOME Program at 24 CFR Part 92, as amended (HOME Final Rule).

The 2025 HOME Single Family Persons with Disabilities Set-Aside NOFA was developed in accordance with the Single Family Umbrella and HOME Program Rules. Administrators will access the funds available under this NOFA either through existing agreements or by for a Reservation System Participation Agreement. Applications to participate in the Reservation System are accepted on an on-going basis.



**HOME Investment Partnerships Program (HOME)
CFDA# 14.239**

**2025 HOME Investment Partnerships Program Single Family Persons with Disabilities
Set-Aside Notice of Funding Availability**

1. Summary.

- a. The Texas Department of Housing and Community Affairs (the Department) announces a NOFA of approximately \$2,328,618 in HOME funds for Single-Family housing programs under the Persons with Disabilities (PWD) set-aside under a Reservation System. These funds will be made available to HOME Reservation System Participants with a current Reservation System Participation (RSP) Agreement.
- b. The availability and use of these funds are subject to the HOME rules including, but not limited to the following Texas Administrative Code (TAC) rules in effect at the time of contract execution: Title 10, Part 1, Chapter 1, Administration; Chapter 2, Enforcement; Chapter 20, the Single Family Programs Umbrella Rule; Chapter 21, the Minimum Energy Efficiency Requirements for Single Family Construction Activities; Chapter 23, the Single Family HOME Program (State HOME Rules), and Tex. Gov't Code Chapter 2306. Other federal and state regulations include but are not limited to: 24 CFR Part 58 for environmental requirements, 24 CFR Part 200 for Uniform Administrative Requirements (including amendments), 24 CFR §135.38 for Section 3 requirements, 24 CFR Part 5, Subpart A for fair housing, (Federal HOME Rules), and for units of government, the Uniform Grant and Contract Management requirements as outlined in Chapter 783 in the Texas Local Government (UGMS). Applicants must familiarize themselves with all of the applicable state and federal rules that govern the HOME Program.
- c. Capitalized terms in this NOFA have the meanings defined herein or as defined in State HOME Rules and the Federal HOME Rules.
- d. If changes to the RSP are required during the RSP term due to required changes in Federal or State law, the Department may initiate an amendment process to ensure compliance.

- 2. Source of Funds.** Funds totaling \$2,328,618 are made available for single-family activities through the Department's 2024 annual HOME allocation from the U.S. Department of Housing and Urban Development (HUD). In accordance with Tex. Gov't Code §2306.111(d), these set-asides satisfy a legislatively mandated set-aside, and therefore are not subject to the Regional Allocation Formula. The Department, in its sole discretion, may also release unallocated HOME funds, deobligated funds, Program Income, and funds reallocated from undersubscribed set-asides, as allowable and

available, under this NOFA. The Department, in its sole discretion, also reserves the right to cancel or modify the amount available in this NOFA.

3. Eligible Activities. The following activity types are eligible uses of HOME funds awarded under this NOFA:

- a. **Homeowner Reconstruction Assistance (HRA).** HRA provides funds for the rehabilitation, reconstruction, or new construction of a single-family residence owned and occupied by eligible low-income Households. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter C, Homeowner Reconstruction Assistance Program, §§23.30 - 23.32.
- b. **Tenant-Based Rental Assistance (TBRA).** TBRA provides rental subsidies to eligible low-income Households. Assistance may include rental, security, and utility deposits. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter F, Tenant-Based Rental Assistance Program, §§23.50 - 23.52.

