Texas Department of Housing and Community Affairs

Board Book - FINAL

Thursday, February 5, 2026

10:00 AM

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

Governing Board

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

Texas Department of Housing and Community Affairs
Programmatic Impact Fiscal Year 2026

CY26 9% LIHTC Program

- Total Pre-Applications Rec'd: 242
- Total Market Rate Units Proposed: 686
- Total Low-Income Units Proposed: 18,276
- Total HTCs Requested: $431,097,242

Construction Type:

- Total Proposed New Construction Projects: 209
- Total Proposed Reconstruction Projects: 5
- Total Proposed Rehab Projects: 28

CY26 4% LIHTC Program

Active or Approved Applications:

- Total Applications: 0
- Total Units Proposed: 0

Closed Applications:

- Total Applications: 0
- Number of Low-Income Units Proposed: 0

Construction Type

- Total Proposed New Construction Projects: 0
- Total Proposed Rehab/Reconstruction Projects: 0

Owner Financing and Down Payment

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

Programs:

- Single Family Homeownership

Expended Funds: $430,874,835
Total Households Served: 1,552

Energy Related Assistance

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

Programs:

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

Expended CEAP Funds: $35,757,828
Total Households Served: 23,372

Homelessness Services

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

Programs:

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

Expended Funds: $3,050,917
Total Individuals Served: 8,467

Rental Assistance

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

Programs:

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

Expended Funds: $6,462,968
Total Households Served: 2,486

Owner Rehabilitation Assistance

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

Programs:

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

Funds: $3,967,346
Total Households Served: 43

Supportive Services

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

Program:

- Community Services Block Grant Program (CSBG)

Expended Funds: $9,365,953
Total Individuals Served: 67,824

Single Family Development

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

Programs:

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

Expended Funds: $445,500
Total Households Served: 9

Total Expended Funds: $610,527,527
Total Households Served: 107,551

All FY2026 data as reported in TDHCA's 2026 performance measures.

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

Reporting Period: 9/1/2025-11/30/2025 (No 4% applications received due to delay in allocation of bond cap; 9% LIHTC Program figures as of 1/14/2026)

* Administered through the federally funded HOME Investment Partnerships Program

CALL TO ORDER

ROLL CALL

CERTIFICATION OF QUORUM

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

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

CONSENT AGENDA

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

EXECUTIVE

1. Presentation, discussion, and possible action on the Board meeting minutes summary for December 11, 2025 — Beau Eccles

FUNDING ANNOUNCEMENTS AND AWARDS

2. Presentation, discussion, and possible action on Inducement Resolution No. 26-011 for Multifamily Housing Revenue Bonds or Notes regarding authorization for filing an application to be added to the Department's Waiting List for private activity bond authority for Mela Ranch — Teresa Morales

ASSET MANAGEMENT

3. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Salazar Apartments (HTC #22487) — Rosalio Banuelos

4. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Meridian at Wylie (HTC #22479) — Rosalio Banuelos

LEGAL

5. Presentation, discussion, and possible action on an Agreed Final Order concerning Cherrywood Apartments (HOME 1001216 / HTC Exchange 1509009999 / CMTS 4617) and Southwood Apartments (HOME 1001505 / HTC 11084 / CMTS 4786) — Sascha Stremler

RULES

6. Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.1 Reasonable Accommodation Requests to the Department, and an order directing their publication for public comment in the Texas Register — Brooke Boston

7. Presentation, discussion, and possible action on an order proposing the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.2 Department Complaint Process, and an order directing its publication for public comment in the Texas Register — Brooke Boston

8. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance; an order proposing new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance; and an order directing their publication for public comment in the Texas Register — Brooke Boston

9. Presentation, discussion, and possible action on an order amending 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.22 Providing Contact Information to the Department; and an order directing its publication for public comment in the Texas Register — Brooke Boston

10. Presentation, discussion, and possible action on amended 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, and directing its publication for public comment in the Texas Register — Brooke Boston

MULTIFAMILY FINANCE

11. Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(vii) for Robinhood Apartments — Josh Goldberger

CONSENT AGENDA REPORT ITEMS

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

12. Executive Director's Report — Bobby Wilkinson

FUNDING ANNOUNCEMENTS AND AWARDS

13. Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Murdeaux Villas) Series 2026 Resolution No. 26-010 and an increase to the Housing Tax Credit amount — Teresa Morales

ASSET MANAGEMENT

14. Presentation, discussion, and possible action regarding a Material Amendment to the Land Use Restriction Agreement for The Heights at 8721 (HTC #20486) — Rosalio Banuelos

COMMUNITY AFFAIRS

15. Presentation, discussion, and possible action on the draft 2026 U.S. Department of Energy Weatherization Assistance Program state plan for public comment — Gavin Reid

POLICY & PUBLIC AFFAIRS

16. Report on TDHCA Performance Measures for the first quarter of Fiscal Year 2026 — Michael Lyttle

RULES

17. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.6 Historically Underutilized Businesses; an order proposing new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.6 Historically Underutilized Businesses, and an order directing their publication for public comment in the Texas Register — Brooke Boston

18. Presentation, discussion, and possible action on an order adopting the repeal, and new 10 TAC Chapter 90, Migrant Labor Housing Facilities, to be adopted in the Texas Register — Peter Jones

MULTIFAMILY FINANCE

19. Presentation, discussion, and possible action regarding a waiver of 10 TAC §1.15(d) for Asteri Waco — Josh Goldberger

20. Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(viii) for South Union Place Apartments — Cody Campbell

21.	Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(viii) for Travis Street Plaza Apartments	Cody Campbell
22.	Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.4(c)(3)(E) for Frio Bend	Cody Campbell
23.	Presentation, discussion, and possible action on an extension of the Development Period for Commons at St. Anthony's	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 #: 1322 **Agenda Date:** 2/5/2026 **Agenda #:** 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for December 11, 2025

RECOMMENDED ACTION

Approve the Board meeting minutes summary for December 11, 2025.

RESOLVED, that the Board meeting minutes summary for December 11, 2025, is hereby approved as presented.

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Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
December 11, 2025

On Thursday, the eleventh day of December 2025, at 10:00 a.m., the monthly meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs ("TDHCA" or "the Department") was held at the Dewitt C. Greer State Highway Building, Williamson Board Room, 125 E. 11th Street, Austin, TX 78701.

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

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

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

1) The Board unanimously approved Consent Agenda items 1-13 and Consent Agenda Report Items 14-16 as presented.

2) The Board went into Executive Session at 10:10 a.m. and returned at 10:37 a.m. During the executive session, the Board did not adopt any policy, position, resolution, rule, regulation, or take any formal action or vote on any item.

3) TDHCA Executive Director Bobby Wilkinson presented Action Item 17 – the Executive Director's Report. The Board heard the report and took no further action.

4) Action Item 18 – Report on the Meeting of the Internal Audit and Finance Committee – was presented by Member Thomas, who chairs the committee. The Board heard the report and took no further action.

5) Action Item 19 – Presentation, Discussion and Possible Action on approval of the Fiscal Year 2026 Internal Audit Work Plan – was presented by Mark Scott, TDHCA Director of Internal Audit. The Board unanimously adopted staff recommendation to approve the plan.

6) Action Item 20 – Presentation, discussion, and possible action on Inducement Resolution No. 26-008 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 for Lariat Apartments – was presented by Teresa Morales, TDHCA Director of Multifamily Bonds,

with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the inducement resolution.

7) Action Item 21 – Presentation, discussion, and possible action on awards for 2026 Community Services Block Grant discretionary funds for education and employment services to Native American and Migrant and Seasonal Farm Worker populations – was presented by Gavin Reid, Planning Manager, TDHCA Community Affairs division. The Board unanimously approved the awards per staff recommendation.

8) Action Item 22 – Presentation, discussion, and possible action to authorize the issuance of the 2026 HOME Investment Partnerships Program Single Family General Set-Aside Notice of Funding Availability and publication of the NOFA in the *Texas Register* – was presented by Chad Landry, Manager, TDHCA Single Family and Homeless Programs division. Mr. Wilkinson provided additional information. The Board unanimously approved staff recommendation to issue and publish the NOFA.

9) Action Item 23 – Presentation, discussion, and possible action regarding material amendments to previous 9% Competitive Housing Tax Credit Applications to award State Housing Tax Credits and approval of the waiting list for 2025 State Housing Tax Credit Applications – was presented by Joshua Goldberger, Manager, TDHCA 9% Housing Tax Credit Program. The Board unanimously adopted staff recommendation to approve the recommended applications for certification of state housing tax credits, including the requested amendments to the applications, as referenced in the item.

10) Action Item 24 – Presentation, discussion, and possible action regarding the approval for publication in the *Texas Register* of the 2026-2 Multifamily Direct Loan Notice of Funding Availability – was pulled from the agenda and not heard.

11) Action Item 25 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application and Land Use Restriction Agreement for Roseland Townhomes (HTC #99111) and Roseland Estates (HTC #02006) – was presented by Rosalio Banuelos, TDHCA Director of Asset Management. Per staff recommendation, the Board unanimously approved the material amendment request.

12) Action Item 26 – Presentation, discussion, and possible action on recommendation to consider early termination of the remaining debarment term for Evan J. Hunden, David B. Ratliff, and Michael Volz – was presented by Sasha Stremler, TDHCA Lead Enforcement Attorney. Mr. Wilkinson; Mr. Eccles; and Cody Campbell, TDHCA Director of Multifamily Finance, provided additional information. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve early termination of the remaining debarment term.

- Kim Spinney, Devco Residential Group, provided comments on the item.

- Michael Volz, Devco Residential Group, provided comments in support of staff recommendation.
- Cynthia Bast, attorney for Baker Hostetler and representing Devco, provided comments in support of staff recommendation.

13) Action Item 27 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit (HTC) Application of The Lantern at Robstown (HTC #25177) – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the material amendment request.

14) Action Item 28 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits for Sweetwater Station – was presented by Mr. Campbell. Following public comment (listed below), the Board by a 5-1 vote (Member Harper voted nay) adopted staff recommendation to approve the request.

- Ryan Garcia, representing JES Holdings and the applicant, provided comments in support of staff recommendation.

15) Action Item 29 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits for Pioneer Crossing Brownwood – was presented by Mr. Campbell with additional information from Mr. Wilkinson and Mr. Eccles. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the request.

- Michael Beard, BETCO Consulting and representing the applicant, provided comments on the item.
- Noor Jooma, the applicant, provided comments on the item.

16) Action Item 30 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits for Melody Grove – was pulled from the agenda and not heard.

17) Action Item 31 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits for Westwind of Plainview – was presented by Mr. Goldberger. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the request.

- Michael Beard, BETCO Consulting and representing the applicant, provided comments on the item.

18) Action Item 32 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits for The Residence at Red Cedar – was presented by Mr. Goldberger. Following public comment (listed below), the Board approved the request per staff recommendation.

- April Engstrom, Overland Property Group and the applicant, provided comments on the item.

19) Action Item 33 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits for Sherry Pointe – was pulled from the agenda and not heard.

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

There being no further business to come before the Board, the meeting adjourned at 2:37 p.m. The next meeting is scheduled for Thursday, January 15, 2026.

_____
Secretary

Approved:

_____
Chair

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-011 **Agenda Date:** 2/5/2026 **Agenda #:** 2.

Presentation, discussion, and possible action on Inducement Resolution No. 26-011 for Multifamily Housing Revenue Bonds or Notes regarding authorization for filing an application to be added to the Department's Waiting List for private activity bond authority for Mela Ranch

RECOMMENDED ACTION

WHEREAS, a pre-application, as further detailed below, was submitted to the Department for consideration of an inducement resolution;

WHEREAS, Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; and

WHEREAS, approval of the inducement will allow staff to submit an application to the Bond Review Board (BRB) for the issuance of a Certificate of Reservation associated with the Development;

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, Inducement Resolution No. 26-011, to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for Mela Ranch is hereby approved in the form presented to this meeting.

BACKGROUND

General Information: The BRB administers the annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the development but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a Certificate of Reservation, the Applicant has 180 days to close on the private activity bonds.

During the 180-day process, the Department will review the complete application for

compliance with the Department's Rules, including, but not limited to, site eligibility and threshold, as well as previous participation as it relates to developments previously funded through the Department. During the review of the full application, staff will also underwrite the transaction and determine financial feasibility in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development.

This inducement resolution would reserve approximately $31 million in private activity bond volume cap. Staff notes that the Department's set-aside for the 2026 program year is currently estimated to be $213,560,000. The pre-application listed below will be added to the Department's 2026 waiting list.

25615 - Mela Ranch

The new construction of 280 units for the general population is proposed for this multifamily development to be located at 427 North Hyde Park Boulevard in Cleburne, Johnson County. The transaction is proposed to be Priority 1C, which requires 100% of the units to be rent- and income-restricted at 60% of the Area Median Family Income (AMFI) for developments located in a census tract with a median income that is higher than the median income of the county, MSA, or PMSA in which the census tract is located. The Department and its bond counsel will confirm that the project will meet the requirements of the intended priority designation prior to the application being submitted to the Texas Bond Review Board. All of the units are preliminarily proposed to be rent- and income-restricted at 60% of AMFI. The Department has not received any letters of support or opposition for the proposed development.

Bond Inducement Amount: $31,000,000

RESOLUTION NO. 26-011

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS OR NOTES WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENT; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (the "Act") for the purpose, among others, of providing a means of financing the costs of residential ownership, developments and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

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

WHEREAS, it is proposed that the Department issue its revenue bonds or notes in one or more series for the purpose of providing financing for the one or more multifamily residential rental developments (each herein referred to as the "Development") more fully described in Exhibit A attached hereto. The ownership of the Development as more fully described in Exhibit A will consist of the applicable ownership entity and its principal or a related person (each herein referred to as the "Owner") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Owner has made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction or renovation of the Development and expect to make additional payments in the future and desire that it be reimbursed for such payments and other costs associated with the Development from the proceeds of tax-exempt and taxable, as applicable, obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse the Owner for some or all of the costs associated with the Development listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable, as applicable, obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of the Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable, as applicable, obligations for purposes of paying the costs of the Development described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Development one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for Private Activity Bonds (each herein referred to as the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the State to issue private activity bonds; and

WHEREAS, the Governing Board of the Department (the "Board") has determined to declare its intent to issue its multifamily revenue bonds or notes for the purpose of providing funds to the Owner to provide financing for the Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds or Notes with respect to a Development (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owner to provide financing for the Development in an aggregate principal amount not to exceed the amount corresponding to the Development set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds, if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental project bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements

regarding tenancy in the Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

Section 1.2. Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds or notes in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owner for all or a portion of the costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction, reconstruction or renovation, as applicable, of its Development and listed on Exhibit A attached hereto ("Costs of the Development") from the proceeds of the Bonds.

Section 1.4. Principal Amount. Based on representations of the Owner, the Department reasonably expects that the maximum aggregate principal amount of debt issued to pay or to reimburse the Owner for the Costs of the Development will not exceed the amount set forth in Exhibit A which corresponds to its Development.

Section 1.5. Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of the Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, the Owner will enter into a loan agreement, on terms agreed to by the Owner and the Department, on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 1.6. The Development. Substantially all of the proceeds of the Bonds shall be used to provide financing for the Development, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 1.7. Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to the Owner.

Section 1.8. Costs of Development. The Costs of the Development may include any cost of acquiring, constructing, rehabilitating, or reconstructing, as applicable, improving, equipping, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of the Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. The Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 1.9. No Commitment to Issue Bonds. Neither the Owner nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owner nor any one claiming by, through or under the Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the applicable conditions described in Section 1.1 hereof; (b) the execution by the Owner and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds or notes); (c) the receipt of an opinion from Bracewell LLP or other nationally recognized bond counsel acceptable to the Department ("Bond Counsel"), substantially to the effect that the interest on any tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (d) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Development's necessary

review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Development may be undertaken by any company or partnership that is a "related person" to the Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the Owner.

Section 1.13. Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of the Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that any tax-exempt Bonds issued to reimburse Costs of the Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on such Bonds will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.15. Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director – Housing Finance of the Department, the Director of Multifamily Bonds, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1. Certain Findings Regarding Development and Owner. The Board finds that:

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

(b) the Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the Owner is financially responsible;

(d) the financing of the Development is a public purpose and will provide a public benefit; and

(e) the Development will be undertaken within the authority granted by the Act to the Department and the Owner.

Section 2.2. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any governing board member, officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents applicable to such Bonds.

Section 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Development will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1. Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 5th day of February, 2026.

EXHIBIT "A"

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
Mela Ranch	Mela Ranch LIH, LP, a to-be-formed Texas limited partnership	General Partner: THF Mela Ranch GP, LLC a to-be-formed Texas limited liability company	$31,000,000
Costs – Acquisition/construction/equipping of an approximately 280 unit affordable, multifamily housing development to be known as Mela Ranch, located at approximately 427 North Hyde Park Boulevard, Cleburne, Johnson County, Texas 76033			

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1308 **Agenda Date:** 2/5/2026 **Agenda #:** 3.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Salazar Apartments (HTC #22487)

RECOMMENDED ACTION

WHEREAS, Salazar Apartments (the Development) received a 4% Housing Tax Credit (HTC) award in 2022 to rehabilitate 286 units of multifamily housing in El Paso, El Paso County;

WHEREAS, EP Salazar, LP (Development Owner or Owner) requests approval to decrease the size of the Development site from 21.68 acres to 16.225 acres, due to the discovery that the originally identified acreage included public right of ways (streets) that belong to the City of El Paso rather than the Development, which results in a 33.62% increase in residential density from 13.192 units per acre to 17.627 units per acre;

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

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

NOW, therefore, it is hereby

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

BACKGROUND

Salazar Apartments (HTC #22487) received a 4% Housing Tax Credit (HTC) award in 2022 to rehabilitate 286 units, all of which are designated as low-income units, of multifamily housing in El Paso, El Paso County. Rehabilitation of the Development has been completed, and a request to draft the Land Use Restriction Agreement (LURA) was submitted by the Owner.

Based on the review of the legal description provided for the LURA, it was determined that a

greater than 5% change in residential density had occurred from the representation at initial Application to the time of the review of the LURA request, and in a letter dated December 22, 2025, Laura Derkits, the representative for the Development Owner, requested approval to modify the total acreage to represent the actual size of the Development site due to the removal of rights of way.

At the time of Application, the original Development site was identified as 21.68 acres, which is now identified as 16.225 acres. The difference between the acreage at Application and the final acreage is entirely attributable to roads within the Development site that were the dedicated rights of way noted on the Plat recorded in the records of El Paso County on December 18, 1974. As a result, the residential density increased by 33.62%, going from 13.192 to 17.627 units per acre, requiring approval by the Board under Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F).

While the density increased due to the acreage of the Development site decreasing, none of the living areas have become denser. The building spacing, public use areas, number of units, play areas and parking areas remain the same from Application to the completed rehabilitation of the existing project.

Due to the errors in the initial documentation used to determine the acreage, the Owner has stated change was not foreseeable or preventable by the Owner. It was not until the legal description was provided and the plat was reviewed that this discrepancy was identified.

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

Staff recommends approval of the requested material amendment to the Application, and if approved, the LURA will be recorded to reflect the acreage as corrected.

December 22, 2025

By Email to Karen.Treadwell@tdhca.texas.gov
Texas Department of Housing and Community Affairs
Asset Management Division
221 East 11th Street
Austin, Texas 78701-2410

Re: Material Application Amendment – Change in Residential density of greater than 5%
TDHCA #22487 Salazar Apartments, EP Salazar, LP

Dear Karen,

A Material Application Amendment to TDHCA 4% LIHTC application #22487 for the change in residential density of greater than 5% is being submitted. At application a survey was submitted with incorrect acreage, 21.68 acres. The acreage included public right of ways (streets) that belong to the City of El Paso rather than the development. The updated survey, included with this submission, has a corrected site acreage of 16.225 acres (attachment 1). The decrease in acreage results in a 33.62% change in residential density. At application the residential density was 13.192 units/acre. The decrease in site acreage increases the residential density to 17.627 units/acre.

The following is being proposed:

The Change Requested: A change to the residential density greater than 5%. The change will NOT result in a change to the Net Rentable Area.

A correction to the survey will result in a 33.62% increase in the residential density at Salazar Apartments. The original survey included acreage of public right of ways (streets) that belong to the City of El Paso rather than the development. The residential density went from 13.192 units/acre to 17.627 units/acre.

The reason the change is necessary: The change is necessary to reflect the correct survey acreage.

The good cause for the change: The change will correct the site acreage on the survey, excluding acreage for public right of ways.

Explanation of whether the change was reasonably foreseeable or preventable at the time of application: At application the developer relied on information provided by the surveyor to be accurate and complete. The survey included public right-of-way adjacent to the development. The final survey, dated May 12, 2023, accurately reflects the site acreage, 16.225 acres.

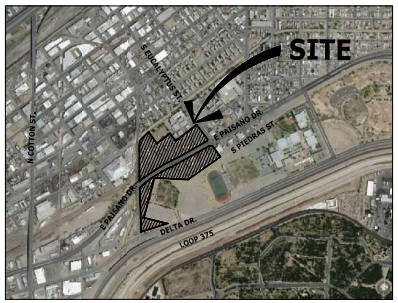
Please find the updated Survey attached to this submission.

Let us know if you have any questions or need additional information.

Sincerely,

Laura Derkits

cc: Lee Ann Chance, Manager of Multifamily Asset Management



VICINITY MAP
SCALE: 1" = 1000'

NOTES CORRESPONDING TO ZONING
PROPERTY IS CURRENTLY ZONED IN DISTRICT A-2
LOT & DWELLING SIZE:
• MINIMUM DISTRICT AREA.....NO MINIMUM
• PERMITTED USE.....SINGLE-FAMILY ATTACHED DWELLING & APARTMENTS
*EXCEPT AS OTHERWISE SPECIFIED IN THIS TITLE
• MINIMUM LOT AREA (SQ. FT).....6,000
• MINIMUM AVERAGE LOT WIDTH (IN FT).....50'
• OTHER STANDARDS(CHAPTER. 20.10).....SEE CHAPTER 20.10
MINIMUM BUILDING SET BACKS REQUIRED FOR:
• FRONT YARD.....10'
• REAR YARD.....20'
• CUMULATIVE FRONT & REAR YARD.....N/A
*SIDE YARD.....5'
• SIDE STREET.....10'
• MAXIMUM HEIGHT.....NO
*OTHER STANDARDS.....(SEE CHAPTER 20.10)
*REFERENCED FROM APPENDIX B-TABLE OF DENSITY AND DIMENSIONAL STANDARDS FROM MUNICODE, EL PASO, CODES OF ORDINANCE

FLOOD INSURANCE INFORMATION
ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAP COMMUNITY – PANEL NUMBER 480214 0039 B, DATED OCTOBER 15, 1982. THIS PROPERTY LIES IN FLOOD ZONE "X"
ZONE "X", AREAS OF MINIMAL FLOOD HAZARD
ZONE X - AREAS OF MINIMAL FLOODING. DUE TO INHERENT INACCURACIES OF FEMA OR FLOOD INSURANCE RATE MAPS THIS SURVEYOR DOES NOT CERTIFY TO THE ACCURACY OF LOCATIONS BASED ON SUCH MAPS. THIS FLOOD STATEMENT SHALL NOT CREATE LIABILITY ON THE PART OF THE SURVEYOR.
NOTE
ALL INFORMATION SHOWN HEREON WITH RESPECT TO UNDERGROUND CONDITIONS, WAS DETERMINED BY DATA COLLECTED THROUGH SURVEY CREW OBSERVATION AND OTHER INFORMATION TAKEN FROM EXISTING PLANS AND MAPS OF RECORD. NO UNDERGROUND UTILITIES EXISTING OR ABANDONED WERE EXPOSED OR LOCATED.
UNLESS SPECIFICALLY ACCEPTED BY SLI ENGINEERING, INC. IN WRITING, SLI ENGINEERING, INC. MAKES NO CLAIM, EXPRESSED OR IMPLIED, AS TO THE UNDERGROUND SITE CONDITIONS.

BASIS OF BEARING:
THE BEARINGS SHOWN HEREON ARE BASED ON RUBEN SALAZAR PARK, CITY OF EL PASO, EL PASO COUNTY, TEXAS.
VERTICAL AND HORIZONTAL DATUM:
VERTICAL AND HORIZONTAL DATUM IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, TEXAS CENTRAL ZONE, NAD83 (NAVD88).
BENCHMARK:
FOUND CITY MONUMENT LOCATED ON A CURVE ON CYPRESS STREET, ALSO BEING THE POINT OF COMMENCEMENT COORDINATES: NORTHING: 10658144.1000', EASTING: 391508.1610', ELEVATION: 3705.836'
FOUND CITY MONUMENT LOCATED ON A POC CURVE ON CYPRESS STREET, ALSO BEING THE POINT OF COMMENCEMENT COORDINATES: NORTHING: 10657342.5900', EASTING: 391052.9850', ELEVATION: 3703.450'
STATEMENT OF ENCROACHMENTS
SL NO ENCROACHMENTS LEGALLY NON-CONFORMED (LETTER FROM CITY OF EL PASO ISSUED: 6-16-23)
(B) PL OBSERVED BOUNDARY LINE (PL) ENCROACHMENT
LEASHOLD OWNER: EP SALAZAR, LP, A TEXAS LIMITED PARTNERSHIP FEE SIMPLE OWNER: HOUSING AUTHORITY OF THE CITY OF EL PASO d/b/a HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES d/b/a HOME.

BY	DATE	
AP	9-28-22	UPDATED TITLE COMMITMENT
AP	2-9-23	REVISION FROM EMAIL
AP	4-12-23	REVISION FROM EMAIL
AP	5-30-23	REVISION FROM EMAIL
AP	6-16-23	UPDATE ENCROACHMENT
AP	7-6-23	REVISION LABELS
AP	7-14-23	AREA TABLE

SCALE: 1"=50'

DETAIL K SCALE 1"=20'
DETAIL A SCALE 1"=20'
DETAIL B SCALE 1"=10'
DETAIL C SCALE 1"=20'
DETAIL D

DOUGLASS ELEMENTARY SCHOOL
EL PASO INDEPENDENT SCHOOL DISTRICT

FRANKLIN CANAL (100' R.O.W.)
EXISTING CONCRETE CHANNEL
EXISTING RAILROAD TRACKS
PROPERTY LINE
ROCKWALL
CYPRESS AVE (60' R.O.W.)
CORONA STREET (50' R.O.W.)
S. EUCALYPTUS ST (60' PUBLIC R.O.W.)
E PAISANO DRIVE (PUBLIC R.O.W. VARIES)
EDGE OF BRIDGE
MATCH LINE
PARCEL ID: 176918
OWNER: EL PASO HOUSING AUTHORITY
RUBEN SALAZAR PARK (311 S EUCALYPTUS ST)
422426.78 S.F.
9.70 AC
EL PASO INDEPENDENT SCHOOL DISTRICT
BOWIE HIGH SCHOOL
CONCRETE WALL/FENCE
CHAIN LINK FENCE
BASKETBALL COURT
DUMPSTER AREA
SPEED BUMP
RAMP
CURB & GUTTER
SIDEWALK
LANDSCAPE
ASPHALT
CONCRETE SWALE
PARKING SPACES

311 S. EUCALYPTUS STREET
SALAZAR APARTMENTS
SEE LEGAL DESCRIPTION

SCALE: 1"=50'
JOB NO.: 06-21-4742
FIELD BY: CV & RE
FIELD BOOK: BOOK/OPS
DRAWN BY: AP
CHECKED BY: GJL
DATE: 05/12/2023

CIVIL ENGINEERS
LAND SURVEYORS
LAND PLANNERS
4800 WESTERN DRIVE
TEXAS 79922
(915) 584-4457

SLI ENGINEERING, INC.

STATE OF TEXAS
REGISTERED
GUILLERMO LICON
1998
PROFESSIONAL ENGINEER
AND SURVEYOR

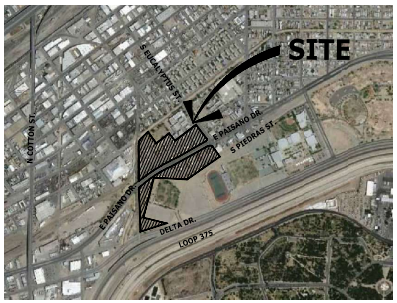
SLI ENGINEERING, INC.
Reg. No. F-1902
SURVEYING
Reg. No. 100120-00

SHEET TITLE

ALTA / NSPS
LAND TITLE
SURVEY

1 OF 4

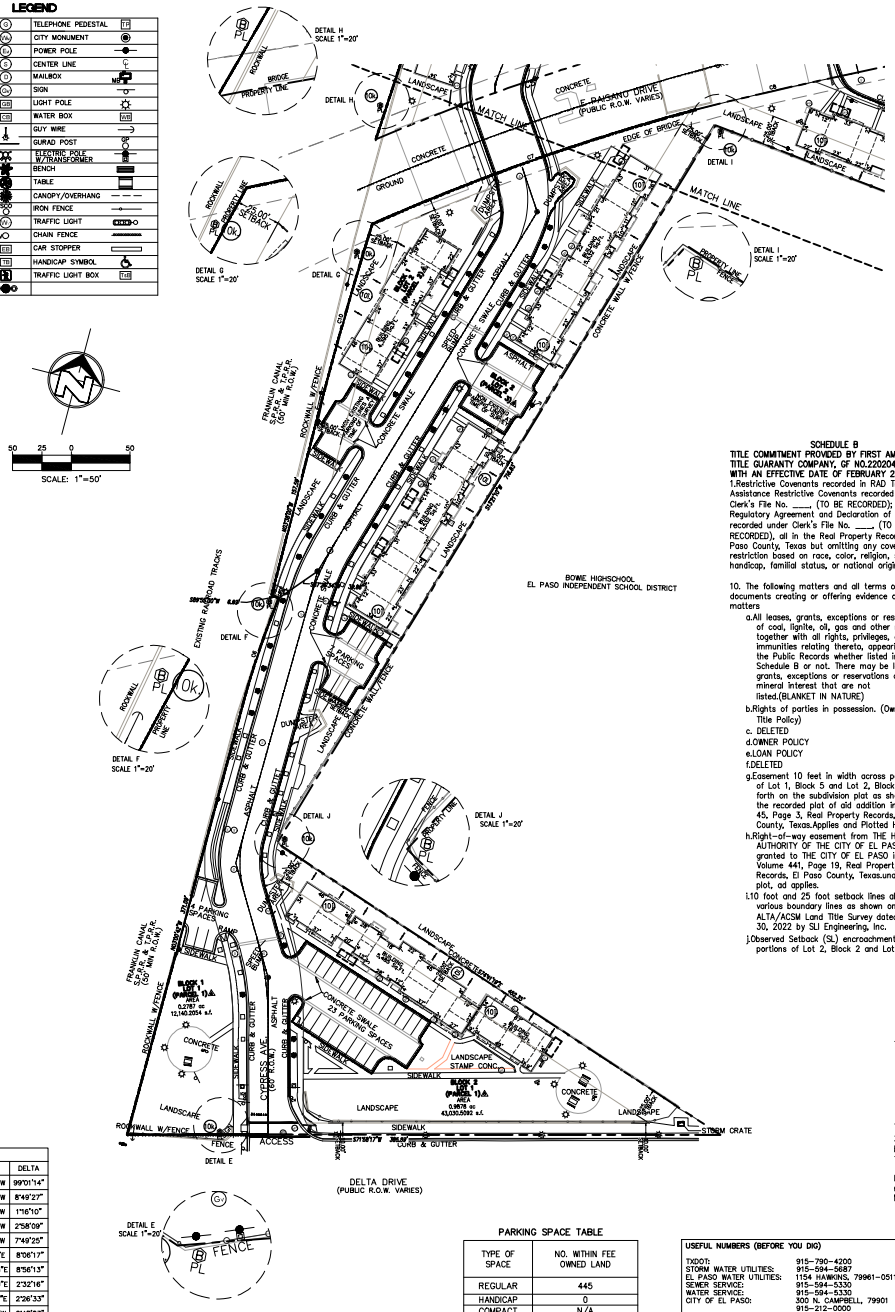
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VICINITY MAP
SCALE: 1" = 1000'

LEGEND

GAS METER	G	TELEPHONE PEDESTAL	TP
WATER METER	WM	CITY MONUMENT	
ELECTRIC METER	EM	POWER POLE	
SANITARY SEWER MANHOLE	S	CENTER LINE	
STORM SEWER MANHOLE	D	MAILBOX	MB
GAS VALVE	GV	SIGN	
GAS BOX	GB	LIGHT POLE	
CABLE BOX	CB	WATER BOX	WB
SERVICE POLE W/LIGHT		GUY WIRE	
HANDRAIL		GURAD POST	
FIRE HYDRANT		ELECTRIC POLE W/TRANSFORMER	
PALM		BENCH	
TREE		TABLE	
BUSH		CANOPY/OVERHANG	
SEWER CLEAN OUT	SCO	IRON FENCE	
WATER VALVE	WV	TRAFFIC LIGHT	
IRRIGATION CONTROL VALVE	ICV	CHAIN FENCE	
ELECTRIC BOX	EB	CAR STOPPER	
TELEPHONE BOX	TB	HANDICAP SYMBOL	
CROSSING LIGHT		TRAFFIC LIGHT BOX	TLB
TRAFFIC RAIL ROAD LIGHT			



Legal description of land:
Leasehold Estate created by that certain Memorandum of Ground Lease effective as of ____, 2023 between the HOUSING AUTHORITY OF THE CITY OF EL PASO d/b/a HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES d/b/a HOME (Landlord) and EP SALAZAR, LP (Tenant) recorded on ____, 2023 under Clerk's File No. ____, Real Property Records, El Paso County, Texas, covering the following parcels:
PARCEL 1: Lot 1, Block 1; Lot 1, Block 2 and Lot 2, Block 5, RUBEN SALAZAR PARK, an addition to the City of El Paso, El Paso County, Texas, according to the plat thereof on file in Volume 45, Page 3, Real Property Records, El Paso County, Texas.
PARCEL 2: A 0.3544 acre portion, more or less, of Lot 2, Block 1, Ruben Salazar Park Subdivision, according to the plat therefor filed in Volume 45, Page 3, Plat Records of El Paso County, Texas, being more specifically described by metes and bounds in Exhibit 'A' attached hereto.
PARCEL 3: A 0.8454 acre portion, more or lessl, of Lot 2, Block 2, Ruben Salazar Park Subdivision, according to the plat therefor filed in Volume 45, Page 3, Plat Records of El Paso County, Texas, being more specifically described by metes and bounds in Exhibit 'B' attached hereto.
PARCEL 4: A 2.0717 acre portion, more or less, of Lot 3, Block 2, Ruben Salazar Park Subdivision, according to the plat therefor filed in Volume 45, Page 3, Plat Records of El Paso County, Texas, being more specifically described by metes and bounds in Exhibit 'C' attached hereto.
PARCEL 5: A 2.5400 acre portion, more or less, or Lot 1, Block 3, Ruben Salazar Park Subdivision, according to the plat therefor filed in Volume 45, Page 3, Plat Records of El Paso County, Texas, being more specifically described by metes and bounds in Exhibit 'D' attached hereto.
PARCEL 6: A 0.3838 acre portion, more or less, of Lot 1, Block 4, Ruben Salazar Park Subdivision, according to the plat therefor filed in Volume 45, Page 3, Plat Records of El Paso County, Texas, being more specifically described by metes and bounds in Exhibit 'E' attached hereto.
PARCEL 7: A 2.0434 acre portion, more or less, of Lot 1, Block 5, Ruben Salazar Park Subdivision, according to the plat therefor filed in Volume 45, Page 3, Plat Records of El Paso County, Texas, being more specifically described by metes and bounds in Exhibit 'F' attached hereto.
PARCEL 8: A 2.7537 acre portion, more or less of Lot 1, Block 6, Ruben Salazar Park Subdivision, according to the plat therefor filed in Volume 45, Page 3, Plat Records of El Paso County, Texas, being more specifically described by metes and bounds in Exhibit 'G' attached hereto.

PARCEL AREAS		
PARCEL #	BLOCK & LOT	ACREAGE, (acres)
PARCEL 1	BLOCK 1, LOT 1 BLOCK 2, LOT 1 BLOCK 5, LOT 2	3.9600
PARCEL 2	BLOCK 1, LOT 2	0.3545
PARCEL 3	BLOCK 2, LOT 2	0.8454
PARCEL 4	BLOCK 2, LOT 3	2.0717
PARCEL 5	BLOCK 3, LOT 1	2.5400
PARCEL 6	BLOCK 4, LOT 1	0.3838
PARCEL 7	BLOCK 5, LOT 1	2.0434
PARCEL 8	BLOCK 6, LOT 1	2.7537
PARCEL 9	BLOCK 6, LOT 1	0.2800
PARCEL 10	BLOCK 6, LOT 1	0.9900
TOTAL PARCEL AREA		16.225

SCHEDULE B
TITLE COMMITMENT PROVIDED BY FIRST AMERICAN TITLE GUARANTY COMPANY, GF NO.220204-COM WITH AN EFFECTIVE DATE OF FEBRUARY 23, 2023
1.Restrictive Covenants recorded in RAD Transfer of Assistance Restrictive Covenants recorded under Clerk's File No. ____, (TO BE RECORDED); and in Regulatory Agreement and Declaration of Covenants recorded under Clerk's File No. ____, (TO BE RECORDED), all in the Real Property Records of El Paso County, Texas but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status, or national origin.

10. The following matters and all terms of the documents creating or offering evidence of the matters
a.All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.(BLANKET IN NATURE)
b.Rights of parties in possession. (Owners Title Policy)
c. DELETED
d.OWNER POLICY
e.LOAN POLICY
f.DELETED
g.Easement 10 feet in width across portions of Lot 1, Block 5 and Lot 2, Block 5 set forth on the subdivision plat as shown on the recorded plat of old addition in Volume 45, Page 3, Real Property Records, El Paso County, Texas.Applies and Plotted Hereon.
h.Right-of-way easement from THE HOUSING AUTHORITY OF THE CITY OF EL PASO granted to THE CITY OF EL PASO in Volume 441, Page 19, Real Property Records, El Paso County, Texas.unable to plot, ad applies.
i.10 foot and 25 foot setback lines along various boundary lines as shown on ALTA/ACSM Land Title Survey dated August 30, 2022 by SLI Engineering, Inc.
j.Observed Setback (SL) encroachments over portions of Lot 2, Block 2 and Lot 3,Block 2 as shown on ALTA/ACSM Land Title Survey dated August 30, 2022 by SLI Engineering, Inc.
k.Observed Boundary Line (PL) encroachments over portions subject property as shown on ALTA/ACSM Land Title Survey dated August 30, 2022 by SLI Engineering, Inc.
l.Terms and conditions set forth in that certain Memorandum of Ground Lease effective as of ____, 2023 between the HOUSING AUTHORITY OF THE CITY OF EL PASO d/b/a HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES d/b/a HOME (Landlord) and EP SALAZAR, LP (Tenant) recorded on ____, 2023 under Clerk's File No. ____, Real Property Records, El Paso County, Texas. (TO BE RECORDED) Not a survey item.
m.Easement to EL PASO ELECTRIC COMPANY recorded under Clerk's File No. 20230004377, Real Property Records, El Paso County, Texas.
n.Terms and conditions set forth in RAD Transfer of Assistance Restrictive Covenants by and between the HOUSING AUTHORITY OF THE CITY OF EL PASO D/B/A HOUSING OPPORTUNITY MANAGEMENT ENTERPRISE D/B/A HOME and HUD recorded on ____, 2023 under Clerk's File No. ____, Real Property Records, El Paso County, Texas.
o.Terms and conditions set forth in Regulatory Agreement and Declaration of Covenants by and among EL PASO HOUSING FINANCE CORPORATION (Issuer), WILMINGTON TRUST (Trustee) and EP SALAZAR, LP recorded on ____, 2023 under Clerk's File No. ____, Real Property Records, El Paso County, Texas.
p.Memorandum of Construction Contract and Payment and Performance Bond by OWNER, AFFORDABLE HOUSING ENTERPRISES and FRANKLIN CONSTRUCTION, LTD. dated ____, 2023 recorded on ____, 2023 under Clerk's File No. ____, Real Property Records, El Paso County, Texas. not a survey item
q.Financing Statement filed ____, under Clerk's File No. ____, Real Property Records, El Paso County, Texas from EP SALAZAR, LP, A TEXAS LIMITED PARTNERSHIP to JPMORGAN CHASE BANK, N.A.
r.Subordinate Leasehold Deed of Trust (Seller Loan) dated____, filed ____ under Clerk's File.No. , Real Property Records, El Paso County, Texas, from EP SALAZAR, LP, A TEXAS LIMITED PARTNERSHIP to MR. BARRY J. PALMER, as Trustee for HOUSING AUTHORITY OF THE CITY OF EL PASO D/B/A HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES D/B/A HOME, A TEXAS MUNICIPAL PUBLIC HOUSING UTHORITY,securing that certain Indebtedness in the original principal amount of $10,500,000.00and other indebtedness, if any, secured thereby, to all of which and its record, reference is here made for full particulars. Not a survey item.
s.Subordinate Leasehold Deed of Trust (GAP Financing Loan) dated ____, filed under Clerk's File No. _____, Real Property Records, El Paso County, Texas, from EP SALAZAR, LP, A TEXAS LIMITEDPARTNERSHIP to MR. BARRY PALMER, as Trustee for PAISANO HOUSING REDEVELOPMENT CORPORATION, A TEXAS NONPROFIT CORPORATION, securing that certain Indebtedness in the original principal amount of $12,750,000.00 and other Indebtedness, if any, secured thereby, to all of which and its record, reference is here made for full particulars. Not a survey Item
t.Interceditor and Subordination Agreement among JPMORGAN CHASE BANK, EP SALAZAR, LP, A TEXAS LIMITED PARTNERSHIP and HOUSING AUTHORITY OF THE CITY OF EL PASO D/B/A HOUSING OPPORTUNITY MANAGEMENT ENTERPRISES D/B/A HOME, A TEXAS MUNICIPAL PUBLIC HOUSING AUTHORITY dated ____, filed ____, under Clerk's File No. _____, Real Property Records, El Paso County, Texas. not a survey item.
u.Interceditor and Subordination Agreement among JPMORGAN CHASE BANK, EP SALAZAR, LP, A TEXAS LIMITED PARTNERSHIP and PAISANO HOUSING REDEVELOPMENT CORPORATION, A TEXAS NONPROFIT CORPORATION dated ____, filed ____, under Clerk's File No. _____, Real Property Records, El Paso County, Texas.Not a survey Item

NOTES
1. 1. SET 1/2" IRON WITH SLI PLASTIC CAP STAMPED TX2998 ON ALL PROPERTY CORNERS, UNLESS OTHERWISE INDICATED.
2. DEED REFERENCE IN volume 291, page 425.
3. BASIS OF BEARING: RUBEN SALAZAR PARK.
4. TITLE COMMITMENT PROVIDED BY FIRST AMERICAN TITLE GUARANTY COMPANY COMPANY, FILE NO. OF No. 220204-COM AND EFFECTIVE DATE OF FEBRUARY 23, 2023.
5. THERE WERE NO OBSERVED EVIDENCE OF CURRENT EARTH MOVING WORK, BUILDING CONSTRUCTION OR BUILDING ADDITIONS.
6. THERE WERE NO PROPOSED CHANGES IN STREET RIGHT OF WAY LINES, AND NO OBSERVED EVIDENCE OF RECENT STREET OR SIDEWALK CONSTRUCTION OR REPAIRS.
7. THERE WERE NO OBSERVED EVIDENCE OF SITE USE AS A SOLID WASTE DUMP, SUMP OR SANITARY LANDFILL.
7. PARCELS DESCRIBED IN THE LEGAL DESCRIPTIONS ARE CONTIGUOUS WITHOUT ANY GAPS, GORES OR OVERLAPS.
8. THE PROPERTY HAS DIRECT PEDESTRIAN AND VEHICULAR ACCESS CYPRESS STREET (A 60' PUBLIC R.O.W.), CORONA STREET (A 50' PUBLIC PUBLIC R.O.W.) AND DELTA DRIVE (PUBLIC R.O.W VARIES)
9. THERE ARE NO VISIBLE EVIDENCE OF ANY CEMETERY, BURIAL GROUNDS OR INDIVIDUAL GRAVE SITE.
10. PROPERTY MEETS THE CITY CODE FOR PARKING REQUIREMENTS
11. APPROXIMATELY 21.68 ACRES OF LAND AND IMPROVEMENTS KNOWN AS SALAZAR APARTMENTS IN EL PASO, TEXAS.
12. PID NUMBERS FOR SUBJECT PROPERTY:**R873099000100100**

CURVE TABLE						
CURVE	RADIUS	LENGTH	TANGENT	CHORD	BEARING	DELTA
C1	17.44'	30.14'	20.43'	26.53'	S12°20'37"W	99°01'14"
C2	1918.58'	295.48'	148.03'	295.19'	S55°51'40"W	8°49'27"
C3	2553.65'	56.58'	28.29'	56.58'	S61°12'42"W	1°16'10"
C4	3133.74'	162.40'	81.22'	162.38'	S58°45'18"W	2°58'09"
C5	1941.58'	265.12'	132.76'	264.91'	S53°01'18"W	7°49'25"
C6	739.51'	104.61'	52.39'	104.52'	N0°21'09"E	8°06'17"
C7	1878.58'	293.02'	146.81'	292.72'	N52°27'55"E	8°56'13"
C8	3070.74'	136.01'	68.02'	136.00'	N59°02'00"E	2°32'16"
C9	3788.82'	161.52'	80.77'	161.51'	N60°41'33"E	2°26'33"
C10	3486.89'	170.46'	85.25'	170.44'	N21°2'45"W	2°48'03"

PARKING SPACE TABLE	
TYPE OF SPACE	NO. WITHIN FEE OWNED LAND
REGULAR	445
HANDICAP	0
COMPACT	N/A
TOTAL	445

USEFUL NUMBERS (BEFORE YOU DIG)

TXDOT:	915-790-4200
STORM WATER UTILITIES:	915-594-5687
EL PASO WATER UTILITIES:	1154 HAWKINS, 79961-0511
SEWER SERVICE:	915-594-5330
WATER SERVICE:	915-594-5330
CITY OF EL PASO:	300 N. CAMPBELL, 79901
	915-212-0500
E.P.E. COMPANY	915-543-5711

SURVEYOR'S CERTIFICATION

To: First American Title Guaranty Company, Lument Real Estate Capital, LLC, its successors and/or assigns, as their interest may appear and Federal Home Loan Mortgage Corporation, its successor and/or assigns. EP Salazar, LP, a Texas limited partnership; RBC Community Investments, LLC, an Illinois limited liability company, its successors and/or assigns; RBC Community Investments Fund-126, L.P., a Delaware limited partnership, its successors and/or assigns; RBC Community Investments Manager II, Inc., a Delaware corporation, its successors and/or assigns; Freddie Mac; JPMORGAN Chase Bank, N.A., and its successors and Assigns.

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2021 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1-4, 6(a), 6(b) 7(a), 7(b), 7(c), 8, 9, 10, 11(a), 11(b),13, 16, 17, 18, and 19 of Table A thereof. The field work was completed on August 30, 2022 and revisited on May 25, 2023.

Lender reserves the right to make additional objections as necessary based on any additional documents received, any updated version of the Title Commitment or revised Survey received after the date of this Memorandum.

GUILLERMO LICON, R.P.L.S.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS LICENSE NO. 2998

DATE: _____

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This map and survey are being provided solely for the use of all parties listed in the certification and their assigns and no license has been created, expressed or implied, to copy the surveys and/or map(s) except as necessary in conjunction with the original transaction. This transaction shall be effective within six (6) months from the date hereon May 12, 2023.

DATE		BY
9-28-22	UPDATED TITLE COMMITMENT	AP
2-9-23	REVISION FROM EMAIL	AP
4-12-23	REVISION FROM EMAIL	AP
5-30-23	REVISION FROM EMAIL	AP
6-16-23	UPDATE ENCROACHMENT	AP
7-6-23	REVISION LABELS	AP
7-14-23	AREA TABLE	AP

SCALE: 1"=50'
JOB NO.: 06-21-4742
FIELD BY: CV & RE
FIELD BOOK: BOOK/JOPS
DRAWN BY: AP
CHECKED BY: G.L.
DATE: 09/12/2023

311 S. EUCALYPTUS STREET
SALAZAR APARTMENTS
SEE LEGAL DESCRIPTION

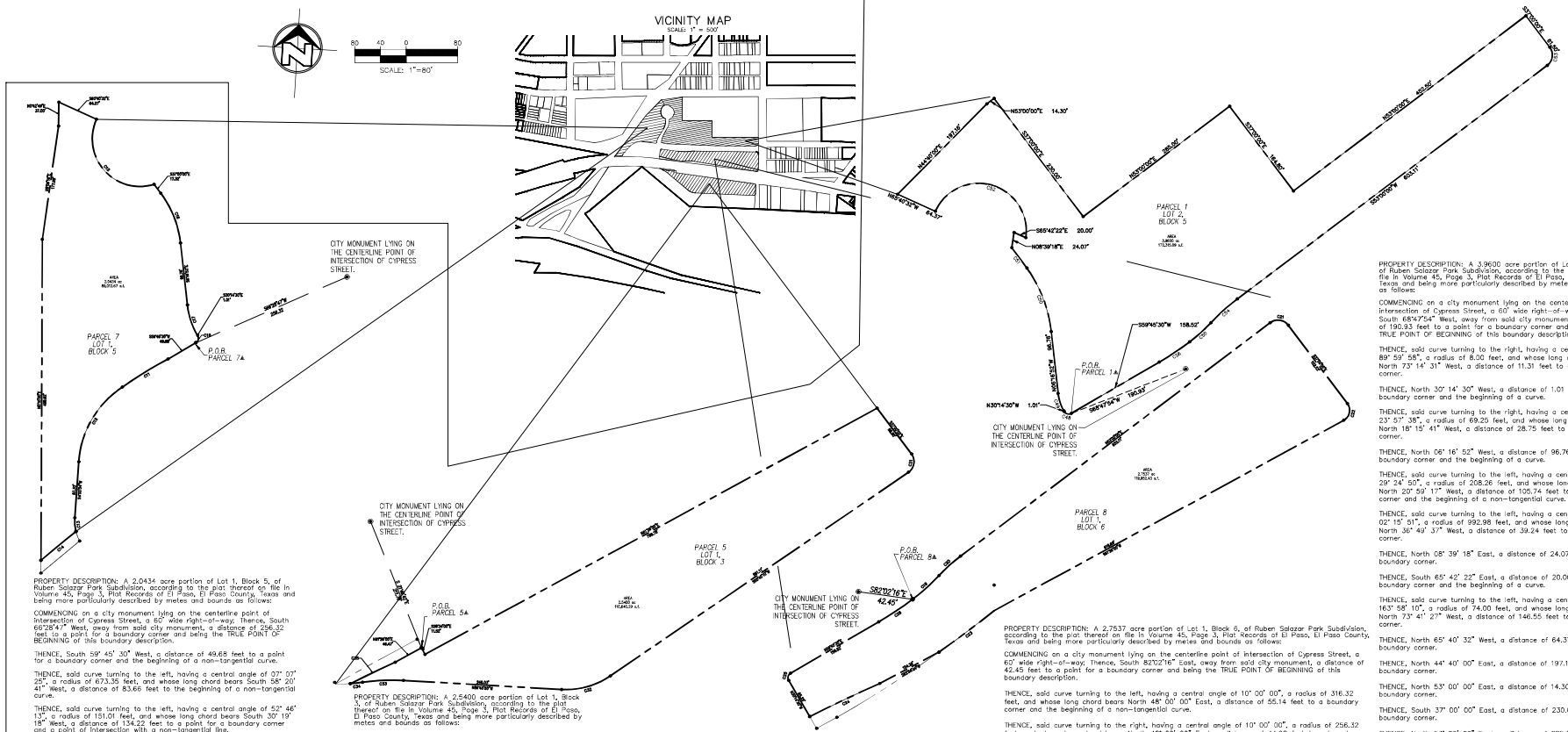
CIVIL ENGINEERS
SURVEYORS
LAND PLANNERS
8800 WESTWIND DRIVE
(915) 594-4457
SLI ENGINEERING, INC.

STATE OF TEXAS
REGISTERED
GUILLERMO LICON
2998
PROFESSIONAL
LAND SURVEYOR

SLI ENGINEERING, INC.
Reg. No. F-1902
SURVEYING
Reg. No. 100120-00

SHEET TITLE
ALTA / NSPS
LAND TITLE
SURVEY

2 OF 4



PROPERTY DESCRIPTION: A 2.0434 acre portion of Lot 1, Block 5, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of intersection of Cypress Street, a 60' wide right-of-way; Thence, South 66°28'47" West, away from said city monument, a distance of 256.32 feet to a point for a boundary corner and being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, South 59° 45' 30" West, a distance of 49.68 feet to a point for a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the left, having a central angle of 27° 07' 25", a radius of 673.35 feet, and whose long chord bears South 58° 20' 41" West, a distance of 83.66 feet to the beginning of a non-tangential curve.

THENCE, said curve turning to the left, having a central angle of 52° 46' 13", a radius of 151.01 feet, and whose long chord bears South 30° 19' 18" West, a distance of 134.22 feet to a point for a boundary corner and a point of intersection with a non-tangential line.

THENCE, South 04° 00' 04" West, a distance of 87.30 feet to the beginning of a non-tangential curve.

THENCE, said curve turning to the left, having a central angle of 17° 45' 40", a radius of 69.31 feet, and whose long chord bears South 04° 54' 43" East, a distance of 21.40 feet to the beginning of a non-tangential curve.

THENCE, said curve turning to the left having a central angle of 02° 03' 52", a radius of 1,956.58 feet, and whose long chord bears South 00° 34' 09" West, a distance of 70.50 feet to a point for a boundary corner and a point of intersection with a non-tangential line.

THENCE, North 00° 15' 00" East, a distance of 498.62 feet to a point for a boundary corner and a point on a line.

THENCE, North 08° 06' 16" East, a distance of 177.98 feet to a point for a boundary corner and a point on a line.

THENCE, North 00° 42' 49" East, a distance of 37.00 feet to a point for a boundary corner and a point on a line.

THENCE, North 65° 40' 32" East, a distance of 64.37 feet to a point for a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the left, having a central angle of 131° 34' 45", a radius of 74.00 feet, and whose long chord bears South 41° 27' 55" East, a distance of 134.98 feet to a point for a boundary corner and a point of intersection with a non-tangential line.

THENCE, South 37° 00' 00" East, a distance of 17.32 feet to a point for a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the right, having a central angle of 30° 43' 46", a radius of 157.02 feet, and whose long chord bears South 21° 38' 45" East, a distance of 83.21 feet to a point for a boundary corner.

THENCE, South 06° 16' 52" East, a distance of 96.76 feet to a point for a boundary corner and the beginning of a curve.

THENCE, said curve turning to the left, having a central angle of 23° 57' 38", a radius of 119.25 feet, and whose long chord bears South 18° 15' 41" East, a distance of 49.51 feet to a point for a boundary corner.

THENCE, South 30° 14' 30" East, a distance of 1.01 feet to a point for a boundary corner and the beginning of a curve,

THENCE, said curve turning to the right, having a central angle of 90° 00' 00", a radius of 8.00 feet, and whose long chord bears South 14° 45' 30" West, a distance of 11.31 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel of land containing 2.0434 acres [89,012.67 s.f.] of land, more or less.

PROPERTY DESCRIPTION: A 2.5400 acre portion of Lot 1, Block 3, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of intersection of Cypress Street, a 60' wide right-of-way; Thence, South 21°46'42" East, away from said city monument, a distance of 211.78 feet to a point for a boundary corner, said point being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, South 28° 34' 00" East, a distance of 11.52 feet to a point for a boundary corner and a point on a line.

THENCE, North 61° 26' 00" East, a distance of 799.78 feet to a point for a boundary corner and a point on a line.

THENCE, South 37° 00' 00" East, a distance of 88.90 feet to a point for a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the right, having a central angle of 92° 38' 42", a radius of 20.00 feet, and whose long chord bears South 09° 20' 04" West, a distance of 28.93 feet to a point for a boundary corner and a point of intersection with a non-tangential line.

THENCE, South 55° 40' 10" West, a distance of 561.11 feet to a point for a boundary corner and the beginning of a curve,

THENCE, said curve turning to the right, having a central angle of 37° 36' 24", a radius of 121.84 feet, and whose long chord bears South 74° 28' 08" West, a distance of 78.54 feet to a point for a boundary corner.

THENCE, North 86° 43' 50" West, a distance of 246.03 feet to a point for a boundary corner and the beginning of a curve,

THENCE, said curve turning to the left, having a central angle of 11° 42' 46", a radius of 312.42 feet, and whose long chord bears South 87° 24' 48" West, a distance of 63.75 feet to a point for a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the right, having a central angle of 04° 11' 05", a radius of 262.42 feet, and whose long chord bears South 83° 38' 58" West, a distance of 19.16 feet to a point for a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the right, having a central angle of 02° 22' 53", a radius of 1,563.58 feet, and whose long chord bears North 64° 30' 57" East, a distance of 77.45 feet to a point for a boundary corner and a point of intersection with a non-tangential line.

THENCE, North 61° 26' 00" East a distance of 46.47 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel containing 2.5400 acres [110,640.29 s.f.] of land, more or less.

CURVE TABLE					
CURVE	RADIUS	LENGTH	TANGENT	CHORD	BEARING	DELTA
C11	673.35'	83.72'	41.91'	83.66'	S58°20'41"W	07°07'25"
C12	151.01'	139.08'	74.91'	134.22'	S30°19'18"W	52°46'13"
C13	69.31'	21.49'	10.83'	21.40'	S04°54'43"E	17°45'40"
C14	1956.58'	70.50'	35.25'	70.50'	S00°34'09"W	02°03'52"
C15	74.00'	169.94'	164.58'	134.98'	S41°27'55"E	131°34'45"
C16	157.02'	84.21'	43.15'	83.21'	S21°38'45"E	30°43'46"
C17	119.25'	49.87'	25.30'	49.51'	S18°15'41"E	23°57'38"
C18	8.00'	12.57'	8.00'	11.31'	S14°45'30"W	90°00'00"
C19	316.32'	55.21'	27.67'	55.14'	N48°00'00"E	10°00'00"
C20	256.32'	44.74'	22.43'	44.68'	N48°00'00"E	10°00'00"
C21	20.00'	31.42'	20.00'	28.28'	S82°00'00"E	90°00'00"
C22	17.44'	30.14'	20.43'	26.53'	S12°20'37"W	99°01'47"
C23	1918.74'	107.05'	53.54'	107.03'	S53°20'51"W	03°11'47"
C24	1956.58'	120.35'	60.19'	120.33'	S64°43'03"W	03°31'27"
C25	8.00'	12.57'	8.00'	11.31'	N14°45'30"E	90°00'00"
C26	538.76'	63.56'	31.81'	63.51'	N56°21'46"E	06°45'30"
C27	8.00'	12.57'	8.00'	11.31'	S75°14'31"E	89°59'58"
C28	1956.58'	241.90'	121.10'	241.74'	S57°20'26"W	07°05'59"
C29	91.15'	85.13'	45.96'	82.01'	N30°50'38"E	53°31'00"

CURVE TABLE					
CURVE	RADIUS	LENGTH	TANGENT	CHORD	BEARING	DELTA
C30	613.35'	77.29'	38.70'	77.24'	S58°26'16"W	07°13'12"
C31	20.00'	32.34'	20.95'	28.93'	S09°20'04"W	92°38'42"
C32	121.84'	79.97'	41.49'	78.54'	S74°28'08"W	37°36'24"
C33	312.42'	63.87'	32.04'	63.75'	S87°24'48"W	11°42'46"
C34	262.42'	19.17'	9.59'	19.16'	S83°38'58"W	04°11'05"
C35	1863.58'	77.46'	38.73'	77.45'	N64°28'05"E	02°22'53"
C36	53.45'	35.82'	18.61'	35.15'	N05°18'10"W	38°24'40"
C37	246.68'	68.48'	34.46'	68.26'	N07°07'32"E	15°54'23"
C38	3479.39'	150.10'	75.06'	150.09'	S02°22'47"E	02°28'18"
C39	1864.72'	717.32'	58.68'	717.30'	N49°12'31"E	03°36'17"
C40	186.91'	51.38'	25.85'	51.21'	N05°28'42"E	15°44'56"
C41	113.74'	88.27'	47.07'	86.99'	N08°40'38"W	44°57'56"
C42	1863.58'	135.19'	67.63'	135.16'	N55°05'55"E	04°09'23"
C43	312.42'	63.86'	32.04'	63.75'	N87°24'48"E	11°42'45"
C44	262.42'	53.64'	26.90'	53.55'	N87°24'48"E	11°42'45"
C45	171.89'	112.80'	58.51'	110.78'	N74°58'12"E	37°35'51"
C46	20.00'	30.47'	19.07'	27.60'	S80°39'54"E	87°16'40"
C47	1863.58'	196.12'	98.08'	196.10'	N58°57'42"E	06°01'42"
C48	8.00'	12.57'	8.00'	11.31'	N75°14'31"W	89°59'58"
C49	69.25'	28.96'	14.69'	28.75'	N18°15'41"W	23°57'38"
C50	208.26'	106.91'	54.66'	105.74'	N20°59'17"W	29°24'50"
C51	992.98'	39.24'	19.62'	39.24'	N36°49'37"W	2°15'51"
C52	74.00'	211.77'	525.53'	146.55'	N173°41'23"W	163°58'10"
C53	20.00'	31.42'	20.00'	28.28'	S81°00'00"W	90°00'00"
C54	316.32'	55.21'	27.67'	55.14'	S48°00'00"W	10°00'00"
C55	256.32'	44.74'	22.43'	44.68'	S48°00'00"W	10°00'00"
C56	478.74'	56.47'	28.27'	56.44'	S56°23'45"W	6°45'31"

PROPERTY DESCRIPTION: A 3.9600 acre portion of Lot 2, Block 5, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of intersection of Cypress Street, a 60' wide right-of-way; Thence, South 68°47'54" West, away from said city monument, a distance of 190.93 feet to a point for a boundary corner and being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, said curve turning to the right, having a central angle of 89° 59' 58", a radius of 8.00 feet, and whose long chord bears North 73° 14' 31" West, a distance of 11.31 feet to a boundary corner.

THENCE, North 30° 14' 30" West, a distance of 1.01 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the right, having a central angle of 23° 57' 38", a radius of 69.25 feet, and whose long chord bears North 18° 15' 41" West, a distance of 28.75 feet to a boundary corner.

THENCE, North 06° 16' 52" West, a distance of 96.76 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the left, having a central angle of 29° 24' 50", a radius of 208.26 feet, and whose long chord bears North 20° 59' 17" West, a distance of 105.74 feet to a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the left, having a central angle of 02° 15' 51", a radius of 992.98 feet, and whose long chord bears North 36° 49' 37" West, a distance of 39.24 feet to a boundary corner.

THENCE, North 08° 39' 18" East, a distance of 24.07 feet to a boundary corner.

THENCE, South 65° 42' 22" East, a distance of 20.00 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the left, having a central angle of 163° 58' 10", a radius of 74.00 feet, and whose long chord bears North 73° 41' 27" West, a distance of 146.55 feet to a boundary corner.

THENCE, North 65° 40' 32" West, a distance of 64.37 feet to a boundary corner.

THENCE, North 44° 40' 00" East, a distance of 197.16 feet to a boundary corner.

THENCE, North 53° 00' 00" East, a distance of 14.30 feet to a boundary corner.

THENCE, South 37° 00' 00" East, a distance of 230.00 feet to a boundary corner.

THENCE, North 53° 00' 00" East, a distance of 285.00 feet to a boundary corner.

THENCE, South 37° 00' 00" East, a distance of 164.80 feet to a boundary corner.

THENCE, North 53° 00' 00" East, a distance of 452.50 feet to a boundary corner.

THENCE, South 37° 00' 00" East, a distance of 61.50 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the right, having a central angle of 90° 00' 00", a radius of 20.00 feet, and whose long chord bears South 08° 00' 00" West, a distance of 28.28 feet to a boundary corner.

THENCE, South 53° 00' 00" West, a distance of 603.11 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the left, having a central angle of 10° 00' 00", a radius of 316.32 feet, and whose long chord bears South 48° 00' 00" West, a distance of 55.14 feet to a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 10° 00' 00", a radius of 256.32 feet, and whose long chord bears South 48° 00' 00" West, a distance of 44.68 feet to a boundary corner.

THENCE, South 53° 00' 00" West, a distance of 164.80 feet to a boundary corner.

THENCE, South 37° 00' 00" East, a distance of 1956.58 feet, and whose long chord bears South 64° 43' 03" West, a distance of 120.33 feet to a boundary corner and a point of intersection with a non-tangential line.

THENCE, North 30° 14' 30" West, a distance of 65.25 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the right, having a central angle of 90° 00' 00", a radius of 8.00 feet, and whose long chord bears North 14° 45' 30" East, a distance of 11.31 feet to a boundary corner.

THENCE, North 59° 45' 30" East, a distance of 158.52 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the left, having a central angle of 06° 45' 30", a radius of 538.76 feet, and whose long chord bears North 56° 22' 45" East, a distance of 63.51 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel of land containing 2.7537 acres [119,952.43 s.f.] of land, more or less.

PROPERTY DESCRIPTION: A 2.7537 acre portion of Lot 1, Block 6, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of intersection of Cypress Street, a 60' wide right-of-way; Thence, South 82°02'16" East, away from said city monument, a distance of 42.45 feet to a point for a boundary corner and being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, said curve turning to the left, having a central angle of 10° 00' 00", a radius of 316.32 feet, and whose long chord bears North 48° 00' 00" East, a distance of 55.14 feet to a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 10° 00' 00", a radius of 256.32 feet, and whose long chord bears North 48° 00' 00" East, a distance of 44.68 feet to a boundary corner.

THENCE, North 53° 00' 00" East, a distance of 603.11 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the right, having a central angle of 90° 00' 00", a radius of 20.00 feet, and whose long chord bears South 82° 00' 00" East, a distance of 28.28 feet to a boundary corner.

THENCE, South 37° 00' 00" East, a distance of 152.52 feet to a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 99° 01' 14", a radius of 17.44 feet, and whose long chord bears South 12° 20' 37" West, a distance of 26.53 feet to a boundary corner and a point of intersection with a non-tangential line.

THENCE, South 61° 26' 00" West, a distance of 618.69 feet to a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the right, having a central angle of 03° 11' 47", a radius of 1,918.74 feet, and whose long chord bears South 53° 02' 51" West, a distance of 107.03 feet to a boundary corner and a point of intersection with a non-tangential line.

THENCE, South 62° 04' 24" West, a distance of 104.26 feet to a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the left, having a central angle of 03° 31' 27", a radius of 1,956.58 feet, and whose long chord bears South 64° 43' 03" West, a distance of 120.33 feet to a boundary corner and a point of intersection with a non-tangential line.

THENCE, North 30° 14' 30" West, a distance of 65.25 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the right, having a central angle of 90° 00' 00", a radius of 8.00 feet, and whose long chord bears North 14° 45' 30" East, a distance of 11.31 feet to a boundary corner.

THENCE, North 59° 45' 30" East, a distance of 158.52 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the left, having a central angle of 06° 45' 30", a radius of 538.76 feet, and whose long chord bears North 56° 22' 45" East, a distance of 63.51 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel of land containing 2.7537 acres [119,952.43 s.f.] of land, more or less.

DATE	BY
9-28-22	AP
2-9-23	AP
4-12-23	AP
5-30-23	AP
6-16-23	AP
7-6-23	AP
7-14-23	AP

UPDATED TITLE COMMITMENT
REVISION FROM EMAIL
REVISION FROM EMAIL
REVISION FROM EMAIL
UPDATE ENCROACHMENT
REVISION LABELS
AREA TABLE

SCALE: 1"=80'
JOB NO.: 08-21-4742
FIELD BY: CV & RE
FIELD BOOK: BOOK/OPS
DRAWN BY: AP
CHECKED BY: GH
DATE: 05/12/2023

311 S. EUCALYPTUS STREET
SALAZAR APARTMENTS
SEE LEGAL DESCRIPTION

SLI ENGINEERING, INC.
CIVIL ENGINEERS
SURVEYORS
LAND PLANNERS
4001 WESTERN PARK
EL PASO, TEXAS
(915) 584-4457

GUILLERMO LICON
REGISTERED PROFESSIONAL LAND SURVEYOR
1998

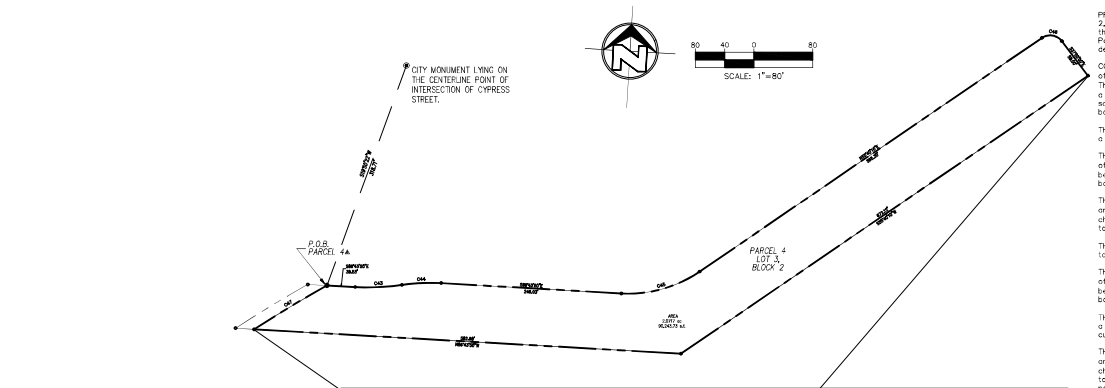
SLI ENGINEERING, INC.
Reg. No. F-1902
SURVEYING
Reg. No. 100120-00

SHEET TITLE

ALTA / NSPS
LAND TITLE
SURVEY

3 OF 4

F:\PROJECTS\MPSURVEY\21-4742 SALAZAR\PLANS\ALTA_PH00-07-2023.dwg, 12/2/2023 10:33:39 AM



PROPERTY DESCRIPTION: A 2.0717 acre portion of Lot 3, Block 2, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of Cypress Street, a 60' wide right-of-way; Thence, South 19°50'22" West, away from said city monument, a distance of 318.71' feet to a point for a boundary corner, said point being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, South 86° 43' 50" East, a distance of 38.53 feet to a boundary corner and the beginning of a curve,

THENCE, said curve turning to the left, having a central angle of 11° 42' 45", a radius of 312.42 feet, and whose long chord bears North 87° 24' 48" East, a distance of 63.75 feet to a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 11° 42' 45", a radius of 262.42 feet, and whose long chord bears North 87° 24' 48" East, a distance of 53.55 feet to a boundary corner.

THENCE, South 86° 43' 50" East, a distance of 246.03 feet to a boundary corner and the beginning of a curve.

THENCE, said curve turning to the left, having a central angle of 37° 35' 51", a radius of 171.89 feet, and whose long chord bears North 74° 28' 12" East, a distance of 110.78 feet to a boundary corner.

THENCE, North 55° 40' 10" East, a distance of 565.30 feet to a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 87° 16' 40", a radius of 20.00 feet, and whose long chord bears South 80° 39' 54" East, a distance of 27.60 feet to a boundary corner and a point of intersection with a non-tangential line.

THENCE, South 37° 00' 00" East, a distance of 59.00 feet to a boundary corner and a point on a line.

THENCE, South 55° 40' 10" West, a distance of 672.12 feet to a boundary corner and a point on a line.

THENCE, North 86° 43' 50" West, a distance of 582.98 feet to a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 03° 34' 12", a radius of 1,863.58 feet, and whose long chord bears North 58° 57' 42" East, a distance of 116.10 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel containing 2.0717 acres [90,243.73 s.f.] of land, more or less.

PROPERTY DESCRIPTION: A 0.3838 acre portion of Lot 1, Block 4, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of Intersection of Cypress Street, a 60' wide right-of-way; Thence, South 53°02'13" West, away from said city monument, a distance of 256.32 feet to a point for a boundary corner, said point being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, with a curve turning to the right, having a central angle of 89° 59' 58", a radius of 8.00 feet, and whose long chord bears South 75° 14' 31" East, a distance of 11.31 feet to a point for a boundary corner.

THENCE, South 30° 14' 30" East, a distance of 71.95 feet to a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the left, having a central angle of 07° 05' 01", a radius of 1,956.58 feet, and whose long chord bears South 57° 20' 26" West, a distance of 241.74 feet to a point for a boundary corner and a point of intersection with a non-tangential line.

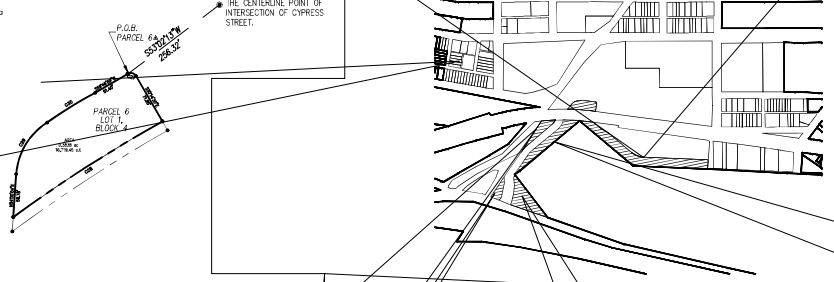
THENCE, North 04° 00' 04" East, a distance of 58.78 feet to a point for a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a radius of 53' 31' 00", a radius of 91.15 feet, and whose long chord bears North 30° 50' 38" East, a distance of 82.07 feet to a point for a boundary corner and the beginning of a non-tangential curve.

Said curve turning to the right through an angle of 07° 13' 12", having a radius of 613.35 feet, and whose long chord bears N 58° 20' 46" E for a distance of 77.24 feet to a point of intersection with a non-tangential line.

THENCE, North 59° 46' 59" East, a distance of 51.40 feet to back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel containing 0.3838 of an acre of land, more or less.



PROPERTY DESCRIPTION: A 0.3545 acre portion of Lot 2, Block 1, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of Intersection of Cypress Street, a 60' wide right-of-way; Thence, South 37°49'21" West, away from said city monument, a distance of 598.95 feet to a point for a boundary corner and a point for a curve, also being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, said curve turning to the right, having a central angle of 38° 24' 40", a radius of 53.43 feet, and whose long chord bears South 05° 18' 32" East, a distance of 35.15 feet to a point of intersection with a non-tangential line.

THENCE, South 13° 21' 10" West, a distance of 289.09 feet to a point for a boundary corner and the beginning of a non-tangential curve,

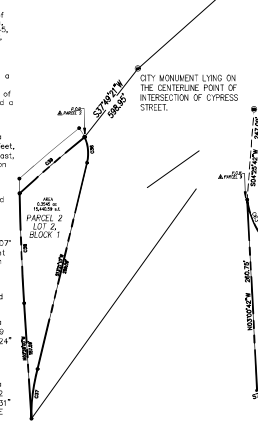
THENCE, said curve turning to the left having a central angle of 15° 54' 21", having a radius of 246.68 feet, and whose long chord bears South 07° 07' 32" West, a distance of 68.26 feet to a point for a boundary corner and a point of intersection with a non-tangential line.