4. Prohibited Activities. Prohibited activities include those prohibited in 24 CFR §92.214, and in the State HOME Rules.

5. Allocation of Funds

- a. Approximately \$2,328,618 in funding is available through the Reservation System for HRA and TBRA activities under the Persons with Disabilities (PWD) set-aside in the manner described below, beginning **Tuesday, October 29, 2024**, and expiring **Tuesday, June 3, 2025**. After expiration any remaining funds in any of the set asides described below may be reprogrammed in a manner that is consistent with the 2024 One-Year Action Plan (OYAP) approved by HUD.
- b. The balances that are available in the Reservation System from any prior year funds for PWD set-aside activities will be incorporated into the PWD Set-Aside for TBRA under this NOFA and combined with the funds specified in this NOFA to assist eligible Households. Funds may be reserved for individual households for the following activities:
 - i. **HRA.** Approximately \$465,724 in set-aside funding will be available beginning **Tuesday, October 29, 2024, at 10:00 a.m. Central Time** for PWD-HRA activities until **Monday, January 27, 2025, at 5:00 p.m. Central time**.
 - ii. **TBRA.** Approximately \$1,862,894 in set-aside funding will be available beginning **Tuesday, October 29, 2024, at 10:00 a.m. Central time** for PWD-TBRA activities until **Monday, January 27, 2025, at 5:00 p.m. Central time**.
- c. On **Tuesday, January 28, 2025, at 10:00 a.m. Central time**, any funds which have not been requested under 5(b) of this NOFA will be made available in the Reservation System for any PWD Set-Aside Activity in any Uniform State Service Region. Funds not reserved at or before **Tuesday, June 3, 2025 at 5:00 p.m. Central time** may be reprogrammed for use to other HOME activities.
- d. Except as limited in this NOFA or by statute, the Department may reprogram funds at any time to the Reservation System, or to administer directly.

- e. An alternative timeline and method of releasing funds may be implemented, at the Department's sole discretion. Subsequent changes to the timeline or method of release will be published on the Department's website. However, failure to do so will not invalidate reservations that are otherwise made in accordance with this NOFA.
- f. Updated balances for the Reservation System may be accessed online at <https://www.tdhca.state.tx.us/home-division/home-reservation-summary.htm> Reservations of funds may be submitted at any time during the term of a RSP Agreement, as long as funds are available in the Reservation System. Participation in the Reservation System is not a guarantee of funding availability.

6. Eligible and Ineligible Applicants.

- a. Eligible Applicants include Units of General Local Government, Nonprofit Organizations, Public Housing Authorities, Local Mental Health Authorities, and Councils of Government.
- b. Applicants are required to familiarize themselves with the Department's certification and debarment policies prior to application submission.

7. Application Submission.

- a. The Department will accept applications for the Reservation System on an ongoing basis. Applications for the Reservation System are to be submitted as an upload to the Department's FTP server in the format requirements detailed in the RSP ASPM.
- b. Applicants must submit a completed Application, required documentation, and associated application materials, as described in this NOFA and as detailed in the RSP ASPM. All scanned copies must be scanned in accordance with the guidance provided in the RSP ASPM.
 - c. All Application materials including manuals, this NOFA, program guidelines, and applicable HOME rules are available on the Department's website at <https://www.tdhca.texas.gov/home-applying-funding-page>. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on Application forms published online at the above reference site provided by the Department which cannot be altered or modified, and must be in final form before they are submitted to the Department.
- d. This NOFA does not include text of the various applicable regulatory provisions that may be important to the HOME Program. For proper completion of the application, the Department strongly encourages potential Applicants to review the State and Federal regulations, and contact the HOME and Homelessness Programs Division for guidance and assistance.

8. Application Selection Process

- a. Administrative deficiencies noted during the review of an Application shall be subject to the administrative deficiency process outlined in 10 TAC §23.24(c).
- b. All Applicants will be subject to a Previous Participation Review by the Department as outlined in 10 TAC Chapter 1, Subchapter C.
- c. Audit Requirements. All Applicants are subject to the requirements of 10 TAC §1.403, concerning Single Audits.

- d. Pursuant to Tex. Gov't Code §2306.1112, the Executive Award and Review Advisory Committee will make recommendations to the Board regarding funding and allocation decisions.

9. Dispute Resolution/Appeal.

- a. The Department encourages the use of alternative dispute resolution in accordance with Tex. Gov't Code §2306.082, and as described more fully in 10 TAC §1.17.