THENCE, North 03° 38' 00" West, a distance of 157.59 feet to a point for a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the right, having a central angle of 02° 28' 18", a radius of 3,479.39 feet, and whose long chord bears North 02° 12' 24" West, a distance of 150.41 feet to a point for a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 03° 36' 17", a radius of 1,864.72 feet, and whose long chord bears North 49° 12' 31" East, a distance of 117.30 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel containing 0.3545 of an acre [15,440.59 s.f.] of land, more or less.



PROPERTY DESCRIPTION: A 0.2800 acre portion of Lot 1, Block 1, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of Intersection of Cypress Street, a 60' wide right-of-way; Thence, South 04° 25' 42" West, away from said city monument, a distance of 247.09 feet to a point for a boundary corner and a point for a curve, also being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, said curve turning to the left, having a central angle of 25° 27' 24", a radius of 118.95 feet, and whose long chord bears South 21° 03' 52" East a distance of 52.42 feet to a point for a boundary corner.

THENCE, South 33° 47' 33" East for a distance of 41.53 feet to a point for a boundary corner and the beginning of a non-tangential curve.

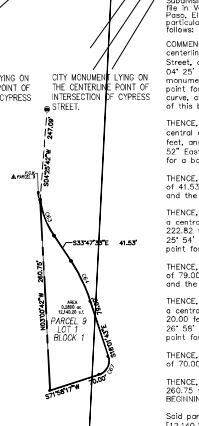
THENCE, said curve turning to the right, having a central angle of 15° 45' 50", a radius of 222.82 feet, and whose long chord bears South 25° 54' 38" East a distance of 61.11 feet to a point for a boundary corner.

THENCE, South 18° 01' 43" East for a distance of 79.00 feet to a point for a boundary corner and the beginning of a non-tangential curve.

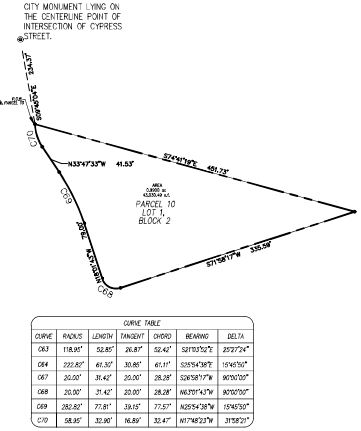
THENCE, said curve turning to the right, having a central angle of 90° 00' 00", a radius of 20.00 feet, and whose long chord bears South 26° 58' 17" West a distance of 28.28 feet to a point for a boundary corner.

THENCE, South 71° 58' 17" West for a distance of 260.75 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel containing 0.2800 of an acre [12,140.20 s.f.] of land, more or less.



CURVE TABLE						
CURVE	RADIUS	LENGTH	TANGENT	CHORD	BEARING	DELTA
C63	118.95'	52.85'	26.87'	52.42'	S21°03'52"E	25°27'24"
C64	222.82'	61.30'	30.85'	61.11'	S25°54'38"E	15°45'50"
C67	20.00'	31.42'	20.00'	28.28'	S26°58'17"W	90°00'00"
C68	20.00'	31.42'	20.00'	28.28'	N63°01'43"W	90°00'00"
C69	282.82'	77.81'	39.15'	77.57'	N25°54'38"W	15°45'50"
C70	58.95'	32.90'	16.89'	32.47'	N17°48'23"W	31°58'21"



PROPERTY DESCRIPTION: A 0.9900 acre portion of Lot 1, Block 2, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of Intersection of Cypress Street, a 60' wide right-of-way; Thence, South 09° 45' 04" East, away from said city monument, a distance of 234.37 feet to a point for a boundary corner, also being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, South 74° 41' 19" East, a distance of 451.73 feet to a point for a boundary corner and a point on a line.

THENCE, South 71° 58' 17" West for a distance of 335.59 feet to a point for a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 90° 00' 00", a radius of 20.00 feet, and whose long chord bears North 63° 01' 43" West a distance of 28.28 feet to a point for a boundary corner.

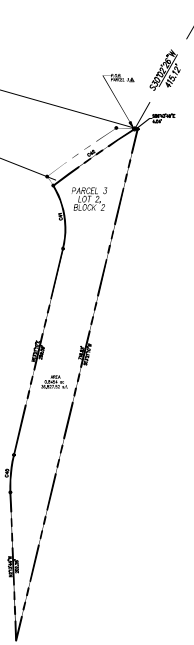
THENCE, North 18° 01' 43" West for a distance of 79.00 feet to a point for a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the left, having a central angle of 50° 45' 15", a radius of 282.82 feet, and whose long chord bears North 25° 54' 38" West a distance of 77.57 feet to a point for a boundary corner.

THENCE, North 33° 47' 33" West for a distance of 41.53 feet to a point for a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 31° 58' 21", a radius of 58.95 feet, and whose long chord bears North 17° 48' 23" West, a distance of 32.47 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel containing 0.9900 of an acre [43,030.49 s.f.] of land, more or less.



PROPERTY DESCRIPTION: A 0.8454 acre portion of Lot 2, Block 2, of Ruben Salazar Park Subdivision, according to the plat thereof on file in Volume 45, Page 3, Plat Records of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING on a city monument lying on the centerline point of Intersection of Cypress Street, a 60' wide right-of-way; Thence, South 30° 02' 26" West, away from said city monument, a distance of 415.12 feet to a point for a boundary corner and a point for a curve, also being the TRUE POINT OF BEGINNING of this boundary description.

THENCE, South 86° 43' 49" East, a distance of 4.04 feet to a point for a boundary corner and a point on a line.

THENCE, South 13° 21' 10" West for a distance of 716.83 feet to a point for a boundary corner and point on a line.

THENCE, North 02° 13' 44" West, a distance of 202.25 feet to a point for a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 15° 44' 56", a radius of 186.91 feet, and whose long chord bears North 05° 28' 42" East a distance of 51.21 feet to a point for a boundary corner.

THENCE, North 13° 21' 10" East, a distance of 289.09 feet to a point for a boundary corner and the beginning of a non-tangential curve,

THENCE, said curve turning to the left, having a central angle of 44° 57' 56", a radius of 113.74 feet, and whose long chord bears North 08° 40' 38" West, a distance of 86.99 feet to a point for a boundary corner and the beginning of a non-tangential curve.

THENCE, said curve turning to the right, having a central angle of 04° 09' 23", a radius of 1,863.58 feet, and whose long chord bears North 55° 05' 55" East, a distance of 135.16 feet back to the TRUE POINT OF BEGINNING of this boundary description.

Said parcel containing 0.8454 of an acre [36,827.52 s.f.] of land, more or less.

BY	DATE	
AP	9-28-22	UPDATED TITLE COMMITMENT
AP	2-9-23	REVISION FROM EMAIL
AP	4-12-23	REVISION FROM EMAIL
AP	5-30-23	REVISION FROM EMAIL
AP	6-16-23	UPDATE ENCROACHMENT
AP	7-6-23	REVISION LABELS
AP	7-14-23	AREA TABLE

SCALE: 1"=80'
JOB NO.: 08-21-4742
FIELD BY: CV & RE
FIELD BOOK: BOOK/PGS
DRAWN BY: AP
CHECKED BY: GH
DATE: 09/29/2023

311 S. EUCALYPTUS STREET

SALAZAR APARTMENTS

SEE LEGAL DESCRIPTION

CIVIL ENGINEERS
SURVEYORS
LAND PLANNERS
4800 WESTWIND DRIVE
SUITE 100
(915) 584-4857

SLI ENGINEERING, INC.

STATE OF TEXAS
GUILLERMO LICON
6998
REGISTERED
PROFESSIONAL
LAND SURVEYOR

SLI ENGINEERING, INC.
Reg. No. F-1902
SURVEYING
Reg. No. 100120-00

SHEET TITLE

ALTA / NSPS
LAND TITLE
SURVEY

4 OF 4

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1309 **Agenda Date:** 2/5/2026 **Agenda #:** 4.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Meridian at Wylie (HTC #22479)

RECOMMENDED ACTION

WHEREAS, Meridian at Wylie (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2022 for the new construction of 200 units for the elderly population in Wylie, Collin County;

WHEREAS, Roers Wylie Apartments Owner I Limited Partnership (the Development Owner or Owner) requests approval for a reduction in the Common Area from 7,029 square feet to 6,540 square feet, representing a reduction of 489 square feet or 6.96% from the Common Area represented at Application;

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

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

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Meridian at Wylie 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

Meridian at Wylie received an award of 4% Housing Tax Credits in 2022 for the new construction of 200 units for the elderly population in Wylie, Collin County. Construction of the Development has been completed, and the Owner has submitted the cost certification documentation. Upon review of the cost certification, staff identified a change in the square footage of the Common Area from what was represented in the Application. In a letter dated January 14, 2026, Brian J. Roers, the Owner representative, requested approval for a reduction in the Common Area.

The Application originally identified the Common Area as 7,029 square feet. However, according to the amendment request, the Common Area was miscalculated at Application. The primary differences are that the Janitor Room and the Maintenance Storage Room were included on the original application because the architect did not know they should not be counted towards Common Area. The Common Area at cost certification is 6,540 square feet, representing a reduction of 489 square feet or 6.96% from the Common Area represented at Application.

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

Staff recommends approval of the amendment request as presented herein.

ROERS
COMPANIES

Two Carlson Parkway | Suite 400 | Plymouth, MN 55447

roerscompanies.com

1/14/2025

Texas Department of Housing and Community Affairs
221 E 11th St # 400
Austin, TX 78701

Re: **Material Amendment to Application Request – Roers Wylie Apartments Owner I LP – File #22479**

To whom it may concern:

Please use this letter as evidence of our formal request for a material amendment to application request due to the modification of common area square footage decreasing by larger than 3%. The common area square footage at application was calculated at 7,029 and the calculated common area square footage at cost certification is 6,540 square feet, resulting in a 4.63% reduction. This is due to the architect not correctly calculating the common area square footage at the time of application and including square footage that should not have been included in common area (i.e. Janitorial Rooms, Maintenance Storage, etc). No changes to the amenity package occurred and there is no financial impact to the development.

The material amendment fee of $2,500 is enclosed with this request as well.

Please let us know of any questions on this request.

Sincerely,

Roers Wylie Apartments Owner I Limited Partnership,
a Texas limited partnership

By: Roers Wylie Apartments Partner I LLC,
a Minnesota limited liability company
Its: General Partner

_____

Brian J. Roers
Authorized Signer

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1324 **Agenda Date:** 2/5/2026 **Agenda #:** 5.

Presentation, discussion, and possible action on an Agreed Final Order concerning Cherrywood Apartments (HOME 1001216 / HTC Exchange 1509009999 / CMTS 4617) and Southwood Apartments (HOME 1001505 / HTC 11084 / CMTS 4786)

RECOMMENDED ACTION

WHEREAS, Cherrywood Apartments (Cherrywood), owned by PK Cherrywood Apartments LP (Cherrywood Owner), had uncorrected compliance findings relating to the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, Southwood Apartments (Southwood), owned by PK Southwood Apartments, LP (Cottonwood Owner), had uncorrected compliance findings relating to the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, Cherrywood Owner and Southwood Owner are related entities, ultimately controlled by Ronald Potterpin, Terry Potterpin, Chris Potterpin, and Lindsey Klug (collectively known as Owner or Responsible Parties);

WHEREAS, TDHCA identified findings of noncompliance during its regularly scheduled 2025 National Standards for the Physical Inspection of Real Estate (NSPIRE) and file monitoring reviews at Cherrywood and Southwood, respectively, and referred the development owners for administrative penalties when the noncompliance was not timely corrected;

WHEREAS, complete corrections were received after referral to the Enforcement Committee, but the penalty referral history did not support informal closure;

WHEREAS, an Enforcement Committee informal conference was held on January 22, 2026, and Owner agreed, subject to Board approval, to enter into an Agreed Final Order assessing a collective administrative penalty of $6,500.00; 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 $6,500.00, for noncompliance at Cherrywood Apartments (HOME 1001216 / HTC Exchange 1509009999 / CMTS 4617) and Southwood Apartments (HOME 1001505 / HTC 11084 / CMTS 4786), 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: Cherrywood Apartments received a housing tax credit exchange award and a HOME loan in 2009 and 2010, to rehabilitate 44 units in West, McLennan County, with 12 units restricted at 30% AMI, 20 units restricted at 50% AMI, and the remaining 12 units restricted at 60% AMI. There are six buildings. The HTC Exchange and HOME LURAs expire in 2040 and are past the HTC federal compliance period. The HOME federal affordability period will expire during 2027.

Southwood Apartments received a housing tax credit award and a HOME loan in 2010 and 2011, to rehabilitate 48 units in Shepherd, San Jacinto County, with six units restricted at 30% AMI, 17 units restricted at 50% AMI, and the remaining 25 units restricted at 60% AMI. There are 12 buildings. The HOME and HTC LURAs expire in 2042 and 2051, respectively. The HTC federal compliance period will expire during 2026, and the HOME federal affordability period will expire during 2028.

OWNERSHIP AND PROPERTY MANAGEMENT: Cherrywood Apartments and Southwood Apartments are owned by PK Cherrywood Apartments, LP and PK Southwood Apartments, LP, respectively. Their general partners have the same organizational structure, and are ultimately controlled by Ronald Potterpin, Terry Potterpin, Chris Potterpin, and Lindsey Klug via their controlling interests in PK Family, LLC (collectively known as the Owner or Responsible Parties). The primary CMTS contact for the owner is Ronald Potterpin. Property management is conducted in-house by PK Housing and Management Company, with Shanna Spurgeon as the primary CMTS contact.

REFERRED VIOLATIONS SUBJECT TO ADMINISTRATIVE PENALTIES:

1. **National Standards for the Physical Inspection of Real Estate (NSPIRE).** TDHCA conducted a physical inspection of Cherrywood Apartments on April 23, 2025, and the Compliance Division set a corrective action deadline of August 20, 2025. The property submitted a timely 24-hour certification relating to life threatening deficiencies on April 24, 2025, but failed to submit a complete response for the NSPIRE inspection. The entire NSPIRE inspection report was referred to the Enforcement Committee (the Committee) on September 29, 2025. Corrective documentation was submitted the same day, resolving all noncompliance. A list of referred noncompliance is attached to the Agreed Final Order.

2. **File Monitoring.** TDHCA conducted a file monitoring review of Southwood Apartments on April 17, 2025, and the Compliance Division set a corrective action deadline of July 21, 2025. The property submitted timely corrective action on multiple dates but failed to follow instructions relating to the affirmative marketing to veterans requirement under the HTC LURA, and was ultimately referred to the Committee on October 10, 2025. Final corrections were submitted on October 17, 2025, after the Committee provided technical support and further instructions regarding how to correct the veteran marketing noncompliance.

FACTORS CONSIDERED TO DETERMINE ADMINISTRATIVE PENALTY: Owner participated in an informal conference with the Committee on January 22, 2026. The Committee analyzed the required statutory factors for determining an appropriate administrative penalty as follows:

1. **The seriousness, extent, and gravity of the violations, and whether a hazard is posed to the health, safety, and economic welfare of the public:** The NSPIRE noncompliance for Cherrywood Apartments included life-threatening and severe issues of noncompliance, however, the NSPIRE score was 82.66 out of 100, and some of the noncompliance may have been caused by tenants, such as call-for-aid pull cords that were tied up or blocked. Additionally, life-threatening noncompliance was addressed within 24 hours, and ownership stated that all noncompliance on the inspection report was timely repaired, but that it had accidentally failed to submit its prepared evidence of correction via CMTS.

   For Southwood Apartments, the veterans marketing noncompliance was deemed less serious because there is a high occupancy rate. Failure to market to veterans can have an economic impact on that population since those individuals were not necessarily aware of housing availability, but there was minimal economic impact since there were few vacancies during the period of lapsed veterans marketing from January 1, 2025, through June 25, 2025. Furthermore, affirmative marketing would not typically be required during periods when there are no vacancies if the property maintains evidence that the waiting list is full.

   All noncompliance was corrected quickly after referral to the Committee, so the noncompliance is also less serious from this standpoint, and the administrative penalty referral for Cherrywood Apartments was primarily due to a paperwork submission mistake; it would not have been referred if the previously prepared corrections had been uploaded timely.

2. **History of previous violations:** There are ten Actively Monitored Developments in this ownership group, three of which have prior Agreed Final Orders, as outlined below. In addition to those 10 Actively Monitored Developments, there are also five new awards from 2024 and 2025, but the new awards are not yet considered actively monitored since the developments have not yet been placed in service and monitored by the Department.

   Owner previously signed an Agreed Final Order for Elmwood Apartments (HTC 12045 / HOME 1001679 / CMTS 1130) and Cottonwood Apartments (HTC 12048 / HOME 1001677 / CMTS 544) in 2019, agreeing to pay a collective administrative penalty of $2,000.00 for file monitoring noncompliance, with $500.00 due at signing and the remainder to be forgivable provided that the owner complied with all requirements. Owner also signed an Agreed Final Order for Northwood Apartments (HTC 11081 / HOME 1001590 / CMTS 1303) in 2019, agreeing to pay an administrative penalty of $1,500.00 for file monitoring noncompliance. Owner complied with both Orders, and made improvements in the interim period, with no further enforcement activity until

North Court Villas (HTC 01104 / CMTS 4772) was referred for an administrative penalty for Uniform Physical Condition Standards (UPCS) noncompliance in 2023. That referral was closed informally upon correction since it was resolved quickly, and it was the first referral in a number of years.

Three subsequent administrative penalty referrals during 2024, for Elmwood Apartments (HTC 12045 / HOME 1001679 / CMTS 1130), Cottonwood Apartments (HTC 12048 / HOME 1001677 / CMTS 544), and Oakwood Apartments (HTC 11082 / HOME 1001591 / CMTS 1304) resulted in an Agreed Final Order signed in 2025, with the owner agreeing to pay a collective administrative penalty of $2,500.00 for file monitoring noncompliance, all of which had already been resolved at the time of the informal conference. Owner complied with this Order, and TDHCA staff warned the Owner that it was approaching the 50% debarment threshold at 10 TAC §2.401(e)(2)(a).

The two administrative penalty referrals currently under consideration for Cherrywood Apartments and Southwood Apartments caused the Responsible Parties to violate 10 TAC §2.401(e)(2)(a), with six out of ten properties, more than 50% of the Actively Monitored Developments in its portfolio, referred for a penalty during the past three years. Accordingly, the Committee considered debarment along with the administrative penalty referrals during the informal conference on January 22, 2026, but it unanimously voted to exercise its discretion to increase the debarment threshold as authorized at 10 TAC §2.401(e)(2)(a). Although the 50% referral threshold at 10 TAC §2.401(e)(2)(a) was breached, the Committee did not think the referred noncompliance was severe enough to justify debarment, and it noted that the newly created voluntary nonparticipation agreement is not an option for this debarment category. This was the Responsible Parties' first breach of the 50% threshold, the referred noncompliance was not severe, and, with the exception of veterans marketing, all noncompliance was fixed on the ground prior to referral, it just was not timely documented. It is appropriate to raise the debarment threshold in this instance, but the Responsible Parties are aware that they will be considered again for debarment if there are any further administrative penalty referrals, and that the Committee is unlikely to increase the debarment threshold a second time.

3. **Efforts made to correct the violations:** All of the noncompliance considered in this agenda item was resolved after referral for an administrative penalty, but prior to the Committee informal conference. As noted above, Cherrywood Apartments submitted timely corrective documentation for life-threatening deficiencies within 24 hours as required, but failed to submit a complete response for the NSPIRE inspection report. The entire NSPIRE inspection report was referred to the Committee on September 29, 2025. Corrective documentation was submitted the same day, resolving all noncompliance, and reflecting corrected dates between April 23, 2025, and May 26, 2025. Lindsey Klug, a Responsible Party supervising property management, indicated during the informal conference that she had approved the corrective submission prior to the corrective action deadline in August, but that the assigned staff member had failed to upload it to CMTS. That staff member is no longer working at PK Housing.

Ownership has now implemented additional procedural and supervisory changes, including Lindsey Klug's direct supervision of corrective action and deadlines going forward. A new Compliance Director, Melissa Block, is also performing weekly CMTS checks for new TDHCA correspondence and to confirm uploaded owner responses, with Lindsey Klug confirming uploads for deadlines.

Southwood Apartments submitted partial veterans marketing corrections on multiple dates, but failed to follow TDHCA instructions. Property management requested further information after the referral for an administrative penalty, and then submitted acceptable corrections within a week of referral, after the Enforcement Committee provided technical support and further instructions regarding how to correct the veteran marketing noncompliance. This appears to be a failure to understand TDHCA instructions, rather than intentional noncompliance.

4. **Any other matters that justice may require:** Procedural and supervisory changes have been implemented as noted above, and ownership is aware that any further referrals would result in consideration for debarment.

5. **Amount necessary to deter future violations:** There is a history of noncompliance, and any further administrative penalty referrals will cause the owner to be considered for debarment. Past enforcement action has not been successful in deterring future enforcement referrals, so a larger administrative penalty is appropriate in this instance, but the Committee is hopeful that the new supervisory structure with direct control and supervision by a Responsible Party will deliver better results. The Committee therefore recommends a collective $6,500.00 administrative penalty in light of the above factors, representing the maximum potential administrative penalty for the referred noncompliance.

AGREED FINAL ORDER RECOMMENDED: Owner has agreed to sign an Agreed Final Order for a $6,500.00 administrative penalty due on or before March 9, 2026.

Consistent with direction from the Department's Enforcement Committee, an administrative penalty in the amount of $6,500.00 is recommended. This will be a reportable item of consideration under previous participation for any new award to the principals of the Owner.

ENFORCEMENT ACTION AGAINST PK CHERRYWOOD APARTMENTS LP, AND PK SOUTHWOOD APARTMENTS, LP, WITH RESPECT TO CHERRYWOOD APARTMENTS (HOME 1001216 / HTC EXCHANGE 1509009999 / CMTS 4617) AND SOUTHWOOD APARTMENTS (HOME 1001505 / HTC 11084 / CMTS 4786)	§ § § § § § § § § §	BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 5th day of February, 2026, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of whether enforcement action should be taken against **PK CHERRYWOOD APARTMENTS LP**, a Texas limited partnership (Cherrywood Owner), and **PK SOUTHWOOD APARTMENTS, LP**, a Texas limited partnership (Southwood Owner) (to be collectively known as Respondents).

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 Respondents agree to resolve this matter by this Agreed Final Order. The Respondents agree 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

Respondents acknowledge 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 Respondents waive those rights and acknowledge the jurisdiction of the Board over Respondents.

FINDINGS OF FACT (FOF)

Jurisdiction:

1. During 2009 and 2010, Cherrywood Owner received HOME funds and an allocation of Low Income Housing Tax Credits, of which the tax credits were returned in exchange for a cash grant under the Texas Tax Credit Exchange Program, to acquire and rehabilitate Cherrywood Apartments (Cherrywood) (HOME 1001216 / HTC Exchange 1509009999 / CMTS 4617).

2. During 2010 and 2011, Southwood Owner received HOME funds and an allocation of Low Income Housing Tax Credits to acquire and rehabilitate Southwood Apartments (Southwood) (HOME 1001505 / HTC 11084 / CMTS 4786).

3. Respondents signed the following land use restriction agreements (LURAs):

    a. The Cherrywood HOME LURA: Land Use Restriction Agreement (Multifamily Properties) effective September 30, 2010, and filed of record on October 4, 2010, at Document Number 2010031215 of the Official Records of Real Property of McLennan County, Texas (the McLennan Records).

    b. The Cherrywood HTC Exchange LURA: Housing Tax Credit Program Declaration of Land Use Restrictive Covenants with Use of Tax Credit Exchange Program Funds dated as of September 30, 2010, and filed of record on October 5, 2010, at Document Number 2010031225 of the McLennan Records, as amended by a First Amendment to Declaration of Land Use Restrictive Covenants / Land Use Restriction Agreement for Low Income Housing Tax Credits With Use of Tax Exchange Program Funds, effective on September 30, 2010, and filed of record on January 12, 2012, at Document Number 2012001110 of the McLennan Records.

    c. The Southwood HOME LURA: Land Use Restriction Agreement (Multifamily Properties) effective June 28, 2012, and filed of record on July 2, 2012, at Volume 2012, Page 14038 of the Official Records of Real Property of San Jacinto County, Texas (the San Jacinto Records).

    d. The Southwood HTC LURA: Declaration of Land Use Restrictive Covenants Land Use Restriction Agreement for Low Income Housing Tax Credits dated as of September 6, 2013, and filed of record on October 31, 2013, at Volume 2013, Page 26557 of the San Jacinto Records.

4. Respondents are subject to the regulatory authority of TDHCA.

Compliance Violations[1]:

5. A National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection was conducted at Cherrywood on April 23, 2025. The inspection report at Exhibit 1 showed multiple 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 August 20, 2025, but Respondent failed to submit complete corrections, and the TDHCA Compliance Division referred the noncompliance for an administrative penalty. Corrective documentation was submitted to the Department on September 29, 2025, after referral to the Enforcement Committee.
6. An onsite file monitoring review was conducted at Southwood on April 17, 2025, to determine whether Respondent complied with LURA requirements to lease units to low-income households, maintain records demonstrating eligibility, and comply with additional file monitoring requirements under the LURA. The monitoring review found a violation of the LURA and TDHCA rules. Notifications of noncompliance were sent, and an extended corrective action deadline was set for September 18, 2025, however, the following violation was not resolved before the corrective action deadline:
    a. Respondent failed to market to veterans, a violation of Appendix A of the Cherrywood HTC LURA, which requires affirmative marketing to veterans through direct marketing or contracts with veterans organizations. Acceptable evidence of veterans marketing conducted on June 25, 2025, was submitted to the Department on October 17, 2025, after intervention by the Enforcement Committee.
7. All violations listed above are considered resolved at the time of this Order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC Chapter 2.

2. Respondents are 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.

[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.

4. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.

5. Pursuant to 10 TAC §10.621(a), TDHCA has adopted HUD's NSPIRE as the standard for its physical inspections.

6. Respondent violated 10 TAC § 10.621 in 2025 and I.R.C. §42, as amended, by failing to comply with NSPIRE requirements when major violations were discovered and not timely corrected.

7. Respondents violated Appendix A of the Southwood HTC LURA in 2025, by failing to provide evidence of affirmative marketing to veterans.

8. Because Respondents are a housing sponsor with respect to the properties, and have 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.

9. Because Respondents are housing sponsors, TDHCA may order Respondents 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 Respondents and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

10. Because Respondents have violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondents are a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

11. An administrative penalty of $6,500.00 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 Respondents are assessed a collective administrative penalty in the amount of $6,500.00

IT IS FURTHER ORDERED that Respondents shall pay and are hereby directed to pay the $6,500.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before March 9, 2026, to the following address:

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

IT IS FURTHER ORDERED that Respondents 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 February 5, 2026.

By: _____
Name: Leo Vasquez
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 5th day of February, 2026, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

_____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 5th day of February, 20256, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

_____
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF _____§

BEFORE ME, _____ *(notary name)*, a notary public in and for the State of _____, on this day personally appeared Ronald Potterpin *(person signing document)*, known to me or proven to me through *circle one: personally known / driver's license / passport* to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is Ronald Potterpin, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I am the authorized representative of Respondents, PK Cherrywood Apartments LP and PK Southwood Apartments, LP, which are each subject to Land Use Restriction Agreements monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondents to execute this document on behalf of each owning entity.
3. The Taxpayer ID for PK Cherrywood Apartments LP, is _____.
4. The Taxpayer ID for PK Southwood Apartments, LP is _____.
5. The mailing address for Respondents is _____ _____.
6. Respondents knowingly and voluntarily enter into this Agreed Final Order, and agree with and consent to the issuance and service of the foregoing Agreed Order by the Governing Board of the Texas Department of Housing and Community Affairs."

RESPONDENTS:

PK CHERRYWOOD APARTMENTS LP, a Texas limited partnership

MEGAN & ASSOCIATES V, LLC, a Texas limited liability company, its general partner

PK COMPANIES, LLC, a Michigan limited liability company, its sole member

PK FAMILY, LLC, a Michigan limited liability company, its sole member

By: _____

Name: Ronald Potterpin

Title: Managing Member

Given under my hand and seal of office this _____ day of _____, 2026.

_____

Signature of Notary Public

_____

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires:_____

RESPONDENTS:

PK SOUTHWOOD APARTMENTS, LP, a Texas limited partnership

MEGAN & ASSOCIATES XIV, LLC, a Texas limited liability company, its general partner

PK COMPANIES, LLC, a Michigan limited liability company, its sole member

PK FAMILY, LLC, a Michigan limited liability company, its sole member

By: _____

Name: Ronald Potterpin

Title: Managing Member

Given under my hand and seal of office this _____ day of _____, 2026.

_____

Signature of Notary Public

_____

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires:_____

Exhibit 1

List of NSPIRE Noncompliance at Cherrywood, including correction details provided by Respondent

Cherrywood NSPIRE Inspection 4/23/20205

Area	Bldg	Apt	Location	Item	Standard	Result	Notes	Sev.	Date Complete:	Completed By: (Full Name)
Unit	1	A02	Alternate Location - See Notes for Details	Cabinets/Vanity	Storage component is damaged, inoperable, or missing	50%+ of medicine cabinet components are missing/damaged/inoperable in a bathroom or laundry	bathroom	Mod	5/26/2025	Larry Perryman
Unit	1	A02	Main Entry	Door Hardware - Entry (non-fire)	Entry door cannot be secured	Entry door cannot be secured/locked		Severe	4/24/2025	Larry Perryman
Unit	2	A14	Bathroom 1	Call-for-Aid System	System does not function properly	Call-for-aid system does not emit sound or light		LT	4/24/2025	Larry Perryman
Unit	2	A14	Bedroom 1	Call-for-Aid System	System does not function properly	Call-for-aid system does not emit sound or light		LT	4/23/2025	Larry Perryman
Unit	3	A23	Bathroom 1	Call-for-Aid System	System is blocked, or pull cord is higher than 6 inches off the floor	Pull cord end is higher than 6in. from the floor		LT		04/23/2025-Larry Perryman
Unit	3	A23	Bedroom 1	Call-for-Aid System	System is blocked, or pull cord is higher than 6 inches off the floor	Pull cord end is higher than 6in. from the floor		LT	4/23/2025	Larry Perryman
Unit	4	B03	Bathroom 1	Sink	Sink component is damaged or missing and the sink is functionally adequate	Sink stopper damaged, inoperable, or missing with evidence of prior installation		Low	5/23/2025	Larry Perryman
Unit	5	B05	Bathroom 1	Sink	Sink component is damaged or missing and the sink is functionally adequate	Sink component is damaged or missing but does not impact functionality		Low	5/23/2025	Larry Perryman
Unit	5	B05	Bedroom 1	Call-for-Aid System	System is blocked, or pull cord is higher than 6 inches off the floor	Pull cord end is higher than 6in. from the floor		LT	4/24/2025	Larry Perryman
Unit	5	B09	Bedroom 1	Call-for-Aid System	System does not function properly	Pull cord is coiled or tied up/off		LT	4/24/2025	Larry Perryman
Unit	6	B12	Kitchen	Kitchen Sink	Sink or sink component is damaged or missing and the sink is not functionally adequate	Sink component is damaged or missing impacting functionality		Mod	5/26/2025	Larry Perryman
Unit	6	B12	Kitchen	Plumbing & Water Leaks	Plumbing leak	Plumbing Leaks		Mod	5/26/2025	Larry Perryman
Unit	6	B17	Bedroom 1	Call-for-Aid System	System is blocked, or pull cord is higher than 6 inches off the floor	Call-for-aid pull cord is blocked		LT	4/24/2025	Larry Perryman
Equipped Business Center: (Common Area)										

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1310 **Agenda Date:** 2/5/2026 **Agenda #:** 6.

Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.1 Reasonable Accommodation Requests to the Department, and an order directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, pursuant to Tex. Gov't Code §2001.039, state agencies are required to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff recommends to the Board that there is a continuing need for this rule to exist, which is to satisfy Tex. Gov't Code §2306.066(e), which requires the Executive Director to prepare a written plan to provide persons with disabilities an opportunity to participate in the Department's programs, and in accordance with the Fair Housing Act, and other federal and state civil rights laws;

WHEREAS, the current rule relating to the handling of reasonable accommodation requests to the Department is in need of revisions to better utilize the terms in the definitions section, to clarify the process to be used in the handling of Reasonable Accommodations by staff and make other minor non-substantive revisions;

WHEREAS, staff presented and discussed this rule with the Department's Disability Advisory Workgroup on January 6, 2026, and has considered their input in the revisions provided;

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

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment from February 20, 2026, through March 22, 2026, and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

The Department last amended 10 TAC §1.1, Reasonable Accommodation Requests, in April 2022. Pursuant to Tex. Gov't Code §2001.039, state agencies are required to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist. Staff has determined that there is a continuing need for this rule to exist, however revisions are recommended.

The revisions proposed make minor revisions to improve clarity, to better utilize the terms in the definitions section, to clarify the process to be used in the handling of Reasonable Accommodations by staff and make other minor non-substantive revisions.

On January 6, 2026 staff presented this draft rule to the Department's Disability Advisory Committee who provided some comment. Their suggested revision was integrated into the draft provided herein. The rule, as proposed, will be released for public comment from February 20, 2026, through March 22, 2026, and returned to the Board for final approval.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.1 Reasonable Accommodation Requests to the Department

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.1 Reasonable Accommodation Requests to the Department. The purpose of the proposed repeal is to eliminate the current rule while replacing it with a more current version of the rule.

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

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

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

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

1. The repeal does not create or eliminate a government program but relates to the handling of requests for reasonable accommodations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT. The Department requests comments on the proposed repeal. The public comment period will be held February 20, 2026, through March 22, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, March 22, 2026.

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

§1.1 Reasonable Accommodation Requests to the Department

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 1,

Administration, Subchapter A, General Policies and Procedures, §1.1 Reasonable Accommodation Requests to the Department

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.1 Reasonable Accommodation Requests to the Department. The purpose of the proposed rule is to provide clarity and make other minor non-substantive revisions.

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

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

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

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

1. The new section does not create or eliminate a government program but relates to the handling of requests for reasonable accommodations.

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

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

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

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

6. The new section will not expand nor contract an existing regulation.

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

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

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

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

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

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

The Department has evaluated the new section as to its possible effect on local economies and

has determined that for the first five years the new section would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

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

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

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed section and also requests information related to the cost, benefit, or effect of the proposed section, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held February 20, 2026, through March 22, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, March 22, 2026.

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

§1.1 Reasonable Accommodation Requests to the Department

(a) Purpose. The purpose of this section is to establish the procedures by which a Requestor may ask that a Reasonable Accommodation is made to the Department. For rules governing the handling of reasonable accommodation requests and responsibilities of entities receiving funds or resources from the Department see Subchapter B, §1.204 of this Chapter, relating to Reasonable Accommodations. This rule is statutorily authorized by Tex. Gov't Code, 2306.066(e), which requires the Executive Director to prepare a written plan to provide persons with disabilities an opportunity to participate in the Department's programs, and in accordance with the Fair Housing Act, and other federal and state civil rights laws.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.
(1) Board--The Governing Board of the Texas Department of Housing and Community Affairs.
(2) Director or Program Manager--Department staff member supervising the division or area of a division containing the program, service or activity for which a Reasonable Accommodation is being requested. The individual Director or Program Manager may delegate this responsibility to a designee.
(3) Disability--A physical or mental impairment that substantially limits one or more major life activities; or having a record of such an impairment; or being regarded as having such an impairment. Included in this meaning is the term handicap as defined in the Fair Housing Act, or the term disability as defined in the Americans with Disabilities Act.
(4) Fair Housing Act--Fair Housing Act of 1968, also known as Title VIII of the Civil Rights Act of 1968.
(5) Reasonable Accommodation--An accommodation and/or modification that is an alteration, change, exception, or adjustment to a program, policy, service, building, or dwelling unit, that will allow a qualified person with a Disability to:
(A) Participate fully in a program;
(B) Take advantage of a service;
(C) Live in a dwelling; or
(D) Use and enjoy a dwelling.
(6) Requestor--Includes applicants, members of the public, clients of Department programs, program participants, or their representatives.
(7) Section 504--Section 504 of the Rehabilitation Act of 1973, as amended.

(c) Procedures.
(1) The Requestor of the Reasonable Accommodation shall submit a request to the ~~Division Manager or Director~~Director or Program Manager ~~or their designee~~. A request does not have to be in writing. A request can be made in a face-to-face conversation with a ~~Division Manager or Director or their designee~~Director or Program Manager, or using any other method of communication. A request is any communication in which an individual clearly asks or states that they need the Department to provide or to change an item within the Department's purview ~~something because of a~~ in order to equitably access and participate in a program or service~~Disability~~.
(2) The request, whether oral or written, must contain, at minimum:
(A) The Department program or procedure for which an accommodation is being requested;
(B) Household information to include name, address, phone number and email address, if available;
(C) Description of the Reasonable Accommodation being requested; and
(D) Reason the Reasonable Accommodation is necessary.

(E) In the case of oral requests, the ~~Division Manager or Director~~Director or Program Manager will create a written summary of the request.

(3) The ~~Division Director~~Director or Program Manager may coordinate with the Department's Fair Housing subject matter experts as needed. The ~~supervising Director~~Director or Program Manager may ask for additional information from the Requestor. Staff should address Reasonable Accommodations requests promptly. If making the requested Reasonable Accommodation would require the Department to incur an expense, the Division Director will first confirm that the Reasonable Accommodation expense will not cause the Division to exceed their approved budget or, if additional measures beyond those within budget are required, that they are promptly considered and a compliant decision made. Upon having the applicable information, the ~~Division Director or Manager~~Director or Program Manager and Fair Housing subject matter experts, as needed, will determine:

(A) If the proposed Reasonable Accommodation is covered under Section 504 and/or the Fair Housing Act, or any other applicable federal or state law; and

(B) Whether to approve the request, ~~or~~ recommend to the Executive Director an alternative Reasonable Accommodation, or recommend denial. Any determination~~approval~~ that would require Board action will first be presented to the Executive Director.

(4) If not approved as requested or if the determination~~approval~~ requires Board action, the request and recommendation will then be sent to the Executive Director or their designee, resulting in one of the following steps:

(A) The Executive Director adopts an alternative Reasonable Accommodation for~~to~~ the Requestor;

(B) The Executive Director concurs that Board action is necessary and presents the request and recommendation at an ensuing Board meeting. The Executive Director can choose to include a recommendation for or against the request; or

(C) The Executive Director denies the request. In the case of a denial, the Requestor can ask that their request be placed on the agenda for the next available Board meeting for a final Board determination.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1311 **Agenda Date:** 2/5/2026 **Agenda #:** 7.

Presentation, discussion, and possible action on an order proposing the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.2 Department Complaint Process, and an order directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, pursuant to Tex. Gov't Code §2001.039, state agencies are required to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff recommends to the Board that there is a continuing need for this rule to exist, which is to continue to provide a clear process by which interested parties may file complaints to the Department;

WHEREAS, the current rule relating to the handling of complaints is in need of revisions to remove reference to being able to submit a complaint via fax;

WHEREAS, such revisions are being proposed as an amendment to the current rule; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment from February 20, 2026, through March 22, 2026, and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

The Department last amended 10 TAC §1.2, Department Complaint System to the Department, in 2022.

Pursuant to Tex. Gov't Code §2001.039, state agencies are required to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist. Staff has determined that there is a continuing need for this rule to exist, however revisions are

recommended.

The revision removes reference to being able to submit a complaint via fax. The rule, as proposed, will be released for public comment from February 20, 2026, through March 22, 2026, and returned to the Board for final approval.

Attachment 1: Preamble, including required analysis, for the proposed amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.2 Department Complaint Process

The Texas Department of Housing and Community Affairs (the Department) proposes the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.2 Department Complaint Process. The rule relates to how complaints may be filed with the Department. The purpose of the amendment is to remove reference to submitting complaints via fax.

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 rulemaking and the analysis is described below for each category of analysis performed.

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

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

1. The amended section does not create or eliminate a government program but relates to the process to be used for persons wishing to file a complaint with the Department.

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

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

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

5. The amended section does not create a new regulation.

6. The amended section will not expand nor contract an existing regulation.

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

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

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

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

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT.
The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person.
The public comment period will be held February 20, 2026, to March 22, 2026, to receive input on the newly proposed rule. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.texas.gov <mailto:brooke.boston@tdhca.texas.gov>. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin (Central) local time, MARCH 22, 2026.
STATUTORY AUTHORITY. The proposed amended section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new section affects no other code, article, or statute.

§1.2 Department Complaint Process

(a) Purpose. The purpose of this section is to establish the procedures by which complaints are filed with the Department and how the Department handles those complaints under Department jurisdiction in compliance with Tex. Gov't Code §2306.066, Tex. Gov't Code, Chapter 2105, Subchapter C, and 24 CFR §91.115(h), as applicable.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.
(1) Complainant--A Person filing a Complaint.
(2) Complaint--A complaint submitted to the Department in writing (via mailed letter, ~~fax,~~ email, or submitted online through the Department website) from a person that believes the Department has the authority to resolve the issue.
(3) Complaint Coordinator--Department employee designated by the Executive Director or their designee to monitor the Public Complaint System and coordinate activities related to complaints.
(4) Complaint Liaison--the Department employee(s) designated by each division or program to handle each division or program's complaint-related issues.
(5) Department--The Texas Department of Housing and Community Affairs.
(6) Person--Any individual, other than an employee of the Department, and any partnership, corporation, association, governmental subdivision, or public or private organization of any character.
(7) Public Complaint System--Department-created system used to track complaints received by the Department.

(c) Applicability. Except as specifically adopted in whole or in part by rule or contractual provision this rule is not applicable to:
(1) consumer complaints relating to manufactured housing which are alternatively addressed by §80.73 of this title relating to Manufactured Housing Procedures for Handling Consumer Complaints; and
(2) Complaints filed in association with temporary Department programs for which a separate Complaint process has been established.

(d) Procedures.
(1) Complaint Submission. A Person who has a Complaint may submit such Complaint in writing to the Department, which will be directed to a Complaint Coordinator. If an accommodation because of a disability is needed in relation to the process of filing of a Complaint, the Person interested in filing the Complaint should refer to 10 TAC §1.1, Reasonable Accommodation Requests to the Department; if assistance is needed for non-English speaking persons, the Person interested in filing the Complaint should access the Department's Language Assistance webpage (https://www.tdhca.state.tx.us/lap.htm).
(2) Upon receipt of a Complaint:
(A) A Complaint Coordinator will enter the complaint in the Public Complaint System.
(B) A Complaint Coordinator will review the Complaint and as needed, forward the Complaint to the appropriate program or division Complaint Liaison(s).
(C) Notwithstanding any other provisions of this subsection, in the case of Complaints received by the Department in which no method of contacting the Complainant was provided, the Complaint Coordinator will close the Complaint in the Public Complaint System and provide a copy of the Complaint to the applicable program or division for informational purposes only.
(D) A Complaint Coordinator may also identify whether a Complaint received involves a potential Reasonable Accommodation request involving a Department recipient or property; in such cases the Complaint will be handled as provided for in §1.204 of this chapter relating to Reasonable Accommodations.
(E) Complaints that have potential Fair Housing Act violations may, at the Department's discretion, be also referred to the Texas Workforce Commission's Civil Rights Division.

(F) The Department will notify the Complainant of the status of the Complaint at least quarterly until there is a disposition of the Complaint, which is the final determination; there is no further process available, except as otherwise provided in state or federal law.
(3) A Complaint Liaison will research and evaluate the issues identified in the Complaint, and then resolve and close the Complaint. The Complaint Liaison will enter in the Public Complaint System summaries of each contact made with the Complainant and any actions taken leading to complaint resolution.
(4) The Complaint Coordinator may submit periodic summary reports or analysis to the Executive Director or designee.
(5) The Department will provide to the Person filing the Complaint, and to each Person who is a subject of the Complaint (to the extent contact information is available), a link to this rule, which serves as the Department's policy and procedures relating to complaint investigation and resolution.
(6) The Department will either notify the Complainant of the resolution of the Complaint within 15 business days after the date the Complaint was received by the Department, or notify the Complainant, within such period, of the date the Complainant can expect a response to the Complaint.
(7) Additional Complaints submitted by the same Complainant describing an issue which has previously been closed, had a final resolution, and for which there is no substantively new information presented, will be considered resolved by the Department. A letter to this effect will be sent to the Complainant by the Department. In such cases, a new Complaint will not be opened in the system.
(8) An information file about each Complaint will be maintained. The file must include:
(A) the Complaint number;
(B) the name of the Complainant;
(C) the date the Complaint was received by the Department;
(D) the subject matter of the Complaint;
(E) the name of each Person contacted in relation to the Complaint, if applicable;
(F) a summary of the results of the review of the Complaint;
(G) the date the Complaint was closed; and
(H) an explanation of the final resolution of the Complaint including the reason the file was closed.
(9) A Complaint may be withdrawn by the Complainant at any time.
(10) A Complainant may request and receive from the Department copies of any documentation or records collected by the Department with regard to the Complaint, subject to the Texas Public Information Act.
(11) Adherence to these procedures is not required by the Department if another procedure is required by law, or if the following of a procedure above would jeopardize an audit or Government investigation.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1313 **Agenda Date:** 2/5/2026 **Agenda #:** 8.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance; an order proposing new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance; and an order directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, pursuant to Tex. Gov't Code §2001.039, state agencies are required to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff recommends to the Board that there is a continuing need for this rule to exist, which is to provides the policy for the reallocation of financial assistance, including assistance related to bonds, administered by the Department if the Department's obligation with respect to that assistance is prematurely terminated as required by Tex. Gov't Code §2306.111(h);

WHEREAS, the current rule relating to reallocation of financial assistance is in need of revisions to clarify that reallocation may occur not only for contracted funds, but also for funds that are committed or obligated, and in the case of funds that have been awarded but the awarded entity has failed to execute a contract;

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

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment from February 20, 2026, through March 22, 2026, and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

The Department last amended 10 TAC §1.19, Reallocation of Financial Assistance, in May 2022.

Pursuant to Tex. Gov't Code §2001.039, state agencies are required to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist. Staff has determined that there is a continuing need for this rule to exist, however revisions are recommended. This rule is required to comply with Tex. Gov't Code §2306.111(h), which requires that the Department provide a policy for the reallocation of financial assistance, including assistance related to bonds, administered by the Department if the Department's obligation with respect to that assistance is prematurely terminated.

The revisions proposed clarify that reallocation may occur not only for contracted funds, but also for funds that are committed or obligated, and also in the case of funds that have been awarded but the awarded entity has failed to execute a contract. The rule, as proposed, will be released for public comment from February 20, 2026, through March 22, 2026, and returned to the Board for final approval.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance. The purpose of the proposed repeal is to eliminate the current rule while replacing it with a more current version of the rule.

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

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

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

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

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

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

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

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

5. The repeal is not creating a new regulation, except that it is being replaced by a new rule

simultaneously to provide for revisions.

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

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

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

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

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

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held February 20, 2026, through March 22, 2026, to receive input on the proposed repeal action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Brooke Boston at brooke.boston@tdhca.texas.gov <mailto:brooke.boston@tdhca.texas.gov>. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, March 22, 2026.

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

§1.19 Reallocation of Financial Assistance **Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance**

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance. The purpose of the proposed rule is to make revisions

clarify that reallocation may occur not only for contracted funds, but also for funds that are committed or obligated, and in the case of funds that have been awarded but the awarded entity has failed to execute a contract.

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

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221. Mr. Bobby Wilkinson has determined that, for the first five years the new section would be in effect:

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

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

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

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6). The Department has evaluated the new section as to its possible effect on local economies and has determined that for the first five years the new section would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

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

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

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed action and also requests information related to the cost, benefit, or effect of the proposed repeal, including any applicable data, research, or analysis from any person required to comply with the rule action or any other interested person. The public comment period will be held February 20, 2026, through March 22, 2026, to receive input on the proposed action. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or by email to bboston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, March 22, 2026. STATUTORY AUTHORITY. The proposed new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new section affects no other code, article, or statute.

§1.19 Reallocation of Financial Assistance

(a) Purpose. As provided for by Tex. Gov't Code §2306.111(h), this rule provides the policy for the reallocation of financial assistance, including assistance related to bonds, administered by the Department if the Department's obligation with respect to that assistance is prematurely terminated.

(b) It is the policy of the Department to take prudent measures to ensure that, when funds are provided to recipients for assistance, the funds are timely and lawfully utilized and that, if they cannot be timely and lawfully utilized by the initial recipient, there are mechanisms in place to reallocate those funds to other recipients in order to ensure the~~ir~~ full utilization of funds in assisting beneficiaries.

(c) The reallocation of federal or state financial assistance administered by the Department may be required when:
(1) an administrator, subrecipient, owner, or contractor returns committed, obligated or contracted funds;
(2) an administrator, subrecipient, owner, or contractor has failed to timely execute a contract on awarded funds;
(3~~2~~) reserved funds are not fully utilized at completion of an activity;
(4~~3~~) balances on contracts remain unused;
(5~~4~~) funds in a contract or reservation are partially or fully recaptured or terminated;
(6~~5~~) funds in a contract that were used for an ineligible activity and have been repaid to the Department and the federal oversight agency is allowing the Department to still utilize the funds;
(7~~6~~) required benchmarks or expenditure deadlines have not been achieved within the time frames agreed;
(~~7~~8) there is program income; or
(~~8~~9) other circumstances arise that prompt an initial recipient, owner, contractor, or administrator to be unable to utilize committed, obligated, or contracted funds.

(d) Reallocation of financial assistance for specific federal or state funding sources or programs administered by the Department is also governed by or provided for in:
(1) federal regulations and requirements;
(2) state rules relating to deobligation and reobligation adopted in other sections of this title;
(3) funding plans authorized by the Board governing federal or state resources that may have been reviewed and approved by the federal funding agency or submitted to the Texas L~~l~~egislature;
(4) Notices of Funding Availability (NOFAs) and Requests for Applications (RFAs); or
(5) written agreements and contracts relating to the administration of such funds.

(e) To the extent that programs or funding sources are governed by any of the items provided for in subsection (d) of this section, and the specific documents listed in subsection (d) of this section do not require further Board approval for the reallocation of funds, no additional Board approval will be sought in order to perform~~follow~~ the reallocation as provided for in those items. ~~is required.~~ Reallocation of funding not governed by subsection (d) of this section will require Board approval.

(f) To the extent that certain programs are required to regionally allocate their annual allocations of funds, funds having originally been regionally allocated and needing to be reallocated under this section

do not require that regional allocation be performed again, unless otherwise provided in the governing documents as provided for in subsection (d) of this section.

(g) Funds made available under this section may be aggregated over a period of time prior to being reallocated.

(h) Consistent with the requirements of Tex. Gov't Code §2306.111(h), if the Department's obligation of financial assistance related to bonds is terminated prior to issuance, the assistance will be reallocated among other activities permitted by that bond issuance and any indenture associated with those bonds, as approved by the Board.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1314 **Agenda Date:** 2/5/2026 **Agenda #:** 9.

Presentation, discussion, and possible action on an order amending 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.22 Providing Contact Information to the Department; and an order directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, pursuant to Tex. Gov't Code §2001.039, state agencies are required to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff recommends to the Board that there is a continuing need for this rule to exist, which is to require that any person or entities doing business with the Department shall notify the Department of any change in contact information;

WHEREAS, the current rule is in need of revisions to remove reference to fax numbers and make other minor non-substantive revisions;

WHEREAS, such revisions are being proposed through an amendment to the current rule; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment from February 20, 2026, through March 22, 2026, and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

The Department last reviewed 10 TAC §1.22, Providing Contact Information to the Department, in 2022. Pursuant to Tex. Gov't Code §2001.039, state agencies are required to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist.

Staff has determined that there is a continuing need for this rule to exist, however revisions are recommended to remove reference to requiring updated fax information and make other minor non-substantive revisions.

The rule, as proposed, will be released for public comment from February 20, 2026, through March 22, 2026, and returned to the Board for final approval.

Attachment 1: Preamble, including required analysis, for amendments to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.22 Providing Contact Information to the Department

The Texas Department of Housing and Community Affairs (the Department) proposes amendments to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.22 Providing Contact Information to the Department. The purpose of the amended rule is to remove the requirement that fax information be updated.

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

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

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

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

1. The amended section does not create or eliminate a government program but relates to the requirement that any person or entities doing business with the Department must notify the Department of any change in contact information.

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

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

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

5. The amended section does not create a new regulation.

6. The amended section will not expand nor contract an existing regulation.

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

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

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES

AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

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

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed section and also requests information related to the cost, benefit, or effect of the proposed section, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held February 20, 2026, through March 22, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, March 22, 2026.

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

§1.22 Providing Contact Information to the Department

(a) Any person or entities doing business with the Department shall notify the Department, of any change in contact information, including names, addresses, telephone numbers~~,~~ and email addresses ~~and fax numbers~~. In addition, the notification shall include all Department contract numbers, project numbers or property names of any type. The notification shall be made as described in paragraphs (1) and (2) of this subsection:

(1) by email sent to the director or manager of the applicable program; or

(2) sent via the CMTS Attachment System.

(b) Only in cases in which email or access to the CMTS Attachment System is not available may the notification be sent by mail to Texas Department of Housing and Community Affairs, Contact Information Update, P.O. Box 13941, Austin, Texas 78711-3941.

(c) All persons or entities doing business with the Department are responsible for keeping their contact information current pursuant to subsection (a) of this section and as required by other Department rules. The Department is entitled to rely solely on the most recent contact information on file with the Department at the time any notice or other communication is sent.

(d) The notification requirements of this section are in addition to any other change of contact information notification requirements specific to certain divisions, funding sources or programs of the Department.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1315 **Agenda Date:** 2/5/2026 **Agenda #:** 10.

Presentation, discussion, and possible action on amended 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, and directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, staff has assessed 10 TAC §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to comply with Tex. Gov't Code Chapters 2263, 2270, and 2252 as it relates to the conduct applicable to financial advisors or service providers;

WHEREAS, staff has evaluated the rule and recommends that revisions be made to address the fact that there have been, and may continue to be, quite a few requirements that financial advisors and service providers must adhere to and rather than restate those in this rule, the rule will now refer to the Comptroller's Texas Procurement and Contract Management Guide, Appendix 24; and

WHEREAS, such proposed action will be published in the *Texas Register* for public comment from February 20, 2026, through March 22, 2026, and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

The Department last amended 10 TAC §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, in 2022. Therefore, under Tex. Gov't Code §2001.039,

which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule is due to be evaluated in 2026. Staff has determined that there is a continuing need for this rule to exist. Staff has also identified revisions that are needed to bring the rule into greater compliance with Tex. Gov't Code Chapters 2263, 2270, and 2252 as it relates to the conduct applicable to financial advisors or service providers and with the exception provided for in Tex. Gov't Code §2270.0002 which became effective September 2025. The rule will be made available for public comment from February 20, 2026, through March 22, 2026, and returned to the Board for final approval.

Attachment 1: Preamble, including required analysis, for the proposed amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers

The Texas Department of Housing and Community Affairs (the Department) proposes the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers. The rule is required to comply with Tex. Gov't Code Chapters 2263, 2270, and 2252 as it relates to the conduct applicable to financial advisors or service providers. The purpose of the amendment is to bring the rule into greater alignment with these Chapters and refer to the Comptroller's Texas Procurement and Contract Management Guide, Appendix 24.

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 rulemaking and the analysis is described below for each category of analysis performed.

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

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

1. The amended section does not create or eliminate a government program but relates to the conduct applicable to financial advisors or service providers.

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

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

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

5. The amended section does not create a new regulation.

6. The amended section will not expand nor contract an existing regulation.

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

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

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

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

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT.
The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person.
The public comment period will be held February 20, 2026, to March 22, 2026, to receive input on the newly proposed rule. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.texas.gov <mailto:brooke.boston@tdhca.texas.gov>. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin (Central) local time, MARCH 22, 2026.
STATUTORY AUTHORITY. The proposed amended section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new section affects no other code, article, or statute.

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§1.16. Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers

(a) Purpose. The purpose of this section is to establish standards of conduct applicable to financial advisors or service providers in accordance with Tex. Gov't Code Chapters 2263, 2270, and 2252.

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

(1) Department--The Texas Department of Housing and Community Affairs, (the "Department").

(2) Board--The Governing Board of the Department.

(3) Financial advisor or service provider--A person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker who:

(A) may reasonably be expected to receive, directly or indirectly, more than $10,000 in compensation from the Department during a fiscal year; or

(B) renders important investment or funds management advice to the Department or a member of the Board.

(c) Financial advisors and service providers will be contracted under, and required to comply with, all applicable provisions, disclosures and verifications as set out in the current version of the Texas Procurement and Contract Management Guide, Appendix 24. These provisions include, but are not limited to: verification regarding not boycotting energy companies or Israel, not engaging in business with Iran, Sudan, or foreign terrorist organizations, and not discriminating against firearm entities or trade associations, unless a statutory exception applies.

~~(c) Anti-Boycott Verification. Financial advisors and service providers are required to comply with the requirements of Tex. Gov't Code Chapter 2270, which requires a representation by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate), §:~~

~~(1) does not boycott Israel; and~~

~~(2) will not boycott Israel during the term for which they provide services to the Department.~~

~~(d) Iran, Sudan and Foreign Terrorist Organizations. Financial advisors and service providers are required to comply with the requirements of Tex. Gov't Code Chapter 2252, which requires a representation by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Tex. Gov't Code §2252.153 or §2270.0201.~~

(e) Exemption from Disclosure of Interested Parties. Financial advisors and service providers are required to comply with the requirements of Tex. Gov't Code Chapter 2252. Financial advisors and service providers that make a representation that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is a publicly traded business entity are exempt from Tex. Gov't Code §2252.908.

(f) Disclosures and Statement.

(1) A financial advisor or service provider shall disclose in writing to the Executive Director of the Department and to the state auditor:

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

(B) all direct or indirect pecuniary interests the financial advisor or service provider has in any party to a transaction with the Department, if the transaction is connected with any financial advice or service the financial advisor or service provider provides to the Department or to a member of the Board in connection with the management or investment of state funds.

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

(3) A financial advisor or service provider shall file annually a statement with the Executive Director of the Department and with the state auditor. The statement must disclose each relationship and pecuniary interest described by this subsection, or if no relationship or pecuniary interest described by that subsection existed during the disclosure period, the statement must affirmatively state that fact.

(4) The annual statement must be filed not later than April 15 in the following form. The statement must cover the reporting period of the previous calendar year.

Attached Graphic

(5) The financial advisor or service provider shall promptly file a new or amended statement with the Executive Director of the Department and with the state auditor whenever there is new information to report under this subsection.

(6) A contract under which a financial advisor or service provider renders financial services or advice to the Department or a member of the Board is voidable by the Department if the financial advisor or service provider violates a standard of conduct adopted under this section.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

Agenda Date: 2/5/2026 **Agenda #:** 11

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(vii) for Robinhood Apartments

PULLED FROM THE AGENDA

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1321 **Agenda Date:** 2/5/2026 **Agenda #:** 12.

Executive Director's Report

ORAL PRESENTATION

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-010 **Agenda Date:** 2/5/2026 **Agenda #:** 13.

Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Murdeaux Villas) Series 2026 Resolution No. 26-010 and an increase to the Housing Tax Credit amount

RECOMMENDED ACTION

WHEREAS, at the Board meeting of April 8, 2021, Resolution No. 21-024 was approved authorizing the issuance of a Multifamily Housing Governmental Note for Murdeaux Villas, Series 2021, and a Determination Notice was issued;

WHEREAS, Murdeaux Villas subsequently closed on the governmental note amount of $35,000,000 on May 28, 2021;

WHEREAS, as a result of unforeseen changes in circumstances following the Board's approval of the original Resolution and issuance of the original governmental note, including inflation and related increases in construction costs, and removal of the developer entity, the Owner has requested the Department issue additional revenue bonds or notes in one or more series for the purpose of providing additional tax-exempt bond financing for the Development as further described herein;

WHEREAS, Murdeaux Villas (#21614) was induced by the Board on October 10, 2024, with a requested bond amount of $5,000,000;

WHEREAS, a supplemental bond application for Murdeaux Villas, sponsored by Trinity Housing Development, LLC, was submitted to the Department on September 5, 2024;

WHEREAS, a Certificate of Reservation was issued in the amount of $5,000,000 on January 27, 2026, with a bond delivery deadline of July 26, 2026;

WHEREAS, the application reflects an increase to the annual housing tax credit from $2,218,728 which was the original amount reflected in the Determination Notice, to $3,687,762, representing a 66.21% increase;

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;

WHEREAS, in connection with the underwriting of the supplemental bonds and evaluation of costs, staff has determined that the increase is necessary for the viability of the transaction;

WHEREAS, staff recommends approval of the issuance of a Multifamily Housing Governmental Note for Murdeaux Villas (Series 2026); and

WHEREAS, recognizing the cost certification package has not yet been submitted by the Development Owner, staff recommends approval of up to a 75% increase to the original annual housing tax credit amount reflected in the Determination Notice that would not necessitate additional Board consideration;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a tax-exempt Multifamily Housing Governmental Note (Murdeaux Villas) Series 2026 in the amount of $5,000,000, Resolution No. 26-010, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the annual housing tax credit increase for Murdeaux Villas, of up to 75% from the tax credit amount reflected in the Determination Notice is approved; and

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

BACKGROUND

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

Development Information: Murdeaux Villas is located at 125 Murdeaux Lane in Dallas, Dallas

County, and involves the acquisition and rehabilitation of 301 units that will serve the general population. The prior award, in 2021, resulted in an increase in the total number of units, from 240 units to 301 units as three and four-bedroom units with a history of low occupancy were converted to one-bedroom and efficiency units. The original award from 2002 requires all of the units to serve households at 50% of the Area Median Family Income (AMFI) for a minimum of 30 years. In conjunction with the 2021 award, 151 units will be rent and income restricted at 50% of AMFI and the remaining 150 units will be rent and income restricted at 60% AMFI.

The Owners have requested an additional issuance of revenue bonds or notes in the amount of $5,000,000 due to unexpected increases in construction costs and changes in the development team that jeopardize the ability of the project to satisfy the requirements of the 50% Test. Moreover, the additional costs incurred have resulted in an increase to the housing tax credit amount. The Determination Notice issued in 2021 reflected a housing tax credit amount of $2,218,728. In underwriting the supplemental bond allocation, there has been an increase to the housing tax credit amount to $3,687,762, resulting in a 66.21% increase.

Pursuant to 10 TAC §10.401(d) approval by the Board is required if an increase to the amount of tax credits exceeds 120% of the amount of credit reflected in the Determination Notice. While the project is close to being completed, there may still be nominal cost increases and a final accounting of costs that could increase the tax credit amount further. Staff is requesting approval of the additional tax credit increase at this time and that such increase be limited to 75% without necessitating additional Board consideration once the cost certification package is submitted. The fee associated with the increase in credits will be due at the time of cost certification once the final tax credit amount is determined.

Organizational Structure and Previous Participation: The Borrower is Murdeaux Rehab Development, LP, and includes the entities and principals as illustrated in Exhibit A. Given the enactment of Texas House Bill 21 (HB 21), which amended Section 394.031 of Local Government Code (Housing Finance Corporations in Municipalities and Counties), it necessitated a change in the Sole Member of the General Partner. Under HB 21, the area in which a housing finance corporation may own real property for residential development is limited to the boundaries of the county that sponsored the corporation. As a result, the Garland Housing Finance Corporation has been removed as the Sole Member of the General Partner and replaced with Trinity Housing Development. The applicant's portfolio is considered a Category 2 and was deemed acceptable.

Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: On March 18, 2022, the IRS released Revenue Procedure 2022-20, which permanently allows TEFRA hearings for qualified activity bonds to be held telephonically. Staff conducted a telephonic hearing for the proposed development on April 22, 2025. Representatives from the Department and the Developer were present, and no public comment was made. A copy of the hearing transcript is included herein. The Department has not received any letters of support or opposition for the

development.

Summary of Financial Structure

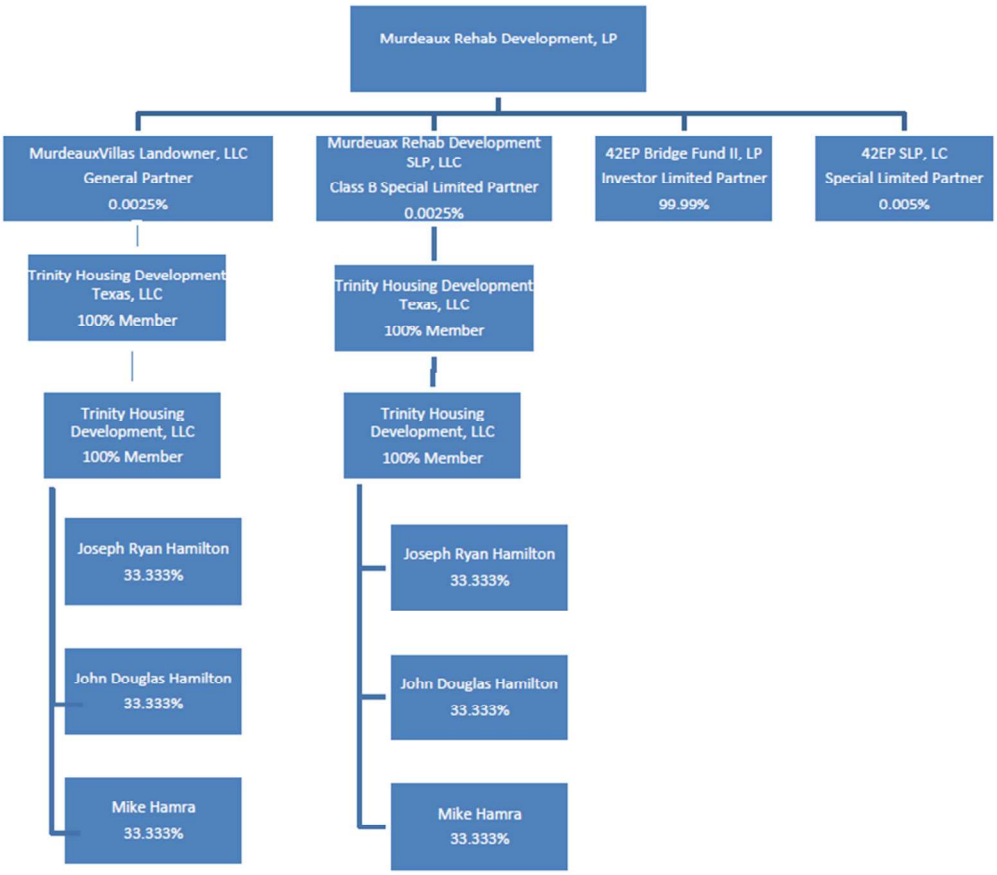
The transaction originally involved the issuance of an unrated tax-exempt fixed rate note in the amount of $35,000,000 that was initially purchased by the International Bank of Commerce (IBC Bank), who has served as construction lender. IBC Bank acquired the loan and the Department's related multifamily note at closing, which has been used to fund a tax-exempt, interim construction loan of up to $35,000,000.

Under the proposed structure, the Department will issue an additional unrated tax-exempt fixed rate note in the amount of $5,000,000 that will be purchased by IBC Bank. The construction loan will have a 17-month term with interest only payments. The interest rate will be fixed at approximately 6.25%.

IBC Bank will provide equity bridge loans in the amount of $23,500,000 and $6,500,000 during the construction period as well, with an estimated interest rate of 7.50% and term of approximately 12 months.

Trinity Housing Development will provide a construction to permanent loan in the amount of $13,639,128. The loan will be non-amortizing with cash flow payments only with a term of 40 years. The interest rate will be based upon the Applicable Federal Rate, which is currently estimated to be 4.62%.

EXHIBIT A


Murdeaux Rehab Development, LP
MurdeauxVillas Landowner, LLC
General Partner
0.0025%
Murdeuax Rehab Development SLP, LLC
Class B Special Limited Partner
0.0025%
42EP Bridge Fund II, LP
Investor Limited Partner
99.99%
42EP SLP, LC
Special Limited Partner
0.005%
Trinity Housing Development Texas, LLC
100% Member
Trinity Housing Development Texas, LLC
100% Member
Trinity Housing Development, LLC
100% Member
Trinity Housing Development, LLC
100% Member
Joseph Ryan Hamilton
33.333%
John Douglas Hamilton
33.333%
Mike Hamra
33.333%
Joseph Ryan Hamilton
33.333%
John Douglas Hamilton
33.333%
Mike Hamra
33.333%

RESOLUTION NO. 26-010

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING GOVERNMENTAL NOTE (MURDEAUX VILLAS), SERIES 2026; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, on April 8, 2021, the Board approved Resolution No. 21-024 (the "2021 Resolution") authorizing the issuance of its Multifamily Note (Murdeaux Villas), Series 2021 (the "2021 Governmental Note") and the use of the proceeds of the 2021 Governmental Note to make a mortgage loan to Murdeaux Rehab Development, LP, a Texas limited partnership (the "Borrower") in connection with acquisition, rehabilitation and equipping of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board has determined to authorize the issuance of its Multifamily Housing Governmental Note (Murdeaux Villas), Series 2026 (the "Governmental Note")

pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement"), among the Department, and International Bank of Commerce, a Texas state banking corporation, as funding lender (the "Funding Lender"), and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent"), for the purpose of providing additional funds in connection with the financing of the Development, all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Governmental Note to fund an additional mortgage loan to the Borrower, in connection with the Development; and

WHEREAS, the Board, by resolution adopted on October 10, 2024, declared its intent to issue its revenue bonds or notes to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and;

WHEREAS, it is anticipated that the Department, the Fiscal Agent and the Borrower will execute and deliver a Project Loan Agreement (the "Project Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Governmental Note (the "Borrower Loan") to the Borrower to enable the Borrower to finance the acquisition, rehabilitation and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Borrower Note") in an original principal amount equal to the original aggregate principal amount of the Governmental Note, and providing for payment of interest on such principal amount equal to the interest on the Governmental Note and to pay other costs described in the Project Loan Agreement; and

WHEREAS, it is anticipated that the Borrower Note will be secured by a Leasehold Multifamily Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (the "Security Instrument") from the Borrower for the benefit of the Department and assigned to the Fiscal Agent; and

WHEREAS, the Department's rights (except for certain reserved rights) under the Project Loan Agreement, the Borrower Note and the Security Instrument will be assigned to the Fiscal Agent pursuant to an Assignment of Deed of Trust and Loan Documents (the "Assignment") from the Department to the Fiscal Agent; and

WHEREAS, with respect to the Governmental Note, the Board has determined that the Department, the Fiscal Agent, the Borrower and the fee owner identified therein (the "Fee Owner") will execute an Amended and Restated Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Dallas County, Texas; and

WHEREAS, in order to assure compliance with Section 103 and 141 through 150 of the Code, the Board has determined that the Department, the Fiscal Agent and the Borrower will

execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement"), in connection with the Governmental Note, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Governmental Note as exempt from gross income for federal income tax purposes; and

WHEREAS, the Board has further determined that the Funding Lender will purchase the Governmental Note from the Department; and

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

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

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

ARTICLE 1

ISSUANCE OF GOVERNMENTAL NOTE; APPROVAL OF DOCUMENTS

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

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Governmental Note shall bear interest at the Interest Rate as defined in, and subject to adjustment as provided in, the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Governmental Note exceed the maximum

interest rate permitted by applicable law; (ii) the aggregate principal amount of the Governmental Note shall be $5,000,000; (iii) the final maturity of the Governmental Note shall occur on the first day of the month that is 17 months after the date of delivery of the Governmental Note; and (iv) the price at which the Governmental Note is sold to the Funding Lender shall be the principal amount thereof.

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

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

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

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

Section 1.7 Sale of the Governmental Note. That the sale of the Governmental Note to the Funding Lender is hereby authorized and approved.

Section 1.8 Acceptance of the Borrower Note and the Security Instrument. That the form and substance of the Borrower Note and the Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Borrower Note to the order of the Fiscal Agent without recourse.

Section 1.9 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Fiscal Agent and to cause the Assignment to be filed of record in the real property records of Dallas County, Texas.

Section 1.10 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such

other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.11 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.12 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B - Funding Loan Agreement

Exhibit C - Project Loan Agreement

Exhibit D - Regulatory Agreement

Exhibit E - Borrower Note

Exhibit F - Security Instrument

Exhibit G - Assignment

Exhibit H - Tax Exemption Agreement

Section 1.13 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director – Housing Finance of the Department, the Director of Multifamily Bonds of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Note.

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

Section 2.4 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Governmental Note and the fees and revenues to be received in connection with the financing of the Development in accordance with the Funding Loan Agreement and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Funding Loan Agreement and the Tax Exemption Agreement.

Section 2.5 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

Section 2.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Governmental Note and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development, including but not limited to the information submitted by the Borrower, independent studies

commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

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

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

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

(b) Findings with Respect to the Borrower.

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

(ii) that the Borrower is financially responsible, and

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

(c) Public Purpose and Benefits.

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

(ii) that the issuance of the Governmental Note in connection with the financing of the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in

the State to obtain decent, safe, and sanitary housing by financing costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

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

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

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

ARTICLE 4

GENERAL PROVISIONS

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

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

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

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

PASSED AND APPROVED this 5th day of February, 2026.

EXHIBIT A

Description of Development

Borrower: Murdeaux Rehab Development, LP, a Texas limited partnership

Development: The Development is a 301-unit affordable multifamily community known as Murdeaux Villas, to be located at 125 S Murdeaux Ln, Dallas, Dallas County, Texas 75217. It consists of fourteen (14) residential apartment buildings and a clubhouse. The unit mix will consist of:

40	studio units
82	one-bedroom/one-bath units
65	two-bedroom/two-bath units
87*	three-bedroom/two-bath units
27	four-bedroom/two-bath units
301	Total Units

*One of the existing 3BR/2BA units will not be reconfigured, but will be designated as a two-bedroom unit and will be offered at the two-bedroom rent to households with a need for an accessible two-bedroom unit.

Real Estate Analysis Division
February 2, 2026

Addendum to Underwriting Report

TDHCA Application #: **21614** Program(s): **TDHCA Bonds/4% HTC**

Murdeaux Villas

Address/Location: 125 S Murdeaux Ln

City: Dallas County: Dallas Zip: 75217

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

Activity: Acquisition/Rehab Building Type: Garden (Up to 4-story) Region: 3

	APPLICATION HISTORY
Report Date	**PURPOSE**
02/02/26	**Amendment-Supplemental Bonds**
04/01/21	New Application - Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm. Lien**	**Const. Term**	**Const. Lien**
Private Activity Bonds (TDHCA Issuer Only)	$35,000,000	4.55%	40	17	**$40,000,000**						
LIHTC (4% Credit)	$2,218,728				**$3,687,762**						

* 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 Determination Notice:

- Approval of the Recommended Credit Allocation requires Board approval of the requested waiver as recommended.

Status: Cleared.

- Board approval of a waiver to the rule 11.304(a)(2) - requiring Appraisals to be reviewed in accordance with USPAP Standard 3 and Standard 4, by a review appraiser as selected by the Department from an approved list of review appraisers.