- b. An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

For questions regarding this NOFA, please contact the Single Family and Homeless Programs Division via email at HOME@tdhca.texas.gov.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 768

Agenda Date: 10/10/2024

Agenda #: 29.

Presentation, discussion, and possible action on Colonia Self-Help Center Program Awards to Maverick County, Val Verde County, Webb County, and Hidalgo County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant Funding

RECOMMENDED ACTION

WHEREAS, the Department is required to establish Colonia Self-Help Centers (CSHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, Nueces, and Webb counties;

WHEREAS, in 2001 the Department opened two additional CSHCs in Maverick and Val Verde counties as authorized by Tex. Gov't Code §2306.582 to address the needs of colonias in these counties;

WHEREAS, in accordance with Tex. Gov't Code §2306.585(b) the Department is required to meet with the Colonia Resident Advisory Committee (C-RAC) at least 30 days prior to the Board's consideration of a CSHC award;

WHEREAS, on August 29, 2024, the Department met with the C-RAC to discuss funding proposals for Maverick, Val Verde, Webb, and Hidalgo counties, and the C-RAC recommended to award funds to these counties;

WHEREAS, these awards will make Community Development Block Grant (CDBG) funding available to serve Maverick, Val Verde, Webb, and Hidalgo County colonias with the CSHC Program; and

WHEREAS, the Previous Participation Review and Approval Process (PPRAP) has reviewed the compliance history of all Applicants, and recommends approval with no conditions for all proposed CSHC awards;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate awards totaling \$3,900,000 for CSHC funding recommended by C-RAC, and as recommended by PPRAP.

BACKGROUND

The Department is required to establish CSHCs under Tex. Gov't Code §2306.582 to provide on-site technical assistance to improve the quality of life for colonia residents located in five counties (El Paso, Hidalgo, Starr, Webb, and Cameron/Willacy). Additionally, the Department is authorized to establish other CSHCs if it determines it is necessary and appropriate. Since the creation of the program in 1995, two additional CSHCs have been established in Maverick, and Val Verde counties. Effective September 1, 2021, HB 2893 requires that a third additional CSHC be established in Nueces County.

The CSHC contracts have a term of four years per Tex. Gov't Code §2306.587, and a limit of \$1,000,000 in accordance with 10 TAC §25.5. The CSHCs are funded through a 2.5% set-aside (approximately \$1.5 million per year) of the annual Community Development Block Grant (CDBG) non-entitlement allocation to the State of Texas. The Texas Department of Agriculture (TDA) receives the allocation from the U.S. Department of Housing and Urban Development (HUD), and TDA and TDHCA together manage CDBG funds and implement the CSHC Program through a Memorandum of Understanding.

TDHCA's Colonia Resident Advisory Committee (C-RAC) review proposals from participating counties that include a Performance Statement and Budget for the activities to be implemented in their respective designated colonias. On August 29, 2024, the C-RAC convened for presentations of proposals by Maverick, Webb, Val Verde, and Hidalgo counties. The C-RAC recommends to the Board that it award all Counties' proposals in full, which are summarized in the attached Exhibits A and B.

All CHSCs recommended for award by C-RAC have been reviewed for previous participation. On September 30, 2024, PPRAP recommended approval with no conditions for all proposed awards. The Contract Term for each county is anticipated to be four years from a mutually agreed upon date, not to predate October 10, 2024, and no later than December 1, 2024.