Status: Cleared.

2 Receipt and acceptance by Cost Certification:

- Certification that an ongoing Mold and Moisture Minimization Plan has been implemented.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	301

ANALYSIS

The Applicant is requesting $5M in supplemental tax exempt bonds and $1.5M in additional annual 4% housing tax credits. Additional debt and equity sources were obtained primarily to cover the $24M increase in building cost and the $12M increase in financing costs. Michael Hamra has also been added as a 33% member to Trinity Housing Development Texas LLC, which is a Guarantor and Developer. In addition, Murdeaux Villas Landowner, LLC (for-profit) has replaced the Garland Housing Finance Corporation (non-profit) as General Partner, impacting the Project's ability to be exempt from Property Taxes.

One of the existing 3 Bedroom units will not be reconfigured but will be designated as a two bedroom unit and will be offered at the two-bedroom rent to households with a need for an accessible two-bedroom unit.

Operating Pro Forma

Applicant updated 2021 rents to 2025 rents which increased income $1.15M or 36%. Applicant also provided updated utility allowances. Existing HTC restriction is at 60% AMI. However, Applicant elected set-asides of 100% at 50% AMI, as originally submitted in 2021.

Total expenses increased $671k since initial underwriting on 4/01/2021. Payroll and Electric were based on local comps expenses from 2023-2024. Applicant's proforma numbers were used for purposes of underwriting Water/Trash and Insurance expenses. Original application assumed a full tax exemption while updated supplemental bond application assumes no exemption which increases expenses by $487k. Also, Insurance expenses have increased by $133k since the last Underwriting. Overall Net Operating Income increased by $430k primarily due to the increase in 50% max program rents from 2021 to 2025.

As underwritten, 15-year residual cash flow is $2.5M after deferred developer fee is paid off in year 11.

Development Cost

Building cost increased by $24M or 167% ($80k/unit).

Total development cost increased by $35M, which was primarily driven by a $24M increase in building cost and a $12M increase in financing costs.

Sources of Funds

To cover the $35M increase in total development costs, new sources include:

- Insurance Proceeds of $639k which reflects recoverable depreciation and not actual payment on an insured loss;
- Interest earnings of $626k;
- A subordinate cash flow loan of $2.4M;
- A Seller Note of $12.9M;
- An equity increase of $12.9M; and
- A permanent debt increased with the request of $5M in supplemental bonds.

The DA Davidson 2026 B subordinate loan is paid from the Surplus Fund after the payment of deferred developer fee.

The Seller Note or capital contribution other than syndication equity will not be deemed to be a part of, and therefore added to, the Deferred Developer Fee for feasibility purposes under §11.302(i)(2) of this chapter since the contribution is a seller note ($12.9M) less than the acquisition price of the subject Development ($17.5M). The Applicant provided letters from a Third Party CPA, contributor banks, and certifications from contributors as required under the QAP. The contributors are Ryan and Douglas Hamilton.

Applicant included $625k for interest earned on bonds drawn in 12/2021. The interest expense on these bonds is included as an eligible expense. Net Income during rehab is based on 87.5% of projected income from August 2025 through anticipated loan conversion in May 2026 (10 months).

Recommendation

Underwriter recommends a TDHCA bond allocation of $40,000,000 ($35,000,000 previously allocated plus $5,000,000 in Supplemental Bonds) along with an annual 4% tax credit allocation of $3,687,762 as requested by Applicant.

Underwriter:	*Eric Weiner*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

LOCATION DATA	
CITY:	Dallas
COUNTY:	Dallas
Area Median Income	$83,100
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	40	13.3%	0	0
1	82	27.2%	0	0
2	64	21.3%	0	0
3	88	29.2%	0	0
4	27	9.0%	0	0
5	-	0.0%	0	0
TOTAL	301	100.0%	-	-

50% Average Income		
Income	# Units	% Total
20%	-	0.0%
30%	-	0.0%
40%	-	0.0%
50%	301	100.0%
60%	-	0.0%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	301	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	907 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 50%	$1,027	40	0	1	508	$1,027	$67	$960	$0	$1.89	$960	**$38,400**	**$38,400**	$960	$1.89	$0	$1,027	$2.02	$810
TC 50%	$1,100	82	1	1	650	$1,100	$78	$1,022	$0	$1.57	$1,022	**$83,804**	**$83,804**	$1,022	$1.57	$0	$1,100	$1.69	$1,075
TC 50%	$1,320	32	2	2	960	$1,320	$103	$1,217	$0	$1.27	$1,217	**$38,944**	**$38,944**	$1,217	$1.27	$0	$1,320	$1.38	$1,320
TC 50%	$1,320	32	2	2	990	$1,320	$103	$1,217	$0	$1.23	$1,217	**$38,944**	**$38,944**	$1,217	$1.23	$0	$1,320	$1.33	$1,350
TC 50%	$1,525	88	3	2	1,158	$1,525	$128	$1,397	$0	$1.21	$1,397	**$122,936**	**$122,936**	$1,397	$1.21	$0	$1,525	$1.32	$1,575
TC 50%	$1,701	27	4	2	1,300	$1,701	$154	$1,547	$0	$1.19	$1,547	**$41,769**	**$41,769**	$1,547	$1.19	$0	$1,701	$1.31	$1,750
TOTALS/AVERAGES:		**301**			**273,024**				**$0**	**$1.34**	**$1,212**	**$364,797**	**$364,797**	**$1,212**	**$1.34**	**$0**	**$1,315**	**$1.45**	**$1,302**

ANNUAL POTENTIAL GROSS RENT:	**$4,377,564**	**$4,377,564**	

STABILIZED PRO FORMA

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Comp Deals		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.34	$1,212	$4,377,564	$3,223,428	$3,223,428	$4,377,564	$1,212	$1.34		0.0%	$0
Pet and Late fees, forfietures, fines, vending							$30.00	$108,360	36,120							
Vouchers and parking (current operations)							$0.00	$0	36,120							
Total Secondary Income							$30.00			72,240	$108,360	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$4,485,924	$3,295,668	$3,295,668	$4,485,924				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(336,444)	(247,175)	(247,175)	(336,444)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$4,149,480	$3,048,493	$3,048,493	$4,149,480				0.0%	$0
General & Administrative	$113,309	$376/Unit	$198,804	$660	3.33%	$0.51	$459	$138,113	$83,800	$121,731	$150,075	$499	$0.55	3.62%	-8.0%	(11,962)
Management	$105,446	3.9% EGI	$119,140	$396	3.50%	$0.53	$482	$145,232	$121,940	$121,940	$145,232	$482	$0.53	3.50%	0.0%	-
Payroll & Payroll Tax	$348,900	$1,159/Unit	$364,746	$1,212	8.23%	$1.25	$1,134	$341,320	$350,000	$350,000	$364,746	$1,212	$1.34	8.79%	-6.4%	(23,426)
Repairs & Maintenance	$163,872	$544/Unit	$310,673	$1,032	6.02%	$0.91	$829	$249,678	$142,000	$195,650	$210,700	$700	$0.77	5.08%	18.5%	38,978
Electric/Gas	$81,841	$272/Unit	$67,204	$223	1.41%	$0.21	$194	$58,400	$40,000	$41,130	$67,204	$223	$0.25	1.62%	-13.1%	(8,804)
Water, Sewer, & Trash	$188,670	$627/Unit	$249,994	$831	3.51%	$0.53	$484	$145,600	$270,000	$261,634	$145,600	$484	$0.53	3.51%	0.0%	-
Property Insurance	$95,886	$0.35 /sf	$252,156	$838	6.82%	$1.04	$940	$282,850	$150,000	$120,617	$282,850	$940	$1.04	6.82%	0.0%	-
Property Tax (@ 100%) 2.7336	$202,076	$671/Unit	$350,287	$1,164	11.74%	$1.78	$1,619	$487,347	$0	$0	$487,347	$1,619	$1.78	11.74%	0.0%	-
Reserve for Replacements				$0	2.18%	$0.33	$300	$90,300	$105,700	$105,350	$90,300	$300	$0.33	2.18%	0.0%	-
Cable TV				$0	0.00%	$0.00	$0	$0	$3,600	$3,600	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.29%	$0.04	$40	$12,040	$12,080	$12,040	$12,040	$40	$0.04	0.29%	0.0%	-
TDHCA Bond Compliance Fee				$0	0.18%	$0.03	$25	$7,525	$7,550	$12,525	$7,525	$25	$0.03	0.18%	0.0%	-
Bond Trustee Fees				$0	0.17%	$0.03	$23	$7,000	$7,500	$7,500	$7,000	$23	$0.03	0.17%	0.0%	-
TOTAL EXPENSES					**47.37%**	**$7.20**	**$6,530**	**$ 1,965,405**	$1,294,170	$1,353,717	**$1,970,619**	**$6,547**	**$7.22**	**47.49%**	**-0.3%**	**$ (5,214)**
NET OPERATING INCOME ("NOI")					**52.63%**	**$8.00**	**$7,256**	**$2,184,075**	$1,754,323	$1,694,776	**$2,178,861**	**$7,239**	**$7.98**	**52.51%**	**0.2%**	**$ 5,214**

CONTROLLABLE EXPENSES							$3,100/Unit					$3,117/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
DA Davidson	0.10%	1.15	1.15	1,898,351	5.00%	40	40	$32,250,000	$27,500,000	$27,500,000	$32,250,000	40	40	5.00%	$1,898,351	1.15	37.2%
CASH FLOW DEBT / GRANTS																	
Engle Martin		1.15	1.15		0.00%	0	0	$639,376	$0	$0	$639,376	0	0	0.00%		1.15	0.7%
DA Davidson Subordinate Loan		1.15	1.15		7.85%	0	40	$2,350,000	$0	$0	$2,350,000	40	0	7.85%		1.15	2.7%
Murdeaux Rehab NOI		1.15	1.15		0.00%	0	0	$1,573,993	$350,000	$350,000	$1,573,993	0	0	0.00%		1.15	1.8%
DA Davidson Interest Earnings		1.15	1.15		0.00%	0	0	$625,650	$0	$0	$625,650	0	0	0.00%		1.15	0.7%
Trinity Development		1.15	1.15		4.62%	0	0	$12,909,128	$0	$0	$12,909,128	0	0	4.62%		1.15	14.9%
				$1,898,351	**TOTAL DEBT / GRANT SOURCES**			**$50,348,147**	$27,850,000	$27,850,000	**$50,348,147**			**TOTAL DEBT SERVICE**	**$1,898,351**	**1.15**	58.1%
NET CASH FLOW		$280,510	$285,724								**APPLICANT**	**NET OPERATING INCOME**		$2,184,075	$285,724	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
42 Equity Partners	LIHTC Equity	36.8%	$3,687,762	0.865	$31,895,948	$19,023,720	$18,860,229	$31,895,948	$0.865	$3,687,762	36.8%	$12,252	Applicant Request
Trinity Housing Development	Deferred Developer Fees	5.1%	(96% Deferred)		$4,430,000	$4,424,736	$4,699,052	$4,426,808	(96% Deferred)		5.1%	**Total Developer Fee:**	**$4,620,000**
Additional (Excess) Funds Req'd		0.0%					$0	$3,193			0.0%		
TOTAL EQUITY SOURCES		41.9%			$36,325,948	$23,448,456	$23,559,281	$36,325,949			41.9%		

TOTAL CAPITALIZATION	**$86,674,095**	$51,298,456	$51,409,281	**$86,674,096**		**15-Yr Cash Flow after Deferred Fee:**	**$2,522,949**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS				Prior Underwriting		TDHCA COST / BASIS ITEMS				COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**		**Applicant**	**TDHCA**	**Total Costs**		**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition			$3,987 / Unit	$1,200,000	$1,200,000	$1,200,000	$1,200,000	$3,987 / Unit			0.0%	$0
Building Acquisition	$16,300,000		$54,153 / Unit	$16,300,000	$16,270,000	$16,270,000	$16,300,000	$54,153 / Unit		$16,300,000	0.0%	$0
				$0	$150,000	$150,000	$0					$0
Site Work		$956,737	$3,179 / Unit	$956,737	$815,000	$1,062,250	$956,737	$3,179 / Unit	$956,737		0.0%	$0
Site Amenities		$250,000	$831 / Unit	$250,000	$945,000	$1,052,900	$250,000	$831 / Unit	$250,000		0.0%	$0
Building Cost		$38,605,883	$141.40 /sf	$128,259/Unit	$38,605,882	$14,479,000	$14,234,675	$38,605,883	$128,259/Unit	$141.40 /sf	$38,605,883	0.0%	($1)
Contingency		$0	0.00%	0.00%	$0	$1,623,900	$1,623,900	$0	0.00%	0.00%	$0	0.0%	$0
Contractor Fees		$2,901,399	7.29%	7.29%	$2,901,399	$2,500,806	$2,500,806	$2,901,399	7.29%	7.29%	$2,901,399	0.0%	$0
Soft Costs	$0	$3,768,114		$14,296 / Unit	$4,303,114	$1,827,500	$1,827,500	$4,303,114	$14,296 / Unit		$3,768,114	$0	0.0%	$0
Financing	$0	$7,277,900		$55,320 / Unit	$16,651,182	$4,543,750	$4,543,750	$16,651,182	$55,320 / Unit		$7,277,900	$0	0.0%	$0
Developer Fee	$0	$4,620,000	6.59%	6.59%	$4,620,000	$6,093,500	$6,093,500	$4,620,000	6.59%	6.59%	$4,620,000	$0	0.0%	$0
Reserves				3 Months	$885,781	$850,000	$850,000	$885,781	3 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$16,300,000**	**$58,380,033**		$287,954 / Unit	**$86,674,095**	$51,298,456	$51,409,281	**$86,674,096**	$287,954 / Unit		**$58,380,033**	**$16,300,000**	**0.0%**	**($1)**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	$0								
Financing Cost		$0												
Developer Fee	$0	$0			$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$16,300,000**	**$58,380,033**		$287,954/unit	**$86,674,095**	$51,298,456		**$86,674,096**	$287,954/unit		**$58,380,033**	**$16,300,000**	**0.0%**	**($1)**

TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA	**$86,674,096**	

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$16,300,000	$58,380,033	$16,300,000	$58,380,033
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$16,300,000	$58,380,033	$16,300,000	$58,380,033
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$16,300,000	$75,894,042	$16,300,000	$75,894,042
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$16,300,000	$75,894,042	$16,300,000	$75,894,042
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$652,000	$3,035,762	$652,000	$3,035,762
CREDITS ON QUALIFIED BASIS	$3,687,762		$3,687,762	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8649	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$3,687,762	$31,895,948	----	----	----
Needed to Fill Gap	$4,199,952	$36,325,949	----	----	----
Applicant Request	$3,687,762	$31,895,948	**$3,687,762**	**$0**	**$0**

25% Test for Bond Financing for 4% Tax Credits		
Tax-Exempt Bond Amount	**$40,000,000**	
	Applicant	**TDHCA**
Land Cost	$1,200,000	$1,200,000
Depreciable Bldg Cost	$70,595,032	$70,595,033
Aggregate Basis for 25% Test	**$71,795,032**	**$71,795,033**

Percent Financed by Tax-Exempt Bonds	Applicant	TDHCA
	55.7%	**55.7%**
amount aggregate basis can increase before 25% test fails	$8,204,968	$8,204,967
	11.4%	11.4%

Long-Term Pro Forma

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

	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%	$4,149,480	$4,232,469	$4,317,119	$4,403,461	$4,491,530	$4,959,012	$5,475,150	$6,045,008	$6,674,178	$7,368,831	$8,135,785	$8,982,564
TOTAL EXPENSES	3.00%	$1,965,405	$2,022,915	$2,082,121	$2,143,074	$2,205,825	$2,548,479	$2,944,806	$3,403,260	$3,933,634	$4,547,266	$5,257,293	$6,078,927
NET OPERATING INCOME ("NOI")		**$2,184,075**	**$2,209,554**	**$2,234,998**	**$2,260,388**	**$2,285,706**	**$2,410,534**	**$2,530,345**	**$2,641,748**	**$2,740,544**	**$2,821,565**	**$2,878,492**	**$2,903,637**
EXPENSE/INCOME RATIO		47.4%	47.8%	48.2%	48.7%	49.1%	51.4%	53.8%	56.3%	58.9%	61.7%	64.6%	67.7%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		$1,898,351	$1,898,091	$1,897,819	$1,897,532	$1,897,230	$1,895,476	$1,893,224	$1,890,334	$1,886,625	$1,881,865	$1,875,757	$1,867,917
DEBT COVERAGE RATIO		1.15	1.16	1.18	1.19	1.20	1.27	1.34	1.40	1.45	1.50	1.53	1.55
ANNUAL CASH FLOW		**$285,724**	**$311,463**	**$337,179**	**$362,856**	**$388,475**	**$515,058**	**$637,121**	**$751,414**	**$853,919**	**$939,700**	**$1,002,735**	**$1,035,720**
Deferred Developer Fee Balance		$4,144,277	$3,832,814	$3,495,635	$3,132,779	$2,744,304	$420,936	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$2,522,949	$6,055,284	$10,125,500	$14,660,244	$19,558,307	$24,684,602

21614 Murdeaux Villas - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 1, 2021

PROPERTY IDENTIFICATION	
Application #	21614
Development	Murdeaux Villas
City / County	Dallas / Dallas
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	Acquisition/Rehab (Built in 2004)

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$2,238,085	$2,218,728	$7,371/Unit	$0.85
Private Activity Bonds	$35,000,000	4.55%	40	17

KEY PRINCIPALS / SPONSOR

Trinity Housing Development
J Ryan Hamilton
Douglas Hamilton

Garland Housing Finance Corp

Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO





UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	40	13%
1	82	27%
2	65	22%
3	87	29%
4	27	9%
TOTAL	301	100%

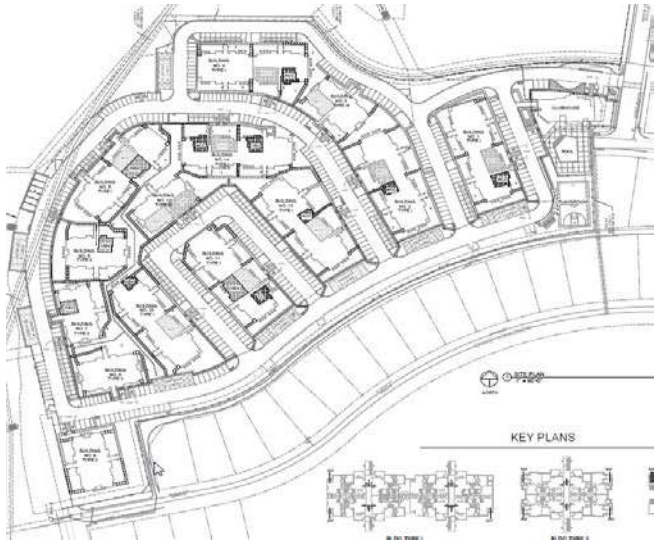
INCOME DISTRIBUTION

Income	# Units	% Total
30%	-	0%
40%	-	0%
50%	301	100%
60%	-	0%
MR	-	
TOTAL	301	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	Expense Ratio	42.5%
Breakeven Occ.	85.4%	Breakeven Rent	$823
Average Rent	$892	B/E Rent Margin	$70
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	$4,300/unit	Controllable	$2,943/unit

SITE PLAN





MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			6.65%
Highest Unit Capture Rate	42%	1 BR/50%	82
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs - Based on SCR		
Avg. Unit Size	907 SF	Density	16.7/acre
Acquisition		$59K/unit	$17,620K
Building Cost	$52.14/SF	$47K/unit	$14,235K
Hard Cost		$60K/unit	$17,974K
Total Cost		$171K/unit	$51,409K
Developer Fee	$6,094K	(77% Deferred)	Paid Year: 13
Contractor Fee	$2,501K	30% Boost	Yes

REHABILITATION COSTS / UNIT

Site Work	$4K	6%	Finishes/Fixtures	$17K	28%
Building Shell	$24K	41%	Amenities	$3K	6%
HVAC	$3K	6%	Total Exterior	$31K	58%
Appliances	$3K	5%	Total Interior	$23K	42%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Bellweather Enterprise	17/40	4.55%	$27,500,000	1.15
TOTAL DEBT (Must Pay)			$27,500,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Cash flow from Occupied units	0/0	0.00%	$350,000	1.15
CASH FLOW DEBT / GRANTS			$350,000	

EQUITY / DEFERRED FEES	
Source	Amount
42 Equity Partners	$18,860,229
Hamilton Development Corporation	$4,699,052
TOTAL EQUITY SOURCES	$23,559,281
TOTAL DEBT SOURCES	$27,850,000
TOTAL CAPITALIZATION	$51,409,281

CONDITIONS

1 Receipt and acceptance before Determination Notice:

a: Approval of the Recommended Credit Allocation requires Board approval of the requested waiver as recommended.

2 Receipt and acceptance by Cost Certification:

a: Certification that an ongoing Mold and Moisture Minimization Plan has been implemented.

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	7/27/2021
Bond Amount	$35,000,000
BRB Priority	1A
Bond Structure	Freddie Mac Tax-Exempt Loan
% Financed with Tax-Exempt Bonds	82.1%

RISK PROFILE

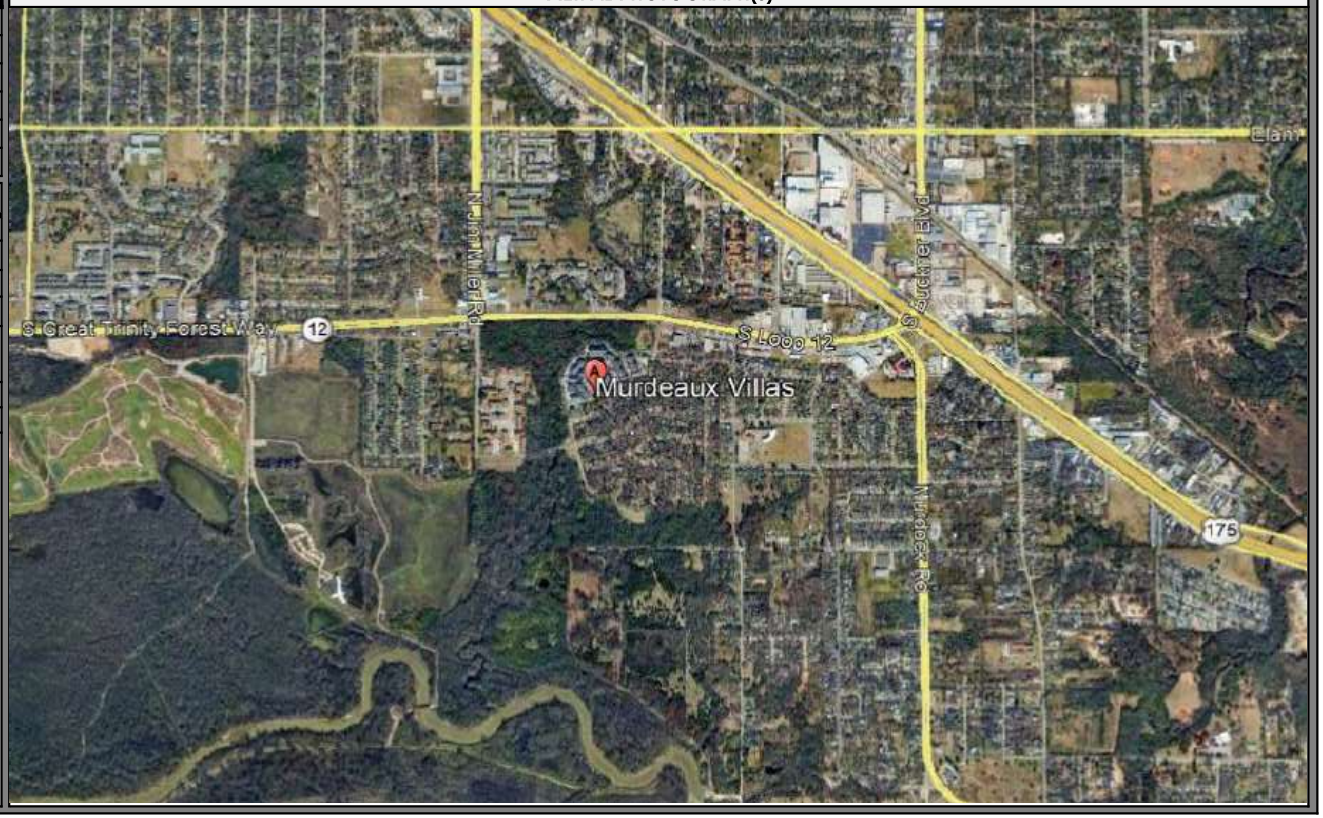
STRENGTHS/MITIGATING FACTORS

- Overall Feasibility Indicators
- Low gross capture rate of new unit mix.
- 10% Contingency
- Developer Experience

WEAKNESSES/RISKS

- Feasibility dependent on tax exemption
- Low historical occupancy of large units

AERIAL PHOTOGRAPH(s)



DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21614** Program(s): **TDHCA Bonds/4% HTC**

Murdeaux Villas

Address/Location: 125 S Murdeaux Ln

City: Dallas County: Dallas Zip: 75217

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

Activity: Acquisition/Rehab Building Type: Garden (Up to 4-story) Region: 3

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds	$35,000,000	4.55%	35	17	**$35,000,000**	**4.55%**	**40**	**17**	**0**
LIHTC (4% Credit)	$2,238,085				**$2,218,728**				

Staff recommends Board approval of a waiver of the following rule:

a) 11.304(a)(2) - requiring Appraisals to be reviewed in accordance with USPAP Standard 3 and Standard 4, by a review appraiser as selected by the Department from an approved list of review appraisers.

CONDITIONS

1 Receipt and acceptance before Determination Notice:

a: Approval of the Recommended Credit Allocation requires Board approval of the requested waiver as recommended.

2 Receipt and acceptance by Cost Certification:

a: Certification that an ongoing Mold and Moisture Minimization Plan has been implemented.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	301

DEVELOPMENT SUMMARY

Murdeaux Villas Apartments is an existing affordable housing development in year 16 of the HTC LURA, and is an attempted workout of a troubled asset in jeopardy of being foreclosed by the current lender.

The proposed amendment is tied to a purchase and sale agreement to be financed with an allocation of 4% credits and tax exempt bonds. NRA SF will remain the same, but the unit count will increase. Three and four-bedroom units with a history of low occupancy will be converted to one bedroom and studio units. The number of affordable units will increase from the current 240 units to 301 units. The building footprints will not change consistent with a rehabilitation.

The existing LURA restricts rents at 50% AMI and incomes at 60% AMI. The new HTC LURA will restrict all units at 50% AMI rent and income. The bond priority for the proposed transaction requires the new bond LURA to restrict half the units at 50% AMI rent and income, and half the units at 60% AMI rent and income. For the HTC program, existing households that were income eligible under the initial allocation of credits, are considered eligible under the new allocation of credits.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Overall Feasibility Indicators
▫	Low gross capture rate of new unit mix.
▫	10% Contingency
▫	Developer Experience

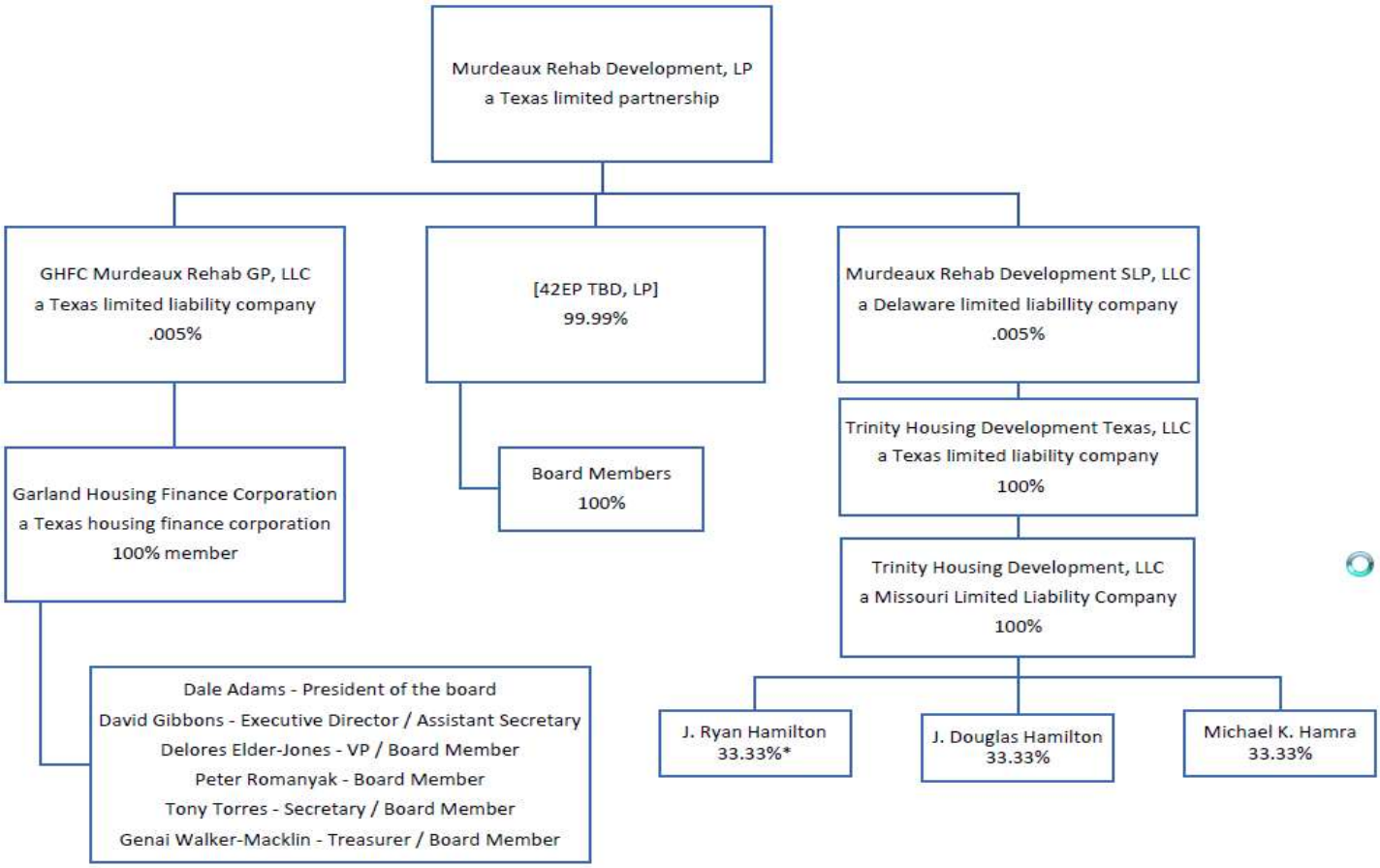
WEAKNESSES/RISKS	
▫	Feasibility dependent on tax exemption
▫	Low historical occupancy of large units
▫	
▫	

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	J. Ryan Hamilton	Name:	Douglas Hamilton
Phone:	(417) 882-1701	Phone:	-
Relationship:	Principle	Relationship:	Principle

OWNERSHIP STRUCTURE



- Garland Housing Finance Corp is the Sole Member of the GP. GHFC participation will facilitate a 100% property tax exemption.

  Trinity Housing Development Texas, LLC, a subsidiary of Hamilton Development Corp., has completed or is in the process of developing 12 Texas HTC properties over the past 6 years.

DEVELOPMENT SUMMARY

SITE PLAN

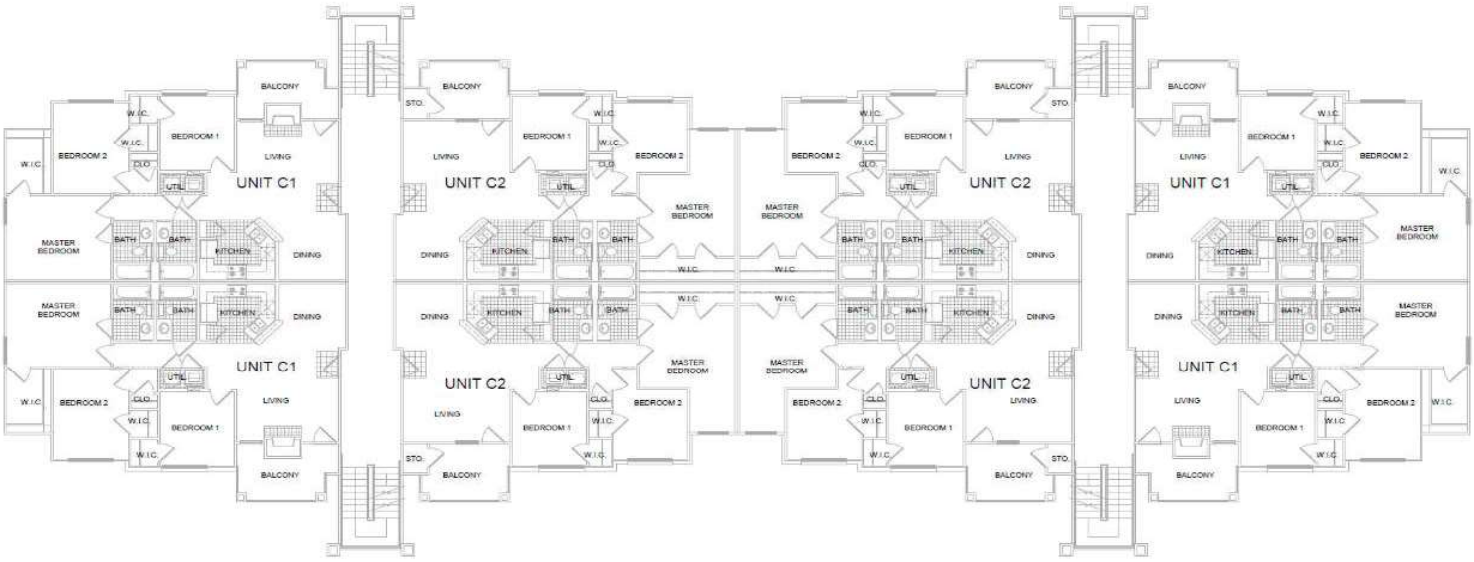


Comments:

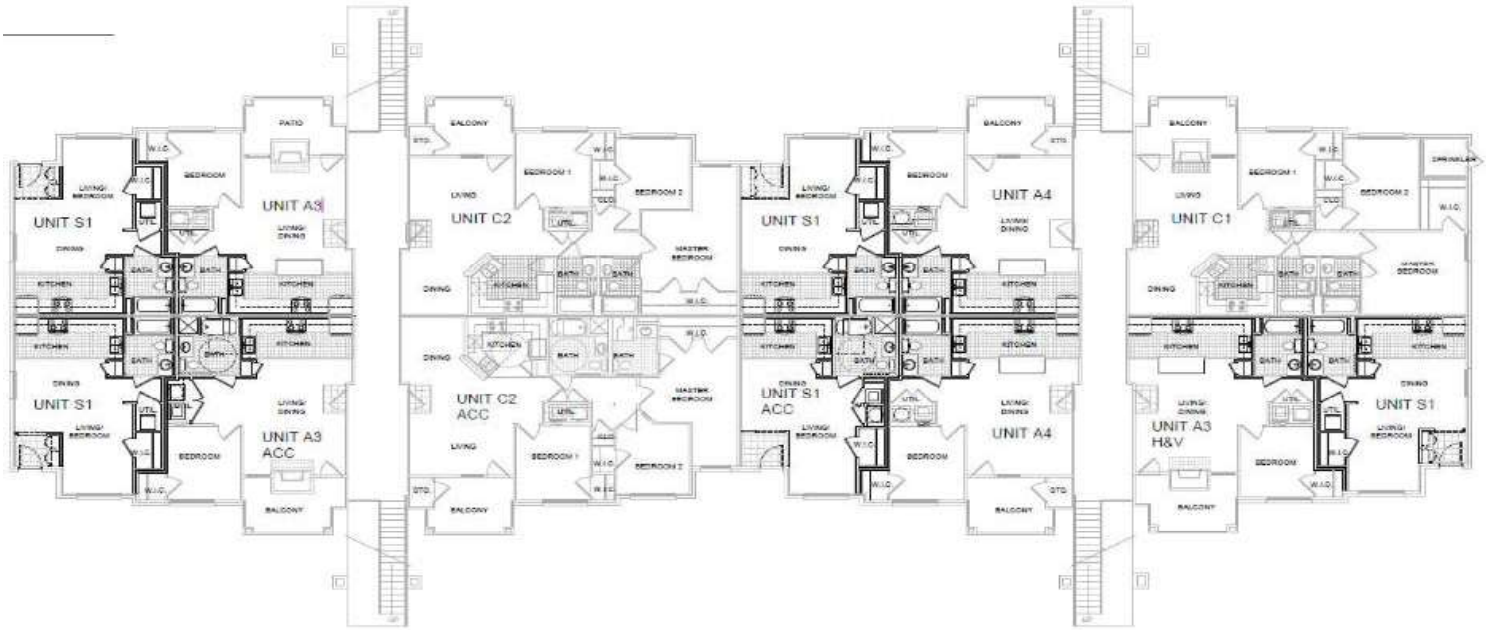
Existing 468 parking spaces consist of 324 standard spaces, 32 van accessible spaces, 62 carports and 50 garage spaces. The Applicant reports that the City has determined the development is compliant with the 460 spaces originally approved for Murdeaux because no space is being added to or subtracted from any buildings. The City has approved the plan submitted and the development is permit ready.

The QAP requires that the minimum parking required by local code must be available free of charge to the tenants. Since City approval is based on 460 spaces, no more that eight of the garages or carports can be rented for a fee.

BUILDING PLAN (Existing)



BUILDING PLAN (Post-Rehab)



Comments:

The existing unit mix does not include any efficiency or one-bedroom units. Forty existing 3-bedroom units and twenty-one existing 4-bedroom units will be reconfigured into forty efficiency units and eighty-two one-bedroom units. One existing accessible three-bedroom unit will not be reconfigured, but will be designated as a two-bedroom unit and will be offered at the two-bedroom rent to households with a need for an accessible two-bedroom unit.

BUILDING ELEVATION



Comments:

Two- and three-story, walk-up garden style buildings. Two(2), three (3) and four (4) bedroom units are all non-rectangular. Re-configuration of units will be accomplished within the existing building footprint maintaining significant building articulation. Exteriors are masonry, stucco, and fiber cement. Ceiling height is 8 feet typical of this era construction.

BUILDING CONFIGURATION

Building Type	TYPE I	TYPE II	TYPE II										**Total Buildings**
Floors/Stories	3	2	2										
Number of Bldgs	8	4	2										**14**
Units per Bldg	29	12	11										
Total Units	231	48	22										**301**

Avg. Unit Size (SF)	**907 sf**	**Total NRA (SF)**	**273,024**	**Common Area (SF)***	**4,718**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 18.04 acres Density: 16.7 units/acre

Site Control: 18.04 **Site Plan:** 18.04 **Appraisal:** 18.04 **ESA:** 18.04

Control Type: Purchase Agreement Contract Expiration: 5/1/2021

Tract 1: 18.038 acres Seller: Murdeaux Villas, LP

Tract 2: 3.678 acres Seller: Murdeaux Villas, LP

Total Acquisition: 21.72 acres Cost: $17,750,000

Development Site: 18.04 acres Cost: $17,470,000 $58,040 per unit

Seller: Murdeaux Villas, LP

Buyer: Trinity Housing Development, LLC

Related-Party Seller/Identity of Interest: No

Comments:

The existing Development Site is 18.038 acres. The Purchase Agreement also includes an adjacent 3.68-acre unimproved tract that will not be included as part of the post-rehabilitation Development Site. The Acquisition Cost for the proposed transaction is adjusted by the appraised value of the additional tract.

APPRAISED VALUE

Appraiser: BBG, Inc. Date: 11/11/2020

Land as Vacant:	18.04 acres	$1,200,000	Per Unit:	$3,987
Existing Buildings: (as-is)		$16,500,000	Per Unit:	$54,817
Total Development: (as-is)		**$17,700,000**	Per Unit:	**$58,804**

Comments:

The 2021 QAP requires the appraisal to be reviewed in accordance with USPAP Standards. Staff is recommending a waiver of this rule. At the time of this underwriting, the process to implement this requirement is not yet in place. Until a process is established and a list of approved review appraisers has been identified, REA Staff will continue to review application appraisals to insure compliance with the QAP.

SITE INFORMATION

Flood Zone:	X / AE	Scattered Site?	No
Zoning:	MF-1(A)	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	2004	Title Issues?	No

Current Uses of Subject Site:

Subject development

Surrounding Uses:

North: Vacant land / multifamily / single family residential
East: single family residential / retail / church
South: Vacant land / single family residential
West: Vacant land / multifamily / SFR

Other Observations:

All improvements are located outside the floodplain. An undeveloped portion on the west side and northwest corner of the site is located in floodzone AE.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Partner Engineering and Science, Inc. Date: 2/14/2020

Recognized Environmental Conditions (RECs) and Other Concerns:

- None.

Comments:

Property management reported four down apartment units at the time of the site reconnaissance. The down units were in various stages of construction with large areas of water damage including deteriorated/missing drywall, damaged/missing flooring, etc. evident in each unit. Areas of minor suspect microbial growth were noted in the four down apartment units. Partner recommends, that a Mold, Moisture & Minimization Plan be implemented at the subject property.

MARKET ANALYSIS

Provider: Affordable Housing Analysts | Date: 7/27/2020

Contact: Bob Coe | Phone: 281-387-7552

Market Analyst calculates a Gross Capture Rate of 6.65%, which is below the 10% maximum. Underwriter reviewed the market study for compliance.

Capture rate limits do not apply to existing affordable housing that is at least 50% occupied and that provides a leasing preference to existing tenants. Since the subject renovations will be a rolling rehab, occupancy will remain at, or close to, stabilized and absorption will not take place in the traditional sense.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$1,754,323	Avg. Rent:	$892	Expense Ratio:	42.5%
Debt Service:	$1,521,680	B/E Rent:	$823	Controllable Expenses:	$2,943
Net Cash Flow:	$232,643	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	1.15	B/E Occupancy:	85.4%	Program Rent Year:	2020

All units underwritten at maximum HTC 50% Rents.

Underwriter's estimates for operating expenses primarily based on the actual expenses.

Applicant anticipates a full property tax exemption facilitated by ground lease of the site from the GP, an affiliate of the Garland Housing Finance Corp. Without the tax exemption, debt coverage would drop to 0.87 times and the development would be infeasible.

Applicant's $1,800 franchise tax expense excluded by Underwriter because it is treated as a partnership expense rather than an operating expense of the property.

Annual deposit for Replacement Reserve $350 per unit as specified by equity provider.

Related-Party Property Management Company: Yes

Revisions to Rent Schedule:	6

Revisions to Annual Operating Expenses:	6

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$66,526/ac	$58,538/unit	**$17,620,000**	Contractor Fee	**$2,500,806**
Off-site + Site Work		$7,027/unit	**$2,115,150**	Soft Cost + Financing	**$6,371,250**
Building Cost	$52.14/sf	$47,291/unit	**$14,234,675**	Developer Fee	**$6,093,500**
Contingency	9.93%	$5,395/unit	**$1,623,900**	Reserves	**$850,000**
Total Development Cost	$170,795/unit	**$51,409,281**		**Rehabilitation Cost**	**$54,318/unit**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Acquisition:

Total Purchase Price is $17,750,000 for the subject and an additional 3.678-acre adjacent site. Cost stated in the Development Cost Schedule excludes the $280,000 appraised value for the additional tract.

$1,200,000 is allocated to the subject site land, and $16,270,000 allocated to eligible building cost.

Site Work:

Underwriter's Site Work costs from applicant's Scope and Cost Review.

Building Cost:

Report costs full replacement of most systems as determined by the SCR provider and the project architect.

42% of Hard Cost budgeted for unit interior improvements will directly impact resident experience.

REHABILITATION COSTS / UNIT - % HARD COST							
Site Work	$1,062,250	$3,529/unit	6%	Finishes/Fixtures	$4,979,000	$16,542/unit	28%
Building Shell	$7,352,475	$24,427/unit	41%	HVAC	$997,200	$3,313/unit	6%
Amenities	$1,052,900	$3,498/unit	6%	Appliances	$906,000	$3,010/unit	5%
Total Exterior	**$9,467,625**	**$31,454/unit**	**58%**	**Total Interior**	**$6,882,200**	**$22,864/unit**	**42%**

SCOPE & COST REVIEW

Provider: Dan Burbine and Associates Date: 10/15/2020

Contingency:

Eligible Contingency Cost is limited to 10% of eligible Hard Cost. The Applicant overstated eligible contingency by $30,000.

Contractor Fee:

Eligible Contractor Fees are limited to 14% of eligible Hard Cost plus Contingency. The Applicant overstated eligible contractor fees by $46,200.

Soft Costs:

$1,010/unit toward Architecture & Engineering, along with $911/unit for Building Permits / Impact Fees.
$500K set aside for temporary relocation of tenants during the rehabilitation.

Developer Fee:

Applicant included $6.1M Total Developer Fee with rehabilitation cost. Underwriter re-allocated $2.4M as acquisition cost. The acquisition portion does not receive the 30% basis boost, reducing the credit recommendation.

Comments:

All TDHCA Costs were provided by the independent Scope and Cost Review.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$51,409,281	$46,984,582	$2,218,728

Related-Party Contractor: Yes

Related-Party Cost Estimator: Yes

Revisions to Development Cost Schedule:	3

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
Texas Dept of Housing and Community Affairs	$35,000,000	1/28/2021	1A
Closing Deadline	**Bond Structure**		
7/27/2021	Freddie Mac Tax-Exempt Loan		

Percent of Cost Financed by Tax-Exempt Bonds	82.1%

Comments:

TDHCA will issue a $35,000,000 of Tax Exempt Bonds and will impose a 0.10% annual Bond Issuer Fee on the oustanding balance throughout the 40-year term.

Tax exempt bonds will finance 82% of the aggregate basis of the project, exceeding the 50% required to qualify for 4% housing tax credits.

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
IBC Bank	Tax Exempt Loan	$35,000,000	4.75%	68%
42 Equity Partners	HTC	$10,843,520	$0.85	21%
Hamilton Development Corporation	Deferred Developer Fee	$4,564,936		9%
Cash flow from Occupied units	Continuing Operations	$190,000		0%
		$51,298,456	**Total Sources**	

Comments:

iBC Bank will provide $35,000,000 interim construction loan at 4.75% interest. At conversion to permanent financing, $7,500,000 of the bonds will be redeemed, leaving $27,500,000 in permanent debt.

PERMANENT SOURCES

Debt Source	PROPOSED Amount	PROPOSED Interest Rate	PROPOSED Amort	PROPOSED Term	UNDERWRITTEN Amount	UNDERWRITTEN Interest Rate	UNDERWRITTEN Amort	UNDERWRITTEN Term	UNDERWRITTEN LTC
Bellweather Enterprise	$27,500,000	4.43%	40	17	$27,500,000	4.55%	40	17	53%
Cash flow from Occupied units	$350,000				$350,000				1%
Total	**$27,850,000**				**$27,850,000**				

Comments:

Bellwether Enterprise has provided a conditional commitment for a $27,500,000 Forward Freddie Mac Tax Exempt Loan.

Equity & Deferred Fees	PROPOSED Amount	PROPOSED Rate	PROPOSED % Def	UNDERWRITTEN Amount	UNDERWRITTEN Rate	UNDERWRITTEN % TC	UNDERWRITTEN % Def
42 Equity Partners	$19,023,720	$0.85		$18,860,229	$0.85	37%	
Hamilton Development Corporation	$4,424,736		73%	$4,699,052		9%	77%
Total	**$23,448,456**			**$23,559,281**			
				$51,409,281	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$1.053	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.784	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

42 Equity Partners will provide tax credit equity at $0.85 per credit.

As underwritten, the Developer will defer 77% of the Developer Fee.

Revisions to Sources Schedule:	6

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$51,409,281
Permanent Sources (debt + non-HTC equity)	$27,850,000
Gap in Permanent Financing	$23,559,281

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$18,860,229	$2,218,728
Needed to Balance Sources & Uses	$23,559,281	$2,771,527
Requested by Applicant	$19,024,770	$2,238,085

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$18,860,229**	**$2,218,728**

Deferred Developer Fee	**$4,699,052**	**(77% deferred)**
Repayable in	**13 years**	

Comments:

Tax Credit recommendation is $2,218,728 as determined by eligible basis.

The Applicant's request for credits was revised to reflect the 4.00% applicable percentage set by federal legislation passed at the end of 2020.

Underwriter:	*Greg Stoll*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

LOCATION DATA	
CITY:	Dallas
COUNTY:	Dallas
Area Median Income	$83,100
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	40	13.3%	0	0
1	82	27.2%	0	0
2	65	21.6%	1	0
3	87	28.9%	2	0
4	27	9.0%	0	0
5	-	0.0%	0	0
TOTAL	301	100.0%	3	-

50% Average Income		
Income	# Units	% Total
20%	-	0.0%
30%	-	0.0%
40%	-	0.0%
50%	301	100.0%
60%	-	0.0%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	301	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	907 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 50%	$755	20	0	1	508	$755	$49	$706	$0	$1.39	$706	**$14,120**	**$14,120**	$706	$1.39	$0	$810	$1.59	$810
TC 50%	$808	41	1	1	650	$808	$59	$749	$0	$1.15	$749	**$30,709**	**$30,709**	$749	$1.15	$0	$1,075	$1.65	$1,075
TC 50%	$970	16	2	2	960	$970	$75	$895	$0	$0.93	$895	**$14,320**	**$14,320**	$895	$0.93	$0	$1,320	$1.38	$1,320
TC 50%	$970	16	2	2	990	$970	$75	$895	$0	$0.90	$895	**$14,320**	**$14,320**	$895	$0.90	$0	$1,350	$1.36	$1,350
TC 50%	$1,120	42	3	2	1,158	$1,120	$87	$1,033	$0	$0.89	$1,033	**$43,386**	**$43,386**	$1,033	$0.89	$0	$1,575	$1.36	$1,575
TC 50%	$1,250	13	4	2	1,300	$1,250	$105	$1,145	$0	$0.88	$1,145	**$14,885**	**$14,885**	$1,145	$0.88	$0	$1,750	$1.35	$1,750
TC 50%	$1,120	2	3	2	1,158	$1,120	$87	$1,033	$0	$0.89	$1,033	**$2,066**	**$2,066**	$1,033	$0.89	$0	$1,350	$1.17	$1,350
TC 50%	$755	20	0	1	508	$755	$49	$706	$0	$1.39	$706	**$14,120**	**$14,120**	$706	$1.39	$0	$810	$1.59	$810
TC 50%	$808	41	1	1	650	$808	$59	$749	$0	$1.15	$749	**$30,709**	**$30,709**	$749	$1.15	$0	$1,075	$1.65	$1,075
TC 50%	$970	16	2	2	960	$970	$75	$895	$0	$0.93	$895	**$14,320**	**$14,320**	$895	$0.93	$0	$1,320	$1.38	$1,320
TC 50%	$970	16	2	2	990	$970	$75	$895	$0	$0.90	$895	**$14,320**	**$14,320**	$895	$0.90	$0	$1,350	$1.36	$1,350
TC 50%	$1,120	43	3	2	1,158	$1,120	$87	$1,033	$0	$0.89	$1,033	**$44,419**	**$44,419**	$1,033	$0.89	$0	$1,575	$1.36	$1,575
TC 50%	$1,250	14	4	2	1,300	$1,250	$105	$1,145	$0	$0.88	$1,145	**$16,030**	**$16,030**	$1,145	$0.88	$0	$1,750	$1.35	$1,750
TC 50%	$970	1	2	2	1,158	$970	$75	$895	$0	$0.77	$895	**$895**	**$895**	$895	$0.77	$0	$1,350	$1.17	$1,350
TOTALS/AVERAGES:		**301**			**273,024**				**$0**	**$0.98**	**$892**	**$268,619**	**$268,619**	**$892**	**$0.98**	**$0**	**$1,300**	**$1.43**	**$1,300**

ANNUAL POTENTIAL GROSS RENT:	**$3,223,428**	**$3,223,428**	

STABILIZED PRO FORMA

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

	STABILIZED FIRST YEAR PRO FORMA														
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		2019 T12		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.98	$892	$3,223,428	$3,223,428	$892	$0.98		0.0%	$0
Pet and Late fees, forfietures, fines, vendin							$10.00	$36,120						
Vouchers and parking (current operations)							$10.00	$36,120						
Total Secondary Income							$20.00		$72,240	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$3,295,668	$3,295,668				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(247,175)	(247,175)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$3,048,493	$3,048,493				0.0%	$0
General & Administrative	$113,309	$376/Unit	$121,731	$404	2.75%	$0.31	$278	$83,800	$121,731	$404	$0.45	3.99%	-31.2%	(37,931)
Management	$105,446	3.9% EGI	$83,294	$277	4.00%	$0.45	$405	$121,940	$121,940	$405	$0.45	4.00%	0.0%	-
Payroll & Payroll Tax	$348,900	$1,159/Unit	$319,491	$1,061	11.48%	$1.28	$1,163	$350,000	$350,000	$1,163	$1.28	11.48%	0.0%	-
Repairs & Maintenance	$163,872	$544/Unit	$375,696	$1,248	4.66%	$0.52	$472	$142,000	$195,650	$650	$0.72	6.42%	-27.4%	(53,650)
Electric/Gas	$81,841	$272/Unit	$41,130	$137	1.31%	$0.15	$133	$40,000	$41,130	$137	$0.15	1.35%	-2.7%	(1,130)
Water, Sewer, & Trash	$188,670	$627/Unit	$261,634	$869	8.86%	$0.99	$897	$270,000	$261,634	$869	$0.96	8.58%	3.2%	8,366
Property Insurance	$95,886	$0.35 /sf	$120,617	$401	4.92%	$0.55	$498	$150,000	$120,617	$401	$0.44	3.96%	24.4%	29,383
Property Tax (@ 0%) 2.7336	$202,076	$671/Unit	$179,930	$598	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements				$0	3.47%	$0.39	$351	$105,700	$105,350	$350	$0.39	3.46%	0.3%	350
Cable TV				$0	0.12%	$0.01	$12	$3,600	$3,600	$12	$0.01	0.12%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.40%	$0.04	$40	$12,080	$12,040	$40	$0.04	0.39%	0.3%	40
Bond Trustee Fees				$0	0.25%	$0.03	$25	$7,500	$7,500	$25	$0.03	0.25%	0.0%	-
TOTAL EXPENSES					**42.45%**	**$4.74**	**$4,300**	**$ 1,294,170**	**$1,353,717**	**$4,497**	**$4.96**	**44.41%**	**-4.4%**	**$ (59,547)**
NET OPERATING INCOME ("NOI")					**57.55%**	**$6.43**	**$5,828**	**$1,754,323**	**$1,694,776**	**$5,630**	**$6.21**	**55.59%**	**3.5%**	**$ 59,547**

CONTROLLABLE EXPENSES							$2,943/Unit			$3,223/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Bellweather Enterprise	0.10%	1.12	1.16	1,518,786	4.43%	40	17	$27,500,000	$27,500,000	17	40	4.55%	$1,521,680	1.15	53.5%
CASH FLOW DEBT / GRANTS															
Cash flow from Occupied units		1.12	1.16		0.00%	0	0	$350,000	$350,000	0	0	0.00%		1.15	0.7%
				$1,518,786	**TOTAL DEBT / GRANT SOURCES**			**$27,850,000**	**$27,850,000**			**TOTAL DEBT SERVICE**	**$1,521,680**	**1.15**	54.2%

NET CASH FLOW		$175,990	$235,537						**APPLICANT**	**NET OPERATING INCOME**		**$1,754,323**	**$232,643**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE						
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**	
42 Equity Partners	LIHTC Equity	37.0%	$2,238,085	0.850	$19,023,720	$18,860,229	$0.850	$2,218,728	36.7%	$7,371	Eligible Basis	
Hamilton Development Corporation	Deferred Developer Fees	8.6%	(73% Deferred)		$4,424,736	$4,699,052	(77% Deferred)		9.1%	**Total Developer Fee:**		**$6,093,500**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%			
TOTAL EQUITY SOURCES		45.6%			$23,448,456	$23,559,281			45.8%			

TOTAL CAPITALIZATION					**$51,298,456**	**$51,409,281**							**15-Yr Cash Flow after Deferred Fee:**		**$1,315,740**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis							Eligible Basis				
	Acquisition	**New Const. Rehab**		**Total Costs**		**Total Costs**		**New Const. Rehab**	**Acquisition**		**%**	**$**
Land Acquisition				$3,987 / Unit	$1,200,000	$1,200,000	$3,987 / Unit				0.0%	$0
Building Acquisition	$16,270,000			$54,053 / Unit	$16,270,000	$16,270,000	$54,053 / Unit		$16,270,000		0.0%	$0
Closing costs & acq. legal fees					$150,000	$150,000						$0
Site Work		$515,000		$2,708 / Unit	$815,000	$1,062,250	$3,529 / Unit		$867,250		-23.3%	($247,250)
Site Amenities		$945,000		$3,140 / Unit	$945,000	$1,052,900	$3,498 / Unit		$1,052,900		-10.2%	($107,900)
Building Cost		$14,479,000	$53.03 /sf	$48,103/Unit	$14,479,000	$14,234,675	$47,291/Unit	$52.14 /sf	$14,234,675		1.7%	$244,325
Contingency		$1,623,900	10.19%	10.00%	$1,623,900	$1,623,900	9.93%	10.00%	$1,615,483		0.0%	$0
Contractor Fees		$2,500,806	14.24%	14.00%	$2,500,806	$2,500,806	13.91%	14.00%	$2,487,843		0.0%	$0
Soft Costs	0	$1,202,500		$6,071 / Unit	$1,827,500	$1,827,500	$6,071 / Unit		$1,202,500	$0	0.0%	$0
Financing	0	$3,165,000		$15,096 / Unit	$4,543,750	$4,543,750	$15,096 / Unit		$3,165,000	$0	0.0%	$0
Developer Fee	$0	$6,093,500	14.97%	14.86%	$6,093,500	$6,093,500	14.83%	14.89%	$3,653,100	$2,435,831	0.0%	$0
Reserves				4 Months	$850,000	$850,000	4 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$16,270,000**	**$30,524,706**		$170,427 / Unit	**$51,298,456**	**$51,409,281**	$170,795 / Unit		**$28,278,751**	**$18,705,831**	**-0.2%**	**($110,825)**
Acquisition Cost	$0				$0							
Contingency		($30,000)			$0							
Contractor's Fee		($46,200)			$0							
Financing Cost		$0										
Developer Fee	$2,435,831	($2,440,400)			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$18,705,831**	**$28,008,106**		$170,427/unit	**$51,298,456**	**$51,409,281**	$170,795/unit		**$28,278,751**	**$18,705,831**	**-0.2%**	**($110,825)**

TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA	**$51,409,281**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$18,705,831	$28,008,106	$18,705,831	$28,278,751
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$18,705,831	$28,008,106	$18,705,831	$28,278,751
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$18,705,831	$36,410,538	$18,705,831	$36,762,376
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$18,705,831	$36,410,538	$18,705,831	$36,762,376
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$748,233	$1,456,422	$748,233	$1,470,495
CREDITS ON QUALIFIED BASIS	$2,204,655		$2,218,728	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8500	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,218,728	$18,860,229	**$2,218,728**	($19,357)	($164,541)
Needed to Fill Gap	$2,771,527	$23,559,281	----	----	---
Applicant Request	$2,238,085	$19,024,770	----	----	---

50% Test for Bond Financing for 4% Tax Credits		
Tax-Exempt Bond Amount	**$35,000,000**	
	Applicant	**TDHCA**
Land Cost	$1,200,000	$1,200,000
Depreciable Bldg Cost	$41,326,206	$41,437,031
Aggregate Basis for 50% Test	**$42,526,206**	**$42,637,031**

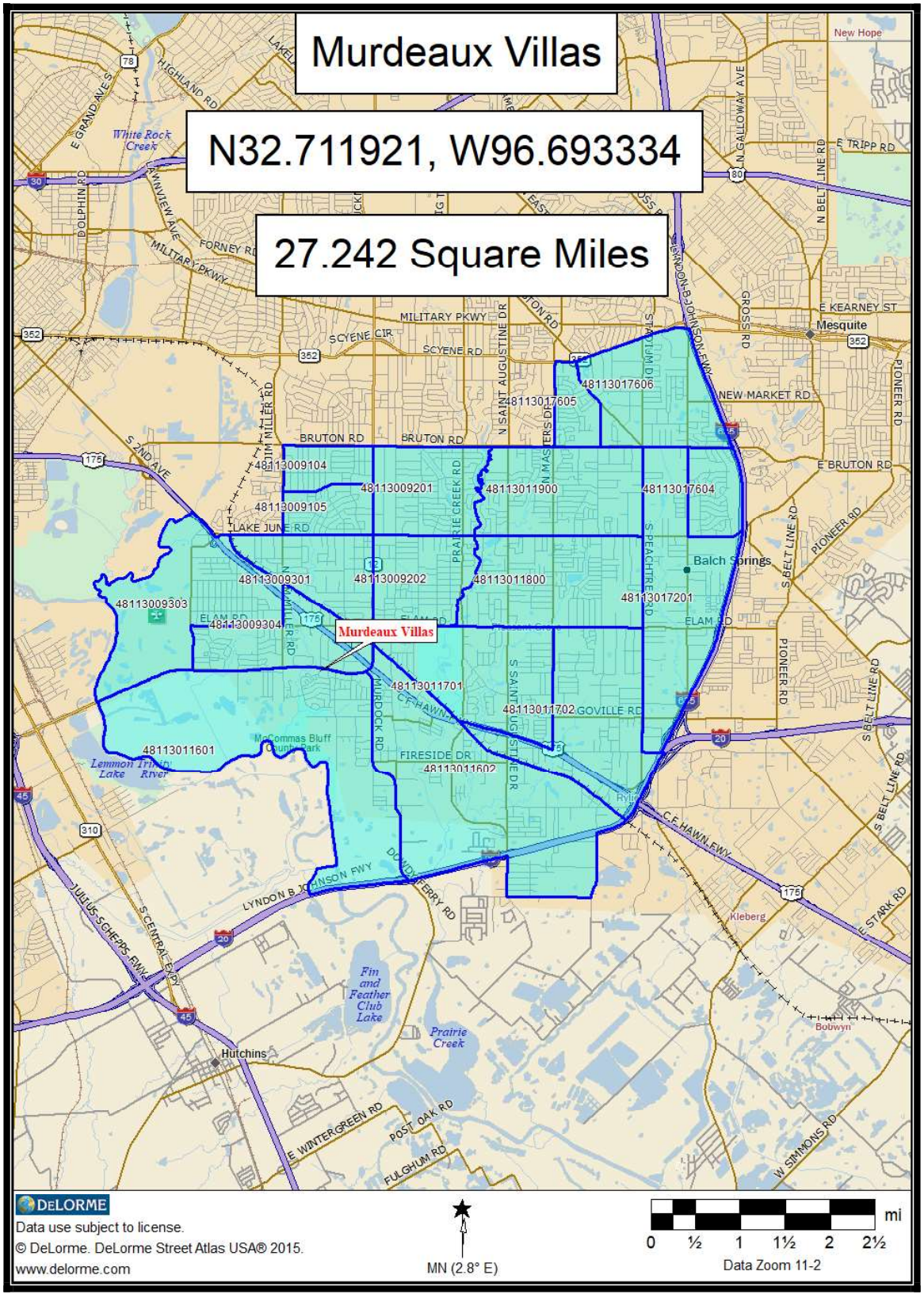
Percent Financed by Tax-Exempt Bonds	Applicant	TDHCA
	82.3%	**82.1%**
amount aggregate basis can increase before 50% test fails	$27,473,794	$27,362,969
	64.6%	64.2%

Long-Term Pro Forma

Murdeaux Villas, Dallas, TDHCA Bonds/4% HTC #21614

	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%	$3,048,493	$3,109,463	$3,171,652	$3,235,085	$3,299,787	$3,643,231	$4,022,422	$4,441,079	$4,903,310	$5,413,650	$5,977,107	$6,599,209
TOTAL EXPENSES	3.00%	$1,294,170	$1,331,776	$1,370,485	$1,410,331	$1,451,347	$1,675,224	$1,934,000	$2,233,156	$2,579,035	$2,978,983	$3,441,506	$3,976,453
NET OPERATING INCOME ("NOI")		**$1,754,323**	**$1,777,687**	**$1,801,167**	**$1,824,754**	**$1,848,440**	**$1,968,007**	**$2,088,421**	**$2,207,923**	**$2,324,274**	**$2,434,667**	**$2,535,601**	**$2,622,756**
EXPENSE/INCOME RATIO		42.5%	42.8%	43.2%	43.6%	44.0%	46.0%	48.1%	50.3%	52.6%	55.0%	57.6%	60.3%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		$1,521,680	$1,521,432	$1,521,173	$1,520,901	$1,520,617	$1,518,985	$1,516,936	$1,514,366	$1,511,140	$1,507,093	$1,502,013	$1,495,638
DEBT COVERAGE RATIO		1.15	1.17	1.18	1.20	1.22	1.30	1.38	1.46	1.54	1.62	1.69	1.75
ANNUAL CASH FLOW		**$232,643**	**$256,255**	**$279,994**	**$303,853**	**$327,823**	**$449,023**	**$571,485**	**$693,556**	**$813,134**	**$927,574**	**$1,033,588**	**$1,127,118**
Deferred Developer Fee Balance		$4,466,409	$4,210,155	$3,930,160	$3,626,307	$3,298,484	$1,296,556	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$1,315,740	$4,539,920	$8,367,918	$12,779,568	$17,739,600	$23,194,044

PRIMARY MARKET AREA MAP



Final Transcript

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS:
Murdeaux Tax Exempt Bond Hearing
April 22, 2025/10:00 a.m. CDT

PRESENTATION

Teresa

Good morning. This is Teresa Morales with the Texas Department of Housing and Community Affairs. The purpose of this call is to conduct a public hearing with respect to the Murdeaux Villas supplemental bond. To give folks a little bit more time to call in, we will get started in just a few minutes.

Good morning. This is Teresa Morales with the Texas Department of Housing and Community Affairs. The purpose of this call is to conduct a public hearing with respect to the Murdeaux Villas supplemental bond transaction. To give folks an idea as to the format of this hearing and how we will proceed, there is a brief speech that I need to read for purposes of meeting the requirements of the Internal Revenue Code. It will be at the conclusion of that speech, where I will unmute the lines, and if there are any individuals who would like to provide public comment with respect to the Murdeaux Villas transaction, that will be your opportunity to do so. We will now begin with the brief speech.

Good morning. My name is Teresa Morales. I would like to proceed with the public hearing. Let the record show that it is 10:04 am, Tuesday, April 22, 2025, and we are conducting a public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of supplemental tax exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code. The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will

be made at this hearing. The department's board is scheduled to meet to consider the transaction on May 8, 2025.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings. The bonds will be issued as tax exempt multifamily revenue bonds in the aggregate principal amount not to exceed $5 million and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the issuer. The proceeds of the bonds will be loaned to Murdeaux Rehab Development, LP, or a related person or affiliate entity thereof, to finance a portion of the costs of acquiring, rehabbing and equipping a multifamily rental housing community described as follows: A 301 unit multifamily residential rental development to be located on approximately 18.04 acres of land. Located at 125 Murdeaux Lane, Dallas, Dallas County, Texas, 75217. The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.

I would now like to open the floor for public comment. Let the record show that the lines have been unmuted, and if there are any individuals on the line who would like to provide public comment with respect to this property, now is your time to do so.

Let the record show that there are no individuals on the line who would like to provide public comments, and therefore the meeting is now adjourned. The time is 10:07 am.

Thank you.

FUNDING LOAN AGREEMENT

among

INTERNATIONAL BANK OF COMMERCE,
as Initial Funding Lender

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Governmental Lender

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Fiscal Agent

Relating to
MURDEAUX VILLAS
Dallas, Texas

Funding Loan Principal Amount: $[5,000,000]

Dated as of [_____] 1, 2026

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FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT (as amended, restated or supplemented from time to time, this "**Funding Loan Agreement**"), is made and entered into as of [_____] 1, 2026, by and among **INTERNATIONAL BANK OF COMMERCE**, a Texas state banking corporation, in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (the "**Governmental Lender**"), a public and official agency of the State of Texas (the "**State**"), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association, organized and operating under the laws of the United States of America, having a corporate trust office in Dallas, Texas, as Fiscal Agent (the "**Fiscal Agent**"). Capitalized terms are defined in Section 1.01 of this Funding Loan Agreement.

RECITALS

A. Pursuant to Chapter 2306, Texas Government Code, as amended (the "**Act**") and the Project Loan Agreement dated as of the date hereof (as amended, restated or supplemented from time to time, the "**Project Loan Agreement**") by and among the Governmental Lender, the Fiscal Agent and Murdeaux Rehab Development, LP, a limited partnership duly organized and existing under the laws of the State of Texas (the "**Borrower**"), the Governmental Lender is agreeing to make a mortgage loan to the Borrower in the original principal amount of $[5,000,000] (the "**Project Loan**") to provide for the financing of the herein defined Project.

B. The Governmental Lender is making the Project Loan to the Borrower with the proceeds received from the separate loan made to the Governmental Lender pursuant to this Funding Loan Agreement in the original principal amount of $[5,000,000] (the "**Funding Loan**" and together with the Project Loan, the "**Loans**"). The Funding Loan is evidenced by the Multifamily Note as of the date hereof in the form attached hereto as Exhibit A (as amended, restated or supplemented from time to time, the "**Governmental Note**") delivered by the Governmental Lender to the Initial Funding Lender.

C. The Initial Funding Lender, pursuant to the terms and subject to the conditions of this Funding Loan Agreement and the Continuing Covenant Agreement, has agreed to originate and fund the Funding Loan to the Governmental Lender, which proceeds of the Funding Loan will be used by the Governmental Lender to fund the Project Loan to the Borrower pursuant to the Project Loan Agreement. The Initial Funding Lender will administer the Loans in accordance with the Financing Documents.

D. The Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition, rehabilitation and equipping of the Project [and to pay certain closing costs with respect to the Loans].

E. The Borrower's repayment obligations in respect of the Project Loan will be evidenced by a Project Note dated as of the date hereof (as amended, restated or supplemented from time to time, the **"Project Note**") delivered to the Governmental Lender, which Project Note will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

F. To secure the Borrower's obligations under the Project Note, the Borrower will

execute and deliver to the Governmental Lender a Leasehold Multifamily Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing dated as of the date hereof (as amended, restated or supplemented from time to time, the "**Security Instrument**") with respect to the Project, which Security Instrument will be assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan and the Governmental Note.

G. The Governmental Lender has previously issued its Multifamily Note (Murdeaux Villas), Series 2021 in the original aggregate principal amount of $35,000,000 (the "**Series 2021 Governmental Note**" and collectively with the Governmental Note, the "**Obligations**") to provide financing for the acquisition, rehabilitation and equipping of the Project.

H. Reserved.

I. Reserved.

J. Reserved.

K. Reserved.

L. The Governmental Lender has determined that all things necessary to incur the Funding Loan and to execute and deliver the Governmental Note, when executed by the Governmental Lender and authenticated by the Fiscal Agent and issued in accordance with this Funding Loan Agreement, the valid, binding and legal obligation of the Governmental Lender and to constitute this Funding Loan Agreement a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, premium, if any, and interest on, the Governmental Note, have been duly taken, and the creation, execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Note, subject to the terms of this Funding Loan Agreement, have been duly authorized by the Governmental Lender.

M. The Fiscal Agent has the power and authority to enter into this Funding Loan Agreement, including corporate trust powers to accept the trusts hereunder and to accept and assume its other responsibilities hereunder as Fiscal Agent as evidenced by its execution of this Funding Loan Agreement.

N. The Borrower is entering into an Amended and Restated Regulatory and Land Use Restriction Agreement (the "**Tax Regulatory Agreement**") with the Governmental Lender, the Fee Owner (as defined herein) and the Fiscal Agent, which sets forth various requirements with respect to the Project and will be filed of record in the real property records of Dallas County, Texas.

O. The Borrower is entering into the Tax Exemption Certificate and Agreement (the "**Tax Exemption Agreement**") with the Governmental Lender and the Fiscal Agent, pursuant to which the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Obligations as exempt from gross income for federal income tax purposes.

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Funding Loan by the Funding Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.01. ***Definitions.*** The terms used in this Funding Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Funding Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein not otherwise defined shall have the respective meanings set forth in the Project Loan Agreement, the Tax Regulatory Agreement or the Tax Exemption Agreement.

"Act" is defined in the Recitals of this Funding Loan Agreement.

"Administration Fund" means the Administration Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Assignment*" means the Assignment of Security Instrument dated as of the date hereof by the Governmental Lender assigning its interest in the Security Instrument to the Fiscal Agent.

"*Authorized Amount*" shall mean $[5,000,000], the principal amount of the Funding Loan authorized under this Funding Loan Agreement.

"*Authorized Officer*" means (a) when used with respect to Governmental Lender, the Chair or Vice Chair of the Board, the Executive Director of the Governmental Lender, the Director of Financial Administration of the Governmental Lender, the Deputy Executive Director – Housing Finance of the Governmental Lender, the Director of Multifamily Bonds of the Governmental Lender, and the Secretary or Assistant Secretary to the Board and any other officer or employee of the Governmental Lender designated by certificate of any of the foregoing or authorized by the Governmental Lender in writing to act on its behalf, (b) when used with respect to the Borrower, any officer of the general partner of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Fiscal Agent, any authorized signatory of the Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of the Fiscal Agent, and (d) when used with respect to the Funding Lender, any Person who is authorized in writing to take the action in question on behalf of the Funding Lender.

"*Bankruptcy Code*" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor federal statute.

"*Board*" means the Governing Board of the Governmental Lender.

"*Bond Counsel*" means (a) on the Delivery Date, the law firm or law firms delivering the approving opinion(s) with respect to the Governmental Note, and initially means Bracewell LLP, or (b) any other firm of attorneys selected by the Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed

as municipal bond attorneys in The Bond Buyer's Municipal Marketplace and is acceptable to the Funding Lender.

"Bond Year" shall have the meaning ascribed thereto in the Tax Exemption Agreement.

"*Borrower*" is defined in the Recitals of this Funding Loan Agreement.

"*Borrower Equity Account*" means the Borrower Equity Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

"*Borrower Equity Deposit*" means an amount specified in the Closing Memorandum, which shall be comprised of sources other than the proceeds of the Project Loan.

"*Business Day*" means any day other than (a) a Saturday or a Sunday, or (b) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

"*Certificate of the Governmental Lender*" and *"Request of the Governmental Lender"* mean, respectively, a written certificate or request signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender or such other Person as may be designated and authorized to sign for the Governmental Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"*Closing Memorandum*" means the [Closing Memorandum] signed by Borrower with respect to the initial disbursement of Funding Loan proceeds and other amounts specified therein.

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

"*Comptroller*" means the Comptroller of Public Accounts of the State of Texas.

"*Construction Loan Documents*" means the Continuing Covenant Agreement and all other documents delivered to Initial Funding Lender or for the benefit of Governmental Lender evidencing, securing or governing the Funding Loan or the Project Loan.

"*Continuing Covenant Agreement*" means the [Disbursement Agreement] dated as of [_____] 1, 2026 by and between the Borrower and the Initial Funding Lender, as the same may be amended, modified or supplemented from time to time.

"*Cost*," "*Costs*" or "*Costs of the Project*" with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Code and the Act.

"*Cost of Issuance Fund*" means the Cost of Issuance Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Costs of Issuance*" shall have the meaning ascribed thereto in the Tax Exemption Agreement.

"*Costs of Issuance Deposit*" means the deposit to be made by the Borrower with the Fiscal Agent on the Delivery Date, which deposit shall be specified in the Closing Memorandum and shall be comprised of sources other than the proceeds of the Project Loan.

"*Default Rate*" means the lesser of (i) eighteen percent (18%) per annum, or (ii) the Maximum Interest Rate.

"*Delivery Date*" means the date of funding of the Funding Loan and the delivery of the Governmental Note by the Governmental Lender to the Initial Funding Lender.

"*Determination of Taxability*" shall mean, (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (c) a determination by any court of competent jurisdiction, (d) the enactment of legislation which has become effective or (e) receipt by Fiscal Agent or Funding Lender, at the request of Governmental Lender, Borrower, Fiscal Agent or Funding Lender, of an opinion of Bond Counsel, in each case to the effect that the interest on the Governmental Note is includable in gross income for federal income tax purposes of the Funding Lender or any former Funding Lender, other than a Funding Lender or a holder of the Governmental Note who is a "substantial user" of the Project or a "related person" (as such terms are defined in Section 147(a) of the Code) of such a "substantial user"; provided, however, that no such Determination of Taxability under clause (a), (b) or (c) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final determination from which no appeal may be taken with respect to such determination, or (ii) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be.

"*Electronic Notice*" means delivery of notice in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 11.04 hereof; provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 11.04 hereof.

"*Event of Default*" means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an Event of Default.

"*Extraordinary Services*" means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Fiscal Agent, in respect of or to prevent default under this Funding Loan Agreement or the Project Loan Documents, including any reasonable attorneys' or agents' fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Project Loan Agreement, and other actions taken and carried

out by the Fiscal Agent which are not expressly set forth in this Funding Loan Agreement or the Project Loan Documents.

"*Extraordinary Fiscal Agent's Fees and Expenses*" means all those fees, expenses and reimbursements earned or incurred by the Fiscal Agent as described under Section 7.06 hereof during any Bond Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower, and the Funding Lender.

"*Fair Market Value*" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with Section 1.148-5(d)(6)(ii) of the Regulations, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with Section 1.148-5(d)(6)(iii) of the Regulations, (c) the investment is a United States Treasury Security–State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

"Favorable Opinion of Bond Counsel" means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the Federal Tax Status of the Governmental Note (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Governmental Note or other customary exceptions acceptable to the recipient(s) thereof).

"Federal Tax Status" means, as to the Governmental Note, the status under existing law of the interest on the Governmental Note as excludable from gross income for federal income tax purposes (except on the Governmental Note for any period during which it is held by a "substantial user" of the Project or by a "related person" of such a "substantial user," each within the meaning of Section 147(a) of the Code).

"*Fee Component*" has the meaning set forth in the Project Loan Agreement.

"*Fee Owner*" has the meaning set forth in the Tax Regulatory Agreement.

"*Financing Documents*" means, collectively, this Funding Loan Agreement, the Governmental Note, the Tax Exemption Agreement, the Construction Loan Documents, the Project Loan Documents and all other documents or instruments evidencing, securing or relating to the Loans.

"*Fiscal Agent*" means Wilmington Trust, National Association, a national banking association and its successors hereunder.

"*Funding Lender*" means any Person who is the holder of the Governmental Note.

"*Funding Loan*" is defined in the Recitals of this Funding Loan Agreement.

"*Government Obligations*" means investments meeting the requirements of clause (a) or (b) of the definition of "Qualified Investments" herein.

"*Governmental Lender*" is defined in the first paragraph of this Funding Loan Agreement.

"*Governmental Lender Administration Fee*" means the fee payable annually in advance to the Governmental Lender on each May 1, in the amount of .10% per annum of the aggregate principal amount of the Governmental Note outstanding at the inception of each payment period, as such fee is further described in the 2021 Funding Loan Agreement.

"*Governmental Lender Compliance Fee*" means the fee payable annually in advance to the Governmental Lender on each May 1, in the amount of $25 per Low-Income Unit (as defined in the Regulatory Agreement) in the Project, for the duration of the State Restrictive Period (as defined in the Regulatory Agreement), as such fee is further described in the 2021 Funding Loan Agreement. The Governmental Lender Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

"*Governmental Lender Fees*" means, collectively, the Governmental Lender Administration Fee and the Governmental Lender Compliance Fee.

"*Governmental Note*" is defined in the Recitals of this Funding Loan Agreement.

"*Initial Debt Service Deposit*" means an amount equal to the sum of (i) the interest payable on the Funding Loan, and (ii) the ongoing fees payable with respect to the Project Loan (as provided in Section 4.02 of the Project Loan Agreement), in each case for the period commencing on the Delivery Date to but not including the first day of the calendar month immediately succeeding the Delivery Date.

"*Initial Funding Lender*" means International Bank of Commerce, a Texas state banking corporation, as initial holder of the Governmental Note.

"*Initial Note*" means the initial Governmental Note registered by the Comptroller and subsequently canceled and replaced by a definitive Governmental Note pursuant to this Funding Loan Agreement.

"*Interest Payment Date*" means (i) the first day of each calendar month, commencing [_____] 1, 2026, (ii) the date of any prepayment of the Funding Loan, but only with respect to the portion of the Funding Loan subject to prepayment, (iii) *Reserved*, and (iv) the Maturity Date.

"*Interest Rate*" means fixed rate of 6.25% per annum.

"*Investment Income*" means the earnings and profits derived from the investment of money pursuant to Section 4.08 hereof.

"*Loans*" means, together, the Project Loan and the Funding Loan.

"*Loan Payment Fund*" means the Loan Payment Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Loan Prepayment Fund*" means the Loan Prepayment Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Maturity Date*" means the maturity date of the Funding Loan set forth in Section 2.01(e) hereof.

"*Maximum Interest Rate*" means the rate of interest which results in the maximum amount of interest allowed by applicable law pursuant to Chapter 1204 of the Texas Government Code.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

"*Net Casualty Proceeds*" when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys' fees.

"*New York Prime Rate*" means the annual lending rate of interest announced from time to time by JP Morgan Chase & Co., New York, New York, as its prime rate.

"*Notes*" means, together, the Project Note and the Governmental Note.

"Ordinary Fiscal Agent's Fees and Expenses" means the annual administration fee for the Fiscal Agent's ordinary fees and expenses in rendering its services under this Funding Loan Agreement during each twelve month period, which fee is equal to $[_____] and shall be payable annually in advance on the Delivery Date and each annual anniversary thereof.

"Organizational Documents" means the Amended and Restated Limited Partnership Agreement of the Borrower dated as of the Delivery Date, as the same may be amended, modified, supplemented or restated from time to time.

"*Person*" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

"*Pledged Security*" shall have the meaning given to that term in Section 2.02 hereof.

"*Prepayment Premium*" shall mean any premium payable hereunder in connection with a prepayment of the Funding Loan, which premium shall be in an amount equal to the amount of premium payable by the Borrower under the Project Note, if any, in connection with a prepayment of the Project Loan.

"*Principal Office of the Fiscal Agent*" means the office of the Fiscal Agent referenced in Section 11.04(a) hereof, or such other office or offices as the Fiscal Agent may designate in writing from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as Fiscal Agent under indentures pursuant to which municipal or governmental obligations are issued.

"*Project*" means, collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements to be known as Murdeaux Villas located in Dallas, Texas, including the real estate described in the Security Instrument.

"*Project Account*" means the Project Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

"*Project Loan*" is defined in the Recitals of this Funding Loan Agreement.

"*Project Loan Agreement*" is defined in the Recitals of this Funding Loan Agreement.

"*Project Loan Documents*" means the Security Instrument, the Project Note, the Project Loan Agreement, the Tax Regulatory Agreement, the Tax Exemption Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

"*Project Loan Fund*" means the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

"*Project Note*" is defined in the Recitals of this Funding Loan Agreement.

"*Qualified Investments*" means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than $50,000,000; provided that the Fiscal Agent or such other institution has been rated at least "VMIG-1"/"A-1+" by Moody's or S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) investment agreements with a bank or any insurance company or other financial institution which has a rating assigned by Moody's or S&P to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by Moody's or S&P, and which are approved by the Funding Lender; (g) shares or units in any money market mutual fund rated "Aaa"/"AAA" by Moody's or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Fiscal Agent or its affiliates or for which the Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered

under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax exempt obligations; (h)(i) tax-exempt obligations rated in the highest short term rating category by Moody's or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least $100,000,000, and having a rating of "Aaa"/"AAA" by Moody's or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Fiscal Agent or its affiliates receive a fee for investment advisory or other services to the fund; or (i) any other investments approved in writing by the Funding Lender. For purposes of this definition, the "highest rating" shall mean a rating of at least "VMIG-1"/"A-1+" for obligations with less than one year maturity; at least "Aaa"/"VMIG-1"/"AAA"/"A-1+" for obligations with a maturity of one year or greater but less than three years; and at least "Aaa"/"AAA" for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

"*Rating Agency*" means Moody's or S&P, as applicable, or any successor rating service thereof.

"*Rebate Analyst*" shall have the meaning ascribed thereto in the Tax Exemption Agreement.

"*Rebate Fund*" means the Rebate Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Requisition*" means, with respect to the Project Loan Fund, the requisition in the form of ***Exhibit E*** to this Funding Loan Agreement required to be submitted in connection with disbursements from the Project Account and/or the Borrower Equity Account of the Project Loan Fund, and with respect to the Cost of Issuance Fund, the requisition in the form of ***Exhibit D*** to this Funding Loan Agreement required to be submitted in connection with disbursements from the Cost of Issuance Fund.

"*Resolution*" means the resolution adopted by the Governmental Lender authorizing the Funding Loan, the Project Loan and the execution and delivery of the Financing Documents to which it is a party.

"*Responsible Officer*" means any officer of the Fiscal Agent employed within or otherwise having regular responsibility in connection with the corporate trust department of the Fiscal Agent and the trusts created hereunder.

"*Revenue Fund*" means the Revenue Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Revenues*" means (a) all payments made with respect to the Project Loan pursuant to the Project Loan Agreement, the Project Note or the Security Instrument, including but not limited to all casualty or other insurance benefits and condemnation awards paid in connection therewith and all payments obtained through the exercise of remedies under the Financing Documents, and (b) all money and securities held by the Fiscal Agent in the funds and accounts established pursuant to this Funding Loan Agreement (excluding money or securities designated for deposit into and held in the Cost of Issuance Fund, the Administration Fund and the Rebate Fund), together with all investment earnings thereon.

"*Security Instrument*" is defined in the Recitals of this Funding Loan Agreement.

"*Series 2021 Funding Loan Agreement*" means the Funding Loan Agreement dated as of December 1, 2021, among the Governmental Lender, the Funding Lender and the Fiscal Agent, relating to the issuance of the Series 2021 Governmental Note, as it may be amended, supplemented or replaced from time to time including by any funding loan agreement supplemental thereto.

"*Series 2021 Governmental Note*" is defined in the Recitals of this Funding Loan Agreement.

"*Series 2021 Project Loan Agreement*" means the Project Loan Agreement dated as of December 1, 2021, between the Governmental Lender, the Fiscal Agent and Borrower, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Series 2021 Funding Loan Agreement.

"*Series 2021 Project Note*" means the Multifamily Note dated as of the Closing Date for the Series 2021 Governmental Note in the original principal amount of $35,000,000, made by Borrower and payable to Governmental Lender, as endorsed and assigned to the Fiscal Agent, as it may be amended, supplemented or replaced from time to time.

"*Series 2021 Security Instrument*" means the Leasehold Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) dated as of December 1, 2021, from the Borrower, as the grantor, in favor of Governmental Lender, as the beneficiary, as the same may be supplemented, amended or modified.

"*S&P*" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

"*State*" means the State of Texas.

"*Subordination Agreement*" means any subordination or intercreditor agreement(s) entered into with respect to any subordinate financing related to the Project, as the same may be amended, supplemented or restated.

"*Tax Credit Investor*" means 42EP Bridge Fund II, LP, a Delaware limited partnership, and its successors and assigns in such capacity pursuant to the Organizational Documents.

"*Tax Exemption Agreement*" is defined in the Recitals of this Funding Loan Agreement.

"*Tax Regulatory Agreement*" is defined in the Recitals of this Funding Loan Agreement.

"*Transferee Representations Letter*" has the meaning set forth in Section 2.08 hereof.

"*Unassigned Rights*" means (a) all of the Governmental Lender's right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Governmental Lender to receive amounts payable to it pursuant to Section 4.02 of the Project Loan Agreement, including the Governmental Lender Fees; (c) all rights of the Governmental Lender to receive any Rebate Amount (as defined in the Tax Exemption Agreement) required to be rebated to the United States of America under the Code in connection with the Governmental Note, as described in the Tax Exemption Agreement; (d) all rights of the Governmental Lender to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Exemption Agreement; (e) all rights of the Governmental Lender of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Project Loan Agreement, in the Tax Exemption Agreement and in the Tax Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Governmental Lender set forth in this Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement, the Tax Exemption Agreement, and the Project Loan Documents, as applicable, regarding (1) the negotiability, registration and transfer of the Governmental Note, (2) the loss or destruction of the Governmental Note, (3) the limited liability of the Governmental Lender as provided in the Act, this Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement, the Tax Exemption Agreement, and the Project Loan Documents, (4) no liability of the Governmental Lender to third parties, and (5) no warranties of suitability or merchantability by the Governmental Lender; (g) all rights of the Governmental Lender in connection with any amendment to or modification of this Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement, the Tax Exemption Agreement, and the Project Loan Documents; and (h) any and all limitations of the Governmental Lender's liability and the Governmental Lender's disclaimers of warranties set forth in this Funding Loan Agreement, the Tax Regulatory Agreement, the Tax Exemption Agreement or the Project Loan Agreement, and the Governmental Lender's right to inspect and audit the books, records and permits of the Borrower and the Project.

"*Window Period*" means the three (3) consecutive month period prior to the Maturity Date.

Section 1.02. ***Interpretation.*** The words "hereof," "herein," "hereunder," and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Funding Loan Agreement are to the designated Articles, Sections and other subdivisions of this Funding Loan Agreement as

originally executed. The headings of this Funding Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II.

THE FUNDING LOAN

Section 2.01. ***Terms.***

(a) The Governmental Note shall be issued and the Funding Loan shall be originated and funded on the Delivery Date in the original principal amount of $[5,000,000] with funds provided in accordance with Section 2.01(b). The proceeds of the Funding Loan shall be deposited with the Fiscal Agent and disbursed in accordance with this Funding Loan Agreement. The Funding Loan shall be evidenced by the Governmental Note and shall bear interest and be paid in accordance with the payment terms set forth in the Governmental Note and this Funding Loan Agreement.

(b) The proceeds of the Funding Loan shall be advanced by the Initial Funding Lender directly to the Fiscal Agent for deposit to the Project Account and the Cost of Issuance Fund on the Delivery Date in accordance with Section 2.11(b).

(c) ***[Reserved].***

(d) Except as otherwise provided in Section 6.11, the Governmental Note and the Funding Loan shall bear interest payable on each Interest Payment Date at the Interest Rate. Interest on the Governmental Note and the Funding Loan shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(e) The Funding Loan and the Governmental Note shall mature on [MATURITY DATE], subject to optional and mandatory prepayment prior to maturity as provided in Article III hereof. All unpaid principal and all accrued and unpaid interest outstanding under the Funding Loan shall be due and payable on the Maturity Date.

(f) Payment of principal of, premium, if any, and interest on the Funding Loan shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Funding Lender (unless otherwise directed by the Funding Lender).

(g) On or before the date fixed for payment, money shall be deposited with the Fiscal Agent to pay, and the Fiscal Agent is hereby authorized and directed to apply such money to the payment of, the Funding Loan, together with accrued interest thereon to the date of payment.

(h) The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Note and all agreements made in the Governmental Note, this Funding Loan Agreement and the Financing Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto including Chapter 1204 of the Texas Government Code and other applicable laws of the State of

Texas. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Note, this Funding Loan Agreement or the other Financing Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. In no event shall the interest on the Governmental Note exceed the Maximum Interest Rate. This paragraph shall control every other provision of the Governmental Note, this Funding Loan Agreement and all other Financing Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Project Loan Agreement and the Financing Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Governmental Note.

(i) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Funding Loan Agreement exceed the Maximum Interest Rate. In the event that such court determines the Funding Lender has charged or received interest hereunder in excess of the highest applicable rate, the Funding Lender shall apply, in its sole discretion, and set off such excess interest received by the Funding Lender against other obligations due or to become due under the Financing Documents and such rate shall automatically be reduced to the Maximum Interest Rate.

(j) Notwithstanding any other provision of this Funding Loan Agreement to the contrary, **THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE GOVERNMENTAL NOTE SOLELY OUT OF THE PLEDGED SECURITY, INCLUDING THE REVENUES. THE GOVERNMENTAL NOTE SHALL BE A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE PLEDGED SECURITY, INCLUDING THE REVENUES. THE GOVERNMENTAL NOTE SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS THEREOF AGAINST THE PLEDGED SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT.**

Section 2.02. ***Pledged Security.*** To secure the payment of the principal of, premium, if any, and interest on the Funding Loan and the Governmental Note according to its tenor and effect, and the performance and observance by the Governmental Lender of all the covenants expressed or implied herein and in the Governmental Note, and the payment and performance of all amounts and obligations under the Continuing Covenant Agreement, the Governmental Lender does hereby

grant, bargain, sell, convey, pledge and assign a security interest, unto the Fiscal Agent, and its successors in such capacity and its and their assigns in and to the following (said property being herein referred to as the "**Pledged Security**") for the benefit of the Funding Lender:

(a) All right, title and interest of the Governmental Lender in and to all Revenues;

(b) All right, title and interest of the Governmental Lender in and to the Project Loan Agreement, the Project Note, the Security Instrument and the other Project Loan Documents (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance benefits or condemnation awards), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Governmental Lender or any other Person is or may become entitled to do under said documents; and

(c) Except for funds, money or securities in the Cost of Issuance Fund, the Administration Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Funding Loan by the Governmental Lender or by anyone on its behalf or with its written consent to the Fiscal Agent, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The foregoing notwithstanding, if the Governmental Lender or its successors or assigns shall pay or cause to be paid to the Funding Lender in full the principal, interest and premium, if any, to become due with respect to the Funding Loan at the times and in the manner provided in Article IX hereof, and if the Governmental Lender shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of the Governmental Lender, cease, terminate and be void, and thereupon the Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to the Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.11 and 4.12 hereof and Article IX hereof, reconvey to the Governmental Lender the estate hereby conveyed, and assign and deliver to the Governmental Lender any property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except for the Rebate Fund and cash held by the Fiscal Agent for the payment of interest on and principal of the Governmental Note; otherwise this Funding Loan Agreement to be and shall remain in full force and effect.

Section 2.03. ***Limited Obligations.*** Notwithstanding any other provision of this Funding Loan Agreement to the contrary, the Governmental Note is not and never shall become a general obligation of the Governmental Lender, but to the extent provided in and except as

otherwise permitted by this Funding Loan Agreement, the Governmental Note shall be a limited obligation of the Governmental Lender and the principal of, premium, if any, thereon shall be payable equally and ratably solely from and secured solely by the Pledged Security.

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION THAT THE GOVERNMENTAL LENDER MAY INCUR UNDER THIS FUNDING LOAN AGREEMENT OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE GOVERNMENTAL LENDER, BUT SHALL BE A LIMITED OBLIGATION PAYABLE SOLELY FROM THE PLEDGED SECURITY. THE GOVERNMENTAL NOTE SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE PLEDGED SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY AND INTEREST ON THE GOVERNMENTAL NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT. THE GOVERNMENTAL NOTE, TOGETHER WITH INTEREST THEREON, SHALL BE A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER GIVING RISE TO NO CHARGE AGAINST THE GOVERNMENTAL LENDER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE PLEDGED SECURITY. THE PRINCIPAL OF, PREMIUM, IF ANY AND INTEREST ON THE GOVERNMENTAL NOTE SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE GOVERNMENTAL LENDER (EXCEPT TO THE EXTENT OF THE PLEDGED SECURITY). THE GOVERNMENTAL NOTE IS NOT AND DOES NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

No agreement or obligation contained herein shall be deemed to be an agreement or obligation of any governing board member, director, officer, agent or employee of the Governmental Lender in his or her individual capacity, and no member of the governing board of the Governmental Lender nor any officer executing the Governmental Note shall be liable personally on such Governmental Note or be subject to any personal liability or accountability by reason of the issuance thereof. No governing board member, director, officer, agent or employee of the Governmental Lender shall incur any personal liability with respect to any other action taken by him or her pursuant to this Funding Loan Agreement.

Section 2.04. ***Funding Loan Agreement Constitutes Contract.*** In consideration of the origination and funding of the Funding Loan by the Initial Funding Lender, the provisions of this Funding Loan Agreement shall be part of the contract of the Governmental Lender with the Initial Funding Lender and any successors or assigns thereof in such capacity from time to time.

Section 2.05. ***Form and Execution.*** The Governmental Note shall be in substantially the form attached as ***Exhibit A*** with such appropriate insertions, omissions, substitutions and other

variations as are required or permitted by this Funding Loan Agreement. Except for the Initial Note which shall be numbered I-1, the Governmental Note shall be numbered consecutively from R-1 upwards.

The Initial Note, registered by the Comptroller, shall be identical to the form of Governmental Note attached as ***Exhibit A***, except that the second-to-last paragraph of the Initial Note shall read as follows:

> "THIS NOTE SHALL NOT BE VALID OR BECOME OBLIGATORY for any purpose or be entitled to any benefit or security under the Funding Loan Agreement unless the Comptroller's Registration Certificate hereon has been executed by an authorized representative of the Texas Comptroller of Public Accounts by manual signature."

In lieu of the authentication certificate of the Fiscal Agent, the Initial Note shall contain the following certificate:

"REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER OF	§	
PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY that this Note has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

_____
Texas Comptroller of Public Accounts

(SEAL)"

The provisions of Exhibit A may be rearranged or re-ordered for purposes of the Initial Note.

The Governmental Note shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of the Chair or Vice Chair of the Governmental Lender, and attested by the manual or facsimile signature of the Secretary or an Assistant Secretary of the Governmental Lender and shall bear an impression or a facsimile of the seal of the Governmental Lender. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Governmental Note. Any reproduction of the official seal of the Governmental Lender on the

Governmental Note shall have the same force and effect as if the official seal of the Governmental Lender had been impressed on the Governmental Note. The signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the delivery of the Governmental Note or shall not have held such offices on the date of the Governmental Note.

Section 2.06. ***Authentication.*** The Governmental Note shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication or registration on the Governmental Note, substantially in the form set forth in ***Exhibit A***, shall have been duly executed by an Authorized Officer of the Fiscal Agent or the Comptroller, as applicable; and such executed certificate of authentication or registration upon the Governmental Note shall be conclusive evidence that the Governmental Note has been duly executed, registered, authenticated and delivered under this Funding Loan Agreement.

Section 2.07. ***Mutilated, Lost, Stolen or Destroyed Governmental Note.*** In the event the Governmental Note is mutilated, lost, stolen or destroyed, the Governmental Lender shall execute and the Fiscal Agent shall authenticate a new Governmental Note substantially in the form set forth in ***Exhibit A*** in exchange and substitution for and upon cancellation of the mutilated Governmental Note or in lieu of and in substitution for such lost, stolen or destroyed Governmental Note, upon payment by the Funding Lender of any applicable tax or governmental charge and the reasonable expenses and charges of the Governmental Lender and the Fiscal Agent in connection therewith, and in the case where the Governmental Note is lost, stolen or destroyed, the filing with the Fiscal Agent of evidence satisfactory to it that the Governmental Note was lost, stolen or destroyed, and of the ownership thereof, and furnishing the Governmental Lender and the Fiscal Agent with indemnity satisfactory to each of them. In the event where the Governmental Note shall have matured, instead of delivering a new Governmental Note the Governmental Lender may pay the same without surrender thereof.

Section 2.08. ***Registration; Transfer of Governmental Note and Funding Loan; Transferee Representations Letter.***

(a) The Governmental Note and the Funding Loan shall be fully registered as to principal and interest in the manner and with any additional designation as the Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Governmental Note and the Funding Loan shall be transferable only on the registration books of the Fiscal Agent. The Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Governmental Note and the Funding Loan and any transfers of the Governmental Note and the Funding Loan as provided herein. The Governmental Note and the Funding Loan shall initially be registered to the Initial Funding Lender.

(b) The Funding Lender shall have the right to sell, assign or otherwise transfer in whole its interest in the Governmental Note and Funding Loan or to grant a participation interest in the Funding Loan in a percentage of not less than twenty-five percent (25%) of the outstanding principal amount of the Governmental Note; provided that the Funding Loan may be transferred, or any participation interest therein granted, only to an "accredited investor" as that term is defined

in Rule 501(a)(1), (2), (3), (5), (6), (7) or (8) of Regulation D under the Securities Act or a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act (such "accredited investor" or "qualified institutional buyer" a "Qualified Transferee") that delivers a letter to the Fiscal Agent substantially in the form attached hereto as ***Exhibit C*** (the "Transferee Representations Letter") setting forth certain representations with respect to such Qualified Transferee. Notwithstanding the preceding sentence, no Transferee Representations Letter shall be required for the Funding Lender Representative to (i) transfer the Funding Loan to any affiliate or other party related to the Funding Lender that is a Qualified Transferee or (ii) sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold or transferred except to (x) owners or beneficial owners thereof that are Qualified Transferees or (y) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least "A" or better. In connection with any sale, assignment or transfer of the Governmental Note and the Funding Loan, the Funding Lender shall give notice of such sale, assignment or transfer to the Fiscal Agent and the Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Governmental Note.

(c) Other than to receive a Transferee Representation Letter as provided herein, the Fiscal Agent shall have no obligation to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Funding Loan Agreement or under applicable law with respect to any transfer of the Governmental Note or any interest therein or the Funding Loan.

Section 2.09. ***Intentionally Omitted.***

Section 2.10. ***Funding Loan Closing Conditions; Delivery of Governmental Note.*** Closing of the Funding Loan on the Delivery Date shall be conditioned upon, and the Governmental Lender shall only execute and deliver to the Fiscal Agent, and the Fiscal Agent shall only authenticate the Governmental Note and deliver the Governmental Note to the Initial Funding Lender upon, receipt by the Fiscal Agent of the following:

(a) executed counterparts of this Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Exemption Agreement, the Initial Note registered by the Comptroller and an Opinion of the Attorney General of the State of Texas approving the Governmental Note;

(b) an opinion of Bond Counsel or counsel to the Governmental Lender to the effect that the Governmental Lender is duly organized and existing under the laws of the State and has duly authorized, executed and delivered this Funding Loan Agreement, the Governmental Note and the other Financing Documents to which it is a party, and such documents are valid and binding special, limited obligations of the Governmental Lender enforceable in accordance with their terms subject to customary exceptions;

(c) the purchase price of $[5,000,000] for the Governmental Note from the Initial Funding Lender;

(d) the executed Project Note and an endorsement of the Project Note by the Governmental Lender in favor of the Fiscal Agent;

(e) a copy of the executed (i) Security Instrument, (ii) Assignment, (iii) *Reserved* and (iv) Continuing Covenant Agreement;

(f) an opinion or opinions of counsel to the Borrower to the effect that the Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and in good standing under the laws of each other state in which the Borrower transacts business and has full power and authority to enter into the Financing Documents to which it is a party, that its execution and delivery of and performance of its covenants in such documents do not contravene law or any provision of any other documents to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by the Borrower, and are legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms;

(g) a customary approving opinion of Bond Counsel, including but not limited to an opinion to the effect that, under existing law, the interest on the Governmental Note is excludable from gross income for federal income tax purposes;

(h) a certified copy of the Resolution;

(i) the written request and authorization to the Fiscal Agent by the Governmental Lender to authenticate and deliver the Governmental Note to the Initial Funding Lender upon receipt by the Fiscal Agent of the purchase price for the Governmental Note;

(j) the amounts specified in Section 2.11 of this Funding Loan Agreement and Section 3.03 of the Project Loan Agreement; and

(k) a Transferee Representations Letter (addressed to the Governmental Lender and Fiscal Agent) executed by the Initial Funding Lender substantially in the form attached hereto as ***Exhibit C***.

Section 2.11. ***Establishment of Project Loan Fund; Application of Funding Loan Proceeds and Other Money***.

(a) The Fiscal Agent shall establish, maintain and hold in trust and there is hereby established with the Fiscal Agent a Project Loan Fund and therein a Project Account and a Borrower Equity Account. No amount shall be charged against the Project Loan Fund except as expressly provided in this Section 2.11 and Section 4.02 hereof.

(b) The purchase price of the Governmental Note shall be delivered by the Initial Funding Lender to the Fiscal Agent on the Delivery Date. Upon receipt, the Fiscal Agent shall deposit the proceeds to the credit of the Project Account of the Project Loan Fund. Amounts in the Project Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.01 of the Project Loan Agreement. Upon the disbursement of all amounts in the Project Loan Fund, the Fiscal Agent shall close the Project Loan Fund.

(c) Except for any proceeds from the sale of the Governmental Note deposited to the Cost of Issuance Fund pursuant to Section 2.11(b), the Governmental Lender shall cause the Borrower to deliver from sources other than the Loans, (i) to the Fiscal Agent, on or prior to the Delivery Date, the Costs of Issuance Deposit for deposit to the credit of the Cost of Issuance Fund and the Borrower Equity Deposit for deposit to the credit of the Borrower Equity Account, and (ii) the Initial Debt Service Deposit, if any. The Fiscal Agent shall also deposit in the Borrower Equity Account any additional amounts delivered from time to time to the Fiscal Agent and directed by the Borrower to be deposited therein, excluding any proceeds of the Loans.

(d) Upon the making of the initial deposits described above in this Section 2.11, the Governmental Lender shall originate the Project Loan pursuant to the Project Loan Agreement and the Fiscal Agent shall make the initial disbursements of amounts in the Project Loan Fund to the Borrower or otherwise as provided in Section 4.02 hereof.

Section 2.12. ***Intentionally omitted***.

Section 2.13. ***Intentionally omitted.***

ARTICLE III.

PREPAYMENT OF THE FUNDING LOAN

Section 3.01. ***Prepayment of the Funding Loan Prior to Maturity/Redemption of the Governmental Note***.

(a) Optional Prepayment. The Funding Loan, together with accrued interest thereon, is subject to optional redemption and prepayment in whole upon optional prepayment of the Project Loan in accordance with the notice and other prepayment provisions set forth in the Project Note. Any optional prepayment of the Funding Loan shall constitute a redemption of the Governmental Note to the extent of the prepayment.

(b) Mandatory Prepayment. The Funding Loan, together with accrued interest thereon, and together with Prepayment Premium (to the extent payable under the Project Note), is subject to mandatory prepayment on any Business Day, in whole or in part as indicated below, at the earliest practicable date upon the occurrence of any of the following:

(i) in whole or in part, upon the occurrence of a mandatory prepayment of the Project Loan pursuant to the Project Note and receipt by the Fiscal Agent of a written direction by the Funding Lender that the Funding Loan shall be subject to mandatory prepayment as a result thereof;

(ii) in part, on the Interest Payment Date next following the completion of the rehabilitation of the Project but in no event later than three years after the Delivery Date, to the extent amounts remaining in the Project Account of the Project Loan Fund are transferred to the Loan Prepayment Fund pursuant to Section 4.02(e) hereof; or

(iii) in whole, on or after [_____], at the written direction of the Initial Funding Lender[, in connection with the conversion of the Series 2021 Governmental Note to its permanent phase].

Notwithstanding anything to the contrary in this Funding Loan Agreement, any prepayment of the Funding Loan, in whole or in part, shall constitute a redemption of the Governmental Note to the extent of the prepayment.

Section 3.02. ***Notice of Prepayment.*** Notice of the intended prepayment of the Funding Loan shall be given by the Fiscal Agent by first class mail, postage prepaid, or by overnight delivery service, to the Funding Lender and the Governmental Lender. All such prepayment notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional prepayment) nor more than sixty (60) days prior to the date fixed for prepayment. Notices of prepayment shall state (i) the prepayment date, (ii) the prepayment amount, and (iii) the place or places where amounts due upon such prepayment will be payable.

Notice of such prepayment shall also be sent by first class mail, postage prepaid, or by overnight delivery service, to the Funding Lender, not later than the time of mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of the Funding Loan.

Notwithstanding the foregoing, in the event the Fiscal Agent is not collecting and remitting loan payments hereunder, the Fiscal Agent shall have no obligation to send prepayment notices pursuant to this Section 3.02.

ARTICLE IV.

REVENUES AND FUNDS

Section 4.01. ***Pledge of Revenues and Assets; Establishment of Funds.*** The pledge and assignment of and the security interest granted in the Pledged Security pursuant to Section 2.02 hereof shall attach, be perfected and be valid and binding from and after the time of the closing of the Funding Loan and delivery of the Governmental Note by the Fiscal Agent or by any Person authorized by the Fiscal Agent to deliver the Governmental Note. The Pledged Security so pledged and then or thereafter received by the Fiscal Agent shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

In addition to the Project Loan Fund established pursuant to Section 2.11 hereof, the Fiscal Agent shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

(a) Revenue Fund;

(b) Loan Payment Fund;

(c) Loan Prepayment Fund;

(d) Administration Fund;

(e) Cost of Issuance Fund; and

(f) Rebate Fund.

The funds and accounts established pursuant to Section 2.11 and this Section 4.01 shall be maintained in the corporate trust department of the Fiscal Agent as segregated trust accounts, separate and identifiable from all other funds held by the Fiscal Agent. The Fiscal Agent shall, at the written direction of an Authorized Officer of the Governmental Lender, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Governmental Lender or the Fiscal Agent may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Funding Loan Agreement with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

Pursuant to the Tax Exemption Agreement, the Fiscal Agent shall cause to be kept and maintained adequate records pertaining to investment of all proceeds of the Governmental Note and the Funding Loan sufficient to permit the Borrower, on behalf of the Governmental Lender, to determine the amount of rebate, if any, required to be paid to the United States of America pursuant to Section 148 of the Code. The Fiscal Agent shall have no responsibility to make such determination.

Section 4.02. ***Project Loan Fund.***

(a) Deposit. The Fiscal Agent shall deposit from the proceeds of the Funding Loan the amount specified in the Closing Memorandum into the Project Account of the Project Loan Fund upon receipt thereof as provided in Section 2.11(b) hereof. The Fiscal Agent shall deposit the Borrower Equity Deposit into the Borrower Equity Account of the Project Loan Fund, as well as any additional amounts delivered from time to time to the Fiscal Agent and directed by the Borrower to be deposited therein (excluding any proceeds of the Governmental Note), as provided in Section 2.11(c) hereof.

(b) Disbursements. Amounts on deposit in the Project Loan Fund shall be disbursed from time to time by the Fiscal Agent for the purpose of paying: (i) interest on the Funding Loan and the Fee Component, in each case when due without the need for a Requisition or other written direction; (ii) Costs of the Project; (iii) other costs of the Project from the Project Account, subject to the limitations of the Tax Exemption Agreement; and (iv) other costs of the Project from the Borrower Equity Account. In addition, amounts in the Project Loan Fund shall be transferred to the Loan Prepayment Fund, the Rebate Fund and the Borrower at the times and in the manner provided in subsection (e) of this Section 4.02.

(c) Transfers and Requisitions. The Fiscal Agent shall automatically transfer amounts from the Borrower Equity Account of the Project Loan Fund to the Administration Fund to pay to the appropriate party its accrued fees that are included in the Fee Component that are due and payable as set forth herein or upon receipt of an invoice, without any need for a Requisition or other written direction. Unless the Fiscal Agent is instructed otherwise by the Initial Funding Lender, if there are insufficient funds in the Loan Payment Fund to make such payment, the Fiscal Agent shall automatically transfer amounts in the Project Account of the Project Loan Fund to the Loan Payment Fund to pay interest on the Project Loan and Funding Loan without any need for a Requisition or other written direction. The Fiscal Agent shall make disbursements from the respective accounts of the Project Loan Fund for purposes described in subsections (b)(ii), (b)(iii) and (b)(iv) of this Section 4.02 only upon the receipt of a Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Initial Funding Lender (signifying the consent to the Requisition by the Initial Funding Lender). The Fiscal Agent shall have no right or duty to determine whether any requested disbursement from the Project Loan Fund complies with the terms, conditions and provisions of the Continuing Covenant Agreement. The countersignature of the Authorized Officer of the Initial Funding Lender on a Requisition shall be deemed a certification, and insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence, that all of the terms, conditions and requirements of the Continuing Covenant Agreement applicable to such disbursement have been fully satisfied or waived; provided, however, that Initial Funding Lender's approval of a Requisition does not constitute any acknowledgement or representation on behalf of Initial Funding Lender that the funds disbursed by Fiscal Agent are being used for so-called "good costs" for purposes of the uses of bond proceeds in compliance with the Code. The Fiscal Agent shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Initial Funding Lender, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

Notwithstanding anything to the contrary contained herein, no signature of an Authorized Officer of the Borrower shall be required during any period in which an Event of Default has occurred and is then continuing under the Loans or any Financing Document (notice of which default has been given in writing by the Funding Lender to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default).

(d) If a Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Initial Funding Lender or (as permitted hereunder) solely by an Authorized Officer of the Initial Funding Lender, is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three (3) Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Loan Fund, including all interest accrued therein, the Fiscal Agent shall close the Project Loan Fund.

(e) Immediately prior to any mandatory prepayment of the Funding Loan pursuant to Section 3.01(b)(i) hereof, any amount then remaining in the Project Loan Fund shall, at the written direction of the Funding Lender, be transferred to the Loan Prepayment Fund to pay amounts due on the Funding Loan, if any. In addition, any amount remaining in the Project Account of the Project Loan Fund following completion of the rehabilitation of the Project in accordance with the

Continuing Covenant Agreement, evidenced by an instrument signed by the Funding Lender, and in any case on the date that is three years after the Delivery Date, shall, after all Costs have been paid, which shall be confirmed by Borrower, be transferred to the Loan Prepayment Fund and used to prepay the Funding Loan in accordance with Section 3.01(b)(ii) hereof, unless the Fiscal Agent receives a Favorable Opinion of Bond Counsel (which shall also be addressed to the Funding Lender); provided, if any rebate is due, that any amounts in the Project Account of the Project Loan Fund in excess of the amount needed to fund the related prepayment of the Funding Loan shall be transferred to the Rebate Fund in an amount sufficient to pay such rebate. In the event there are funds remaining in the Borrower Equity Account following completion of the rehabilitation of the Project in accordance with the Continuing Covenant Agreement, and provided no Event of Default by the Borrower exists under this Funding Loan Agreement or any Project Loan Document, such funds shall be promptly paid by the Fiscal Agent to the Borrower at the written direction of the Funding Lender.

(f) Amounts on deposit in the Project Loan Fund shall be invested as provided in Section 4.08 hereof; provided that, unless the Initial Funding Lender otherwise consents, so long as the Initial Funding Lender is the holder of the Governmental Note, all amounts on deposit in the Project Account of the Project Loan Fund shall be invested in a certificate of deposit established with the Initial Funding Lender. All Investment Income on amounts on deposit in the Project Loan Fund shall be retained in and credited to and become a part of the amounts on deposit in the Project Loan Fund, and shall constitute part of any transfers required by subsection (b) or (e) of this Section 4.02.

Section 4.03. ***Application of Revenues.***

(a) All Revenues received by the Fiscal Agent shall be deposited by the Fiscal Agent, promptly upon receipt thereof, to the Revenue Fund, except (i) the proceeds of the Funding Loan received by the Fiscal Agent on the Delivery Date, which shall be applied in accordance with the provisions of Section 2.11 hereof; (ii) funds delivered to the Fiscal Agent to be deposited in the Borrower Equity Account pursuant to Section 2.11 hereof, (iii) as otherwise specifically provided in subsection (c) of this Section 4.03 with respect to certain deposits into the Loan Prepayment Fund; (iv) with respect to Investment Income to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable; and (v) with respect to amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) On each Interest Payment Date or any other date on which payment of principal of and/or interest on the Funding Loan becomes due and payable, the Fiscal Agent, out of money in the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST: to the Loan Payment Fund, an amount equal to the principal of and/or interest due on the Funding Loan on such date; and

SECOND: to the Loan Prepayment Fund, an amount equal to the principal and interest due on the Funding Loan on such date with respect to a mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b) hereof (other than any extraordinary mandatory prepayment as described in Section 4.03(c)(i) or (iii) below).

(c) Promptly upon receipt, the Fiscal Agent shall deposit directly to the Loan Prepayment Fund (i) Net Casualty Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Project Loan in accordance with the Continuing Covenant Agreement, such amount to be applied to provide for the extraordinary mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b)(i) hereof; (ii) funds paid to the Fiscal Agent to be applied to the optional prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(a); and (iii) amounts transferred to the Loan Prepayment Fund from the Project Loan Fund pursuant to Section 4.02(e) hereof.

(d) Should the amount in the Loan Payment Fund be insufficient to pay the amount due on the Funding Loan on any given Interest Payment Date, the Fiscal Agent shall credit to the Loan Payment Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority**:** (1) the Revenue Fund; and (2) the Loan Prepayment Fund, except no such charge to the Loan Prepayment Fund shall be made from money to be used to effect a prepayment for which notice of prepayment has been provided for hereunder.

Section 4.04. ***Application of Loan Payment Fund.*** The Fiscal Agent shall charge the Loan Payment Fund, on each Interest Payment Date, an amount equal to the unpaid interest and/or principal due on the Funding Loan on such Interest Payment Date as provided in Section 4.03(a) and (b), and shall cause the same to be applied to the payment of such interest and/or principal when due. Any money remaining in the Loan Payment Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Loan Prepayment Fund to prepay the Funding Loan if called for prepayment on such Interest Payment Date, be transferred to the Loan Prepayment Fund to be applied for such purpose.

Any Investment Income on amounts on deposit in the Loan Payment Fund shall be deposited by the Fiscal Agent upon receipt thereof in the Revenue Fund.

No amount shall be charged against the Loan Payment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.05. ***Application of Loan Prepayment Fund.*** Any money credited to the Loan Prepayment Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; provided, however, that to the extent any money credited to the Loan Prepayment Fund is in excess of the amount necessary to effect the prepayments described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Loan Payment Fund on any Interest Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the Revenue Fund is insufficient to make up such deficiency; provided that no money to be used to effect a prepayment for which a notice of prepayment has been provided shall be so transferred to the Loan Payment Fund.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Loan Prepayment Fund shall be credited by the Fiscal Agent to the Revenue Fund.

No amount shall be charged against the Loan Prepayment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.06. ***Administration Fund.*** The Fiscal Agent shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from the Borrower designated for deposit into such fund together with amounts transferred by the Fiscal Agent from the Project Loan Fund for deposit to the Administration Fund pursuant to Section 4.02(c). Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent and used **FIRST**, to pay to the Fiscal Agent when due the Ordinary Fiscal Agent's Fees and Expenses; **SECOND**, to pay to the Governmental Lender when due the Governmental Lender Fees; **THIRD**, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Funding Loan Agreement and the Project Loan Agreement, upon receipt of an invoice from the Rebate Analyst; **FOURTH**, to pay to the Fiscal Agent any Extraordinary Fiscal Agent's Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Borrower and the Funding Lender; **FIFTH**, to pay to the Governmental Lender any extraordinary expenses it may incur in connection with the Loans or this Funding Loan Agreement from time to time, as set forth in an invoice submitted to the Fiscal Agent; **SIXTH**, to pay to the Funding Lender any unpaid amounts due under the Continuing Covenant Agreement, as certified in writing by the Funding Lender to the Fiscal Agent; **SEVENTH**, to make up any deficiency in the Loan Prepayment Fund on any prepayment date of the Funding Loan, to the extent money then available in accordance with Section 4.03(d) hereof in the Loan Prepayment Fund is insufficient to prepay the Funding Loan scheduled for prepayment on such prepayment date; and **EIGHTH**, to transfer any remaining balance after application as aforesaid to the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give written notice to the Borrower and the Funding Lender of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to the Fiscal Agent of the amount of such deficiency. Upon payment by the Borrower or the Funding Lender of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Fiscal Agent to the Revenue Fund.

No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 hereof.

Section 4.07. ***[Reserved]***.

Section 4.08. ***Investment of Funds.*** The money held by the Fiscal Agent shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by the Fiscal Agent, at the written direction of the Borrower (or, in the case of the Rebate Fund, as provided in the Tax Exemption Agreement), in Qualified Investments which mature or shall be subject to prepayment or withdrawal at par without penalty on or prior to the earlier of (i) six months from the date of investment and (ii) the date such money is needed; provided, that if the Fiscal Agent shall have entered into any investment agreement requiring investment of money in any fund or

account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements. The Fiscal Agent shall have no discretion in investing funds or advising any parties on investing funds. In the absence of written direction from the Borrower, the Fiscal Agent shall invest amounts on deposit in the funds and accounts established under this Funding Loan Agreement in the Federated Government Obligations Fund CUSIP No. 608919809, for so long as it remains a Qualified Investment. Such investments may be made through the investment or securities department of the Fiscal Agent. The Fiscal Agent may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. The Fiscal Agent shall be entitled to assume, absent receipt by the Fiscal Agent of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the Revenue Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. The Fiscal Agent shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Governmental Lender acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Governmental Lender the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, the Governmental Lender specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Fiscal Agent hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Section 4.09. ***[Reserved].***

Section 4.10. ***Accounting Records.*** The Fiscal Agent shall maintain accurate books and records for all funds and accounts established hereunder.

Section 4.11. ***Amounts Remaining in Funds.*** After full payment of the Funding Loan (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of the Governmental Lender, the Fiscal Agent, the Rebate Analyst, and the Funding Lender and other amounts required to be paid hereunder or under any Project Loan Document, including, but not limited to, the Continuing Covenant Agreement (as certified in writing to the Fiscal Agent by the Governmental Lender with respect to amounts due to the Governmental Lender and by the Funding Lender with respect to amounts owed under the Continuing Covenant Agreement and by the Rebate Analyst with respect to amounts due to

the Rebate Analyst), any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to the Borrower.

Section 4.12. ***Rebate Fund.*** The Rebate Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation, the Funding Lender. The Rebate Fund is established for the purpose of complying with Section 148 of the Code. The money deposited in the Rebate Fund, together with all Investments thereof and income from Investments therefrom, shall be held in trust and applied solely as provided in this Section and in the Tax Exemption Agreement. The Rebate Fund is not a portion of the Pledged Security and is not subject to any lien under this Funding Loan Agreement. Notwithstanding the foregoing, the Fiscal Agent with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

Section 4.13. ***Cost of Issuance Fund.*** The Fiscal Agent shall deposit into the Cost of Issuance Fund the Cost of Issuance Deposit, upon receipt thereof as provided in Section 2.11(c). The Fiscal Agent shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as soon as practicable thereafter in accordance with a Requisition in the form of Exhibit D to be given to the Fiscal Agent by the Borrower on the Delivery Date, along with appropriate invoices for such expenses. Amounts in the Cost of Issuance Fund funded with proceeds of the Funding Loan, if any, shall be expended prior to the application of the Costs of Issuance Deposit. Investment Income on amounts on deposit in the Cost of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be (i) if derived from proceeds of the Funding Loan, transferred to the Project Account of the Project Loan Fund and (ii) if derived from the Costs of Issuance Deposit, transferred to the Borrower. Upon such final disbursement, the Fiscal Agent shall close the Cost of Issuance Fund.

Section 4.14. ***Reports From the Fiscal Agent.*** The Fiscal Agent shall, on or before the fifteenth (15^{th}) day of each month, file with the Funding Lender, the Governmental Lender and the Borrower a statement setting forth in respect of the preceding calendar month:

(i) the amount withdrawn or transferred by it, and the amount deposited within or on account of each fund and account held by it under the provisions of this Funding Loan Agreement, including the amount of investment income on each fund and account;

(ii) the amount on deposit with it at the end of such month to the credit of each fund and account;

(iii) a brief description of all obligations held by it as an investment of money in each such fund and account; and

(iv) any other information which the Funding Lender or the Governmental Lender may reasonably request and to which the Fiscal Agent has access in the ordinary course of its operations.

Upon the written request of the Funding Lender, the Fiscal Agent, at the cost of the Borrower, shall provide a copy of such statement to Funding Lender. All records and files

pertaining to the Pledged Security shall be open at all reasonable times to the inspection of the Governmental Lender and the Funding Lender and their agents and representatives upon reasonable prior notice during normal business hours.

ARTICLE V.

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01. ***Payment of Principal and Interest.*** The Governmental Lender covenants that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient amounts to provide for the payment of the principal of, premium, if any, and interest on the Funding Loan at the place, on the dates and in the manner provided herein and in the Governmental Note, according to the true intent and meaning thereof.

Section 5.02. ***Performance of Covenants.*** The Governmental Lender covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Funding Loan Agreement, in the Governmental Note and in all proceedings pertaining thereto.

Section 5.03. ***Instruments of Further Assurance.*** The Governmental Lender covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such supplements hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Fiscal Agent all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Funding Loan. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Governmental Lender or the Fiscal Agent, become and be subject to the lien of this Funding Loan Agreement as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Governmental Lender under this Section 5.03. The Governmental Lender covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Pledged Security or the revenues or receipts therefrom.

The Governmental Lender will promptly notify the Fiscal Agent, and the Fiscal Agent shall notify the Funding Lender in writing of the occurrence of any of the following:

(i) the submission of any claim or the initiation of any litigation against the Governmental Lender with respect to the Loans of which the Governmental Lender has actual knowledge;

(ii) any change in the location of the Governmental Lender's principal office or any change in the location of the Governmental Lender's books and records relating to the transactions contemplated hereby;

(iii) the occurrence of any Event of Default of which the Governmental Lender has actual knowledge;

(iv) the commencement of any proceedings or any proceedings instituted by or against the Governmental Lender in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Notes; or

(v) the commencement of any proceedings by or against the Governmental Lender under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been, or may be, appointed or requested for the Governmental Lender or any of its assets relating to the Loans.

Section 5.04. ***Inspection of Project Books.*** The Governmental Lender covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as the Fiscal Agent or the Funding Lender may from time to time reasonably designate.

Section 5.05. ***No Modification of Security; Additional Indebtedness.*** The Governmental Lender covenants to and for the benefit of the Funding Lender that it will not, without the prior written consent of the Funding Lender, take any of the following actions:

(i) alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which the Governmental Lender is a party, or which has been assigned to the Governmental Lender, and which relates to or affects the security for the Loans or the payment of any amount owed under the Financing Documents; or

(ii) create or suffer to be created any lien upon the Pledged Security or any part thereof other than the lien created hereby and by the Security Instrument.

Section 5.06. ***Damage, Destruction or Condemnation.*** Net Casualty Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Continuing Covenant Agreement and, to the extent consistent therewith, Section 3.01(b)(i) hereof.

Section 5.07. ***Tax Covenants.***

(a) *Governmental Lender's Covenants*. The Governmental Lender represents, covenants and agrees that:

(i) the Governmental Lender will comply with all applicable requirements of the Code that are necessary to preserve the excludability of interest on the Governmental Note from gross income for federal income tax purposes, all as set forth in the Tax Exemption Agreement.

(ii) the Governmental Lender will not take any action inconsistent with its expectations stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(b) *Fiscal Agent's Representations and Covenants*. The Fiscal Agent represents, covenants and agrees that it will not take any action inconsistent with its obligations expressly stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(c) *Change in Law*. To the extent that published rulings of the Internal Revenue Service or amendments to the Code or the Regulations modify the covenants of the Governmental Lender or the Fiscal Agent that are set forth in this Funding Loan Agreement or that are necessary for interest on the Governmental Note to be excludable from gross income for federal income tax purposes, the Fiscal Agent and the Governmental Lender will comply with such modifications upon the written direction of Bond Counsel specifying such modifications; provided any such modifications shall be subject to the prior written consent of the Funding Lender and shall be evidenced by an amendment entered into pursuant to Article VIII.

Section 5.08. ***Representations and Warranties of the Governmental Lender***. The Governmental Lender hereby represents and warrants as follows:

(a) The Governmental Lender is a public and official agency of the State.

(b) The Governmental Lender has all necessary power and authority to issue the Governmental Note and to execute and deliver this Funding Loan Agreement, the Project Loan Agreement and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The revenues and assets pledged for the repayment of the Funding Loan are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Funding Loan Agreement, and all action on the part of the Governmental Lender to that end has been duly and validly taken.

(d) The Financing Documents to which the Governmental Lender is a party have been validly authorized, executed and delivered by the Governmental Lender, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Governmental Lender, enforceable against the Governmental Lender in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

Section 5.09. ***State Law Verifications***. The Fiscal Agent and Initial Funding Lender make the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the "Government Code"), as heretofore amended, in entering into this Funding Loan Agreement, and with respect to the Fiscal Agent, the Project Loan Agreement, (together with this Funding Loan Agreement, the "Representation Documents"). As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Fiscal Agent or Initial Funding Lender within the meaning of SEC Rule 405, 17 C.F.R. § 230.405,

and exists to make a profit. Liability for breach of any such verification during the term of the applicable Representation Documents shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of any such Representation Document, notwithstanding anything therein to the contrary.

(a) Each of the Fiscal Agent, with respect to the Representation Documents, and Initial Funding Lender, with respect to this Funding Loan Agreement, represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Fiscal Agent, Initial Funding Lender, and each of the Fiscal Agent's and Initial Funding Lender's respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) Each of the Fiscal Agent, with respect to the Representation Documents, and Initial Funding Lender, with respect to this Funding Loan Agreement, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the applicable agreement(s). As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) Each of the Fiscal Agent, with respect to the Representation Documents, and Initial Funding Lender, with respect to this Funding Loan Agreement, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the applicable agreement(s). As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) Each of the Fiscal Agent, with respect to the Representation Documents, and Initial Funding Lender, with respect to this Funding Loan Agreement, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the applicable agreement(s). As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Each of the Fiscal Agent and Initial Funding Lender represents and verifies that it is aware of the Texas Office of the Attorney General's (the "Texas Attorney General") All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Attorney General using the following link: (https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf) and the Texas Attorney General's supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney

General using the following link: (https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-06-2023.pdf). Each of the Fiscal Agent and Initial Funding Lender represents and verifies that it has (i) on file a standing letter ("Standing Letter") acceptable to the Texas Attorney General addressing the representations and verifications in this Section 5.09(a) through (d), and (ii) will, upon request of the Governmental Lender or Bond Counsel on behalf of the Governmental Lender, provide the Governmental Lender and Bond Counsel with a copy of its Standing Letter. Each of the Fiscal Agent and Initial Funding Lender further represents and verifies that its Standing Letter remains in effect as of the date of this Funding Loan Agreement and that the Texas Attorney General has not notified the Fiscal Agent or Initial Funding Lender, as applicable, that a determination has been made that the Fiscal Agent or Initial Funding Lender, as applicable, boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas. Upon request of the Governmental Lender or Bond Counsel on the Governmental Lender's behalf, the Fiscal Agent or Initial Funding Lender, as applicable, shall provide additional written certifications to the Governmental Lender and Bond Counsel (which may be by email) to the effect that the Texas Attorney General may continue to rely on the Standing Letter and the statutory representations and covenants contained in this Funding Loan Agreement through the Delivery Date (the "Bringdown Verification"). The Governmental Lender reserves the right, and the Fiscal Agent and Initial Funding Lender hereby expressly authorizes the Governmental Lender, to provide such Bringdown Verifications to the Texas Attorney General.

ARTICLE VI.

DEFAULT PROVISIONS AND REMEDIES OF FISCAL AGENT AND FUNDING LENDER

Section 6.01. ***Events of Default***. Each of the following shall be an event of default with respect to the Funding Loan (an "Event of Default") under this Funding Loan Agreement:

(a) failure to pay the principal of, premium, if any, or interest on the Funding Loan when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for prepayment thereof, by acceleration or otherwise; or

(b) failure to observe the covenants set forth in Section 5.05 hereof; or

(c) failure to observe or perform any of the covenants, agreements or conditions on the part of the Governmental Lender (other than those set forth in Sections 5.01 and 5.05 hereof) set forth in this Funding Loan Agreement or in the Governmental Note and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof to the Governmental Lender from the Fiscal Agent or the Funding Lender specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and the Governmental Lender commences the required cure within such thirty (30) day period and continues the cure with diligence and the Governmental Lender reasonably anticipates that the default could be cured within sixty (60) days, the Governmental Lender shall have sixty (60) days following receipt of such notice to effect the cure; or

(d) receipt by the Fiscal Agent of written notice from the Funding Lender of the occurrence of an "Event of Default" under the Project Loan Agreement or the Continuing Covenant Agreement.

The Fiscal Agent will promptly notify the Governmental Lender, and the Funding Lender after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Section 6.02. ***Acceleration; Other Remedies Upon Event of Default***. Upon the occurrence of an Event of Default, the Fiscal Agent shall, upon the written request of the Funding Lender, by notice in writing delivered to the Governmental Lender, declare the principal of the Funding Loan and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

At any time after the Funding Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Fiscal Agent may, but only if directed in writing by the Funding Lender, by written notice to the Governmental Lender and the Fiscal Agent, rescind and annul such declaration and its consequences if the Governmental Lender or the Borrower shall pay to or deposit with the Fiscal Agent a sum sufficient to pay all principal on the Funding Loan then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on the Funding Loan then due, with interest at the rate borne by the Funding Loan on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Fiscal Agent (including its counsel) shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Financing Documents (collectively, the "**Cure Amount**") shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by the Funding Lender; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, the Fiscal Agent in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Funding Lender, may also proceed to protect and enforce any rights of the Fiscal Agent and, to the full extent that the Funding Lender itself might do, the rights of the Funding Lender under the laws of the State or under this Funding Loan Agreement by such of the following remedies as the Fiscal Agent shall deem most effectual to protect and enforce such rights; provided that, the Fiscal Agent may undertake any such remedy only upon the receipt of the prior written consent of the Funding Lender (which consent may be given in the sole discretion of the Funding Lender):

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Funding Loan and to require the Governmental Lender to carry out any covenants or agreements with or for the benefit of the Funding Lender and to perform its duties under the Act, this Funding Loan Agreement, the Project Loan Agreement or the Tax Regulatory Agreement (as applicable) to the extent permitted under the applicable provisions thereof;

(ii) by pursuing any available remedies under the Project Loan Agreement, the Tax Regulatory Agreement or any other Financing Document;

(iii) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

(iv) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Funding Lender and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Fiscal Agent in order to have the claim of the Funding Lender against the Governmental Lender allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Funding Loan Agreement conferred upon or reserved to the Fiscal Agent or to the Funding Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Fiscal Agent or the Funding Lender hereunder or under the Project Loan Agreement, the Tax Regulatory Agreement, the Continuing Covenant Agreement or any other Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Fiscal Agent or the Funding Lender, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

Section 6.03. ***Funding Lender Control of Proceedings***. If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Funding Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Funding Loan Agreement. In addition, the Funding Lender shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender (and in connection therewith the Fiscal Agent shall transfer or assign to the Funding Lender all of its interest in the Pledged Security at the request of the Funding Lender). In no event shall the exercise of any of the foregoing rights result in an acceleration of the Funding Loan without the express direction of the Funding Lender.

Section 6.04. ***Waiver by Governmental Lender.*** Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Governmental Lender nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or prepayment laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and prepayment to which it may be entitled under the laws of the State and the United States of America.

Section 6.05. ***Application of Money After Default.*** All money collected by the Fiscal Agent at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Fiscal Agent to the Revenue Fund. Such money so credited to the Revenue Fund and all other money from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Loan Payment Fund and the Loan Prepayment Fund available for the payment of interest or principal then due with respect to the Governmental Note shall be insufficient for such payment, such money shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Fiscal Agent incurred in performance of its duties under this Funding Loan Agreement, including, without limitation, the payment of all reasonable fees and expenses of the Fiscal Agent incurred in exercising any remedies under this Funding Loan Agreement.

(b) To the extent directed in writing by the Funding Lender, to the reimbursement of any unreimbursed advances made by or on behalf of the Funding Lender pursuant to the Continuing Covenant Agreement or the Security Instrument.

(c) Unless the full principal amount of the Funding Loan shall have become or have been declared due and payable:

FIRST: to the Funding Lender, all installments of interest then due on the Funding Loan in the order of the maturity of such installments; and

SECOND: to the Funding Lender, unpaid principal of and premium, if any, on the Funding Loan which shall have become due, whether at maturity or by call for prepayment, in the order in which they became due and payable.

(d) If the full principal amount of the Governmental Note shall have become or have been declared due and payable, to the Funding Lender for the payment of the principal of, premium, if any, and interest then due and unpaid on the Funding Loan without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest.

Section 6.06. ***Remedies Not Exclusive.*** No right or remedy conferred upon or reserved to the Fiscal Agent, or the Funding Lender by the terms of this Funding Loan Agreement is intended to be exclusive of any other right or remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right or remedy given to the Fiscal Agent, or the Funding Lender under this Funding Loan Agreement or existing at law or in equity or by statute (including the Act).

Section 6.07. ***Fiscal Agent May Enforce Rights Without Governmental Note.*** All rights of action and claims, including the right to file proof of claims, under this Funding Loan Agreement may be prosecuted and enforced by the Fiscal Agent at the written direction of the Funding Lender without the possession of the Governmental Note or the production thereof in any

trial or other proceedings relating thereto. Subject to the rights of the Funding Lender to direct proceedings hereunder, any such suit or proceeding instituted by the Fiscal Agent shall be brought in its name as Fiscal Agent without the necessity of joining as plaintiffs or defendants any Funding Lender, and any recovery or judgment shall be for the benefit as provided herein of the Funding Lender.

Section 6.08. ***[Reserved]***.

Section 6.09. ***Termination of Proceedings.*** In case the Fiscal Agent (at the direction of the Funding Lender) or the Funding Lender shall have proceeded to enforce any right under this Funding Loan Agreement by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Governmental Lender, the Fiscal Agent, the Funding Lender, the Borrower and the Funding Lender shall be restored to their former positions and rights hereunder with respect to the Pledged Security herein conveyed, and all rights, remedies and powers of the Fiscal Agent and the Funding Lender shall continue as if no such proceedings had been taken.

Section 6.10. ***Waivers of Events of Default.*** The Fiscal Agent shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Funding Loan upon the written direction of the Funding Lender. In case of any such waiver or rescission, or in case any proceeding taken by the Fiscal Agent on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Governmental Lender, the Fiscal Agent, the Borrower, and the Funding Lender shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.11. ***Interest on Unpaid Amounts and Default Rate for Nonpayment***. So long as (a) any principal of or interest payable on the Funding Loan is not paid when due, or (b) any other Event of Default has occurred and is continuing, interest on the Funding Loan shall accrue on the unpaid principal balance from the earlier of the first due date of unpaid principal or interest, or the occurrence of such other Event of Default, as applicable, at the Default Rate. Interest on the Funding Loan shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 6.12. ***Assignment of Project Loan; Remedies Under the Project Loan***.

(a) The Funding Lender shall have the right, with respect to the Project Loan, in its sole and absolute discretion, without directing the Fiscal Agent to effect an acceleration of the Funding Loan, to instruct the Fiscal Agent in writing to assign the Project Note, the Security Instrument and the other Financing Documents to the Funding Lender, in which event the Fiscal Agent shall (a) endorse and deliver the Project Note to the Funding Lender and assign (in recordable form) the Security Instrument, (b) execute and deliver to the Funding Lender all documents prepared by the Funding Lender necessary to assign (in recordable form) all other Project Loan Documents to the Funding Lender and (c) execute all such documents prepared by the Funding Lender as are necessary to legally and validly effectuate the assignments provided for

in the preceding clauses (a) and (b). The Fiscal Agent's assignments to the Funding Lender pursuant to this Section 6.12 shall be without recourse or warranty except that the Fiscal Agent shall represent and warrant in connection therewith (A) that the Fiscal Agent has not previously endorsed or assigned any such documents or instruments and (B) that the Fiscal Agent has the corporate authority to endorse and assign such documents and instruments and such endorsements and assignments have been duly authorized.

(b) The Funding Lender shall have the right, in its own name or on behalf of the Governmental Lender or the Fiscal Agent, to declare any default and exercise any remedies under the Project Loan Agreement, the Project Note or the Security Instrument, whether or not the Governmental Note has been accelerated or declared due and payable by reason of an Event of Default or the occurrence of a mandatory prepayment.

Section 6.13. ***Substitution***. Upon receipt of written notice from the Funding Lender and the written approval of the Governmental Lender as and to the extent permitted under the Tax Regulatory Agreement, the Fiscal Agent shall exchange the Project Note and the Security Instrument for a new Project Note and Security Instrument, evidencing and securing a new loan (the "New Project Loan"), which may be executed by a person other than the Borrower (the "New Borrower"), provided that if the Fiscal Agent, the Funding Lender or a nominee of the Fiscal Agent or the Funding Lender has acquired the Project through foreclosure, by accepting a deed in lieu of foreclosure or by comparable conversion of the Project, no approval from the Governmental Lender of such exchange shall be required. Prior to accepting a New Project Loan, the Fiscal Agent shall have received (i) written evidence that the New Borrower shall have executed and recorded a document substantially in the form of the Tax Regulatory Agreement (or executed and recorded an assumption of all of the Borrower's obligations under the Tax Regulatory Agreement) and that the Financing Documents have been modified as necessary to be applicable to the New Project Loan, and (ii) an opinion of Bond Counsel, to the effect that such exchange and modification, in and of itself, shall not affect the exclusion, from gross income, for federal income tax purposes of the interest payable on the Governmental Note.

ARTICLE VII.

CONCERNING THE FISCAL AGENT

Section 7.01. ***Standard of Care*.** The Fiscal Agent, prior to an Event of Default as defined in Section 6.01 hereof and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement. The Fiscal Agent, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Funding Loan Agreement and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs.

No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its breach of trust, own negligence or willful misconduct, except that:

(a) prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(i) the duties and obligations of the Fiscal Agent shall be determined solely by the express provisions of this Funding Loan Agreement, and the Fiscal Agent shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Funding Loan Agreement; and

(ii) in the absence of bad faith on the part of the Fiscal Agent, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Fiscal Agent by the Person or Persons authorized to furnish the same and conforming to the requirements of this Funding Loan Agreement. However, the Fiscal Agent shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Funding Loan Agreement;

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Fiscal Agent shall not be liable for any error of judgment made in good faith by an officer or employee of the Fiscal Agent except for willful misconduct or negligence by the officer or employee of the Fiscal Agent as the case may be; and

(ii) the Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Funding Lender relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement. The Fiscal Agent shall be entitled to request and receive written direction or instruction from Funding Lender, at the sole expense of the Borrower, and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Fiscal Agent in accordance with the written direction of Funding Lender.

The Fiscal Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Funding Loan Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility; it being understood that the Fiscal Agent shall use all commercially reasonable efforts which are consistent with accepted practices in the industry to perform hereunder and/or to resume performance under the circumstances, and in the event of any such failure or delay the Fiscal Agent shall give immediate notice to the Borrower, the Governmental Lender and the Funding Lender of such condition or occurrence, which may be given in the most expeditious manner available, including telephonically or electronically, subsequently confirmed in writing.

Section 7.02. ***Reliance Upon Documents.*** Except as otherwise provided in Section 7.01 hereof:

(a) the Fiscal Agent may conclusively rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, judgment, bond, or other paper or document of the proper party or parties, including any Electronic Notice as permitted hereunder or under the Project Loan Agreement;

(b) any notice, request, direction, election, order or demand of the Governmental Lender mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Governmental Lender may be evidenced to the Fiscal Agent by a copy of such resolution duly certified by an Authorized Officer of the Governmental Lender;

(c) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Borrower by any Authorized Officer of the Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of the Borrower may be evidenced to the Fiscal Agent by a copy of such resolution duly certified by a secretary or other authorized representative of the Borrower;

(d) *Intentionally omitted*;

(e) any notice, request, direction, election, order or demand of the Funding Lender mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Funding Lender by any Authorized Officer of the Funding Lender (unless other evidence in respect thereof be herein specifically prescribed);

(f) *Intentionally omitted*;

(g) *Intentionally omitted*;

(h) in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent may execute any of the trusts or powers hereby granted directly or through its agents, receivers or attorneys, and the Fiscal Agent may consult with counsel (who may be counsel for the Governmental Lender, or the Funding Lender) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel;

(i) whenever in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may, in the absence of negligence or willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Governmental Lender or the Borrower and such certificate

shall in the absence of bad faith on the part of the Fiscal Agent be full warrant to the Fiscal Agent for any action taken or permitted by it under the provisions of this Funding Loan Agreement, but in its discretion the Fiscal Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable

(j) the recitals herein and in the Governmental Note (except the Fiscal Agent's certificate of authentication thereon) shall not be considered as made by or imposing any obligation or liability upon the Fiscal Agent. The Fiscal Agent makes no representations as to the value or condition of the Pledged Security or any part thereof, or as to the title of the Governmental Lender or the Borrower to the Pledged Security, or as to the security of this Funding Loan Agreement, or of the Governmental Note issued hereunder, and the Fiscal Agent shall incur no liability or responsibility in respect of any of such matters;

(k) the Fiscal Agent shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Pledged Security except for its own willful misconduct or negligence, and, absent its own negligence or willful misconduct, the Fiscal Agent shall not be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. Every provision of this Funding Loan Agreement relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section 7.02(k);

(l) the Fiscal Agent shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate the Fiscal Agent) herein or in any contracts or securities assigned or conveyed to or pledged with the Fiscal Agent hereunder, except Events of Default that are evident under Section 6.01(a) hereof. The Fiscal Agent shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) hereof to the extent they are collecting loan payments hereunder) unless the Fiscal Agent shall receive from the Governmental Lender or the Funding Lender written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Fiscal Agent may conclusively assume that there is no such default. Every provision contained in this Funding Loan Agreement or related instruments or in any such contract or security wherein the duty of the Fiscal Agent depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(l);

(m) the Fiscal Agent shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of the Fiscal Agent, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the Funding Lender;

(n) the Fiscal Agent shall be under no obligation to exercise those rights or powers vested in it by this Funding Loan Agreement, other than such rights and powers which it shall be obliged to exercise in the ordinary course of acting as Fiscal Agent under the terms and provisions of this Funding Loan Agreement and as required by law, at the request or direction of the Funding

Lender pursuant to Section 6.03 hereof, unless the Funding Lender shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction; and

(o) the Fiscal Agent may, at the sole expense of Borrower, request, rely on and act in accordance with officer's certificates and/or opinions of counsel, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificates and opinions of counsel.

None of the provisions contained in this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Fiscal Agent is authorized and directed to execute in its capacity as Fiscal Agent, the Project Loan Agreement and the Tax Regulatory Agreement and shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the delivery of the Governmental Note.

The Fiscal Agent or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Funding Loan Agreement.

Any resolution, certification, notice, request, direction, election, order or demand delivered to the Fiscal Agent pursuant to this Section 7.02 shall remain in effect until the Fiscal Agent receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

The Fiscal Agent shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.17 hereof.

Section 7.03. ***Use of Proceeds.*** The Fiscal Agent shall not be accountable for the use or application of the Governmental Note authenticated or delivered hereunder or of the proceeds of the Funding Loan except as provided herein.

Section 7.04. ***[Reserved].***

Section 7.05. ***Trust Imposed.*** All money received by the Fiscal Agent shall, until used or applied as herein provided, be held in trust for the purposes for which it was received.

Section 7.06. ***Compensation of Fiscal Agent.*** The Fiscal Agent shall be entitled to its Ordinary Fiscal Agent's Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of the Fiscal Agent hereunder or under any Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. The Fiscal Agent shall be entitled to Extraordinary Fiscal Agent's Fees and Expenses in connection

with any Extraordinary Services performed consistent with the duties hereunder or under any of the Financing Documents; provided the Fiscal Agent shall not incur any Extraordinary Fiscal Agent's Fees and Expenses without the consent of the Funding Lender. If any property, other than cash, shall at any time be held by the Fiscal Agent subject to this Funding Loan Agreement, or any supplement hereto, as security for the Funding Loan, the Fiscal Agent, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Funding Loan Agreement as such security for the Funding Loan, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Fiscal Agent for its services and reimbursement to the Fiscal Agent for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in the Project Loan Agreement and in Sections 4.06, 4.11 and 6.05 hereof. The Governmental Lender shall have no liability for Fiscal Agent's fees, costs or expenses. Subject to the provisions of Section 7.09 hereof, the Fiscal Agent agrees that it shall continue to perform its duties hereunder and under the Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Ordinary Fiscal Agent's Fees and Expenses or, if applicable, the Extraordinary Fiscal Agent's Fees and Expenses as required by the Project Loan Agreement.

The Borrower shall indemnify and hold harmless the Fiscal Agent and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against (a) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with this Funding Loan Agreement or transactions contemplated hereby, the Project, or the delivery of the Governmental Note or the Loans; (b) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the delivery of the Governmental Note or the Loans; and (c) all costs, counsel fees, expenses, suits, proceedings at law or in equity or liabilities incurred in connection with any such claim or proceeding brought thereon or for any action taken to enforce a Financing Document or this indemnity provision; except that the Borrower shall not be required to indemnify any person for damages caused by the gross negligence, willful misconduct or unlawful acts (as the same shall be finally adjudicated by a court of competent jurisdiction) of such person or which arise from events occurring after the Borrower ceases to own the Project. In the event that any action or proceeding is brought or claim made against the Fiscal Agent, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section 7.06 shall survive the termination of this Funding Loan Agreement or the earlier resignation or removal of the Fiscal Agent.

Section 7.07. ***Qualifications of Fiscal Agent.*** There shall at all times be a Fiscal Agent hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise

corporate trust powers. Any successor Fiscal Agent shall have a combined capital and surplus of at least $50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.11 hereof. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 7.07, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.07 and another association or corporation is eligible, the Fiscal Agent shall resign immediately in the manner and with the effect specified in Section 7.09 hereof.

Section 7.08. ***Merger of Fiscal Agent.*** Any association or corporation into which the Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Fiscal Agent hereunder and vested with all the title to the whole property or Pledged Security and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Fiscal Agent in respect of the legal interest of the Fiscal Agent in the Loans.

Section 7.09. ***Resignation by the Fiscal Agent.*** The Fiscal Agent may at any time resign from the trusts hereby created by giving written notice to the Governmental Lender, the Borrower, and the Funding Lender. Such notice to the Governmental Lender, the Borrower and the Funding Lender may be served personally or sent by certified mail or overnight delivery service. The resignation of the Fiscal Agent shall not be effective until a successor Fiscal Agent has been appointed as provided herein and such successor Fiscal Agent shall have agreed in writing to be bound by the duties and obligations of the Fiscal Agent hereunder.

Section 7.10. ***Removal of the Fiscal Agent.*** The Fiscal Agent may be removed at any time, either