EXHIBIT A

MAVERICK COUNTY COLONIA SELF-HELP CENTER AWARD DESCRIPTION

Subrecipient: Maverick County

Contact: The Honorable Ramsey English Cantu, Maverick County Judge

Colonias: Chula Vista 1-5 (M1620013)

Loma Bonita (M1620072)

Quemado (M1620056)

Pueblo Nuevo (M1620025)

Siesta Acres (M1620064)

Maverick County proposes the following housing and community development activities to benefit an estimated 8,996 persons, of which 5,133 or 57% are of low- to moderate-income:

Performance Activity	Quantity	Budget
Public Service (10%)		\$ 100,000.00
Tools Library	400 checkouts	
Technology Access	400 visits	
Solid Waste	4	
Title Related Service	5	
Reconstruction (Not Feasible for rehab)		
	6 homes	\$ 480,000.00
Rehabilitation		
	5 homes	\$ 270,000.00
Administration (15%)		\$ 150,000.00
TOTAL		\$ 1,000,000.00

EXHIBIT B

WEBB COUNTY COLONIA SELF-HELP CENTER AWARD DESCRIPTION

Subrecipient: Webb County
Contact: The Honorable Tano E. Tijerina, County Judge
Colonias: San Carlos II (M2400052)
Ranchitos 359 East (M2400039)
Pueblo Nuevo (M2400038)
Rio Bravo (M2400057)
El Cenizo (M2400011)

Webb County proposes the following housing and community development activities to benefit an estimated 10,790 persons, of which 10,790 or 100% are of low- to moderate-income:

Performance Activity	Quantity	Budget
Public Service (10%)		\$ 100,000.00
Tools Library	400 checkouts	
Technology Access	400 visits	
Solid Waste	4	
Rehabilitation	4 homes	\$ 350,000.00
New Construction	4 homes	\$ 400,000.00
Administration (15%)		\$ 150,000.00
TOTAL		\$ 1,000,000.00

EXHIBIT C

VAL VERDE COUNTY COLONIA SELF-HELP CENTER AWARD DESCRIPTION

Subrecipient: Val Verde County
Contact: The Honorable Lewis Owens, Val Verde County Judge
Colonias: Rise Estates (M2330019)
Val Verde Park (M2330012)
Val Verde Park Two (M2330013)
Cienegas Terrace (M2330003)
Town of Comstock (M230011)

Val Verde County proposes the following housing and community development activities to benefit an estimated 4,938 persons, of which 4,938 or 100% are of low- to moderate-income:

Performance Activity	Quantity	Budget
Public Service (10%)		\$ 100,000.00
Tools Library	400 checkouts	
Technology Access	400 visits	
Solid Waste	16	
Title Related Service	5	
Reconstruction (Not Feasible for rehab)		
	4 homes	\$ 400,000.00
Rehabilitation		
	6 homes	\$ 350,000.00
Administration (15%)		\$ 150,000.00
TOTAL		\$ 1,000,000.00

EXHIBIT D

HIDALGO COUNTY COLONIA SELF-HELP CENTER AWARD DESCRIPTION

Subrecipient: Hidalgo County
Contact: The Honorable Richard F. Cortez, Hidalgo County Judge
Colonias: Chapa Subdivision #3 (M1080150)
Gonzales-Zamora Subdivision (M1080290)
Valley Rancheros Subdivision (M1080777)
Sandy Ridge (M1080647)
Hoehn Drive Subdivision (M1080329)

Hidalgo County proposes the following housing and community development activities to benefit an estimated 1,750 persons, of which 1,750 or 100% are of low- to moderate-income:

Performance Activity	Quantity	Budget
Public Service (10%)		\$ 72,000.00
Tools Library	300 checkouts	
Solid Waste	9	
Title Related Service	1	
Reconstruction (Not Feasible for rehab)	7 homes	\$ 693,000.00
Administration (15%)		\$ 135,000.00
TOTAL		\$ 900,000.00



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 793

Agenda Date: 10/10/2024

Agenda #: 30.

Presentation, discussion, and possible action on approving a new outside counsel contract, and delegation of contract signature authority to the Executive Director

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 795

Agenda Date: 10/10/2024

Agenda #: 31.

Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Vista at Silver Oaks

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



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 796

Agenda Date: 10/10/2024

Agenda #: 32.

Presentation, discussion, and possible action on an approval of a loan and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for 305 E Round Grove Living

**TO BE POSTED
NOT LATER THAN
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DATE OF THE
MEETING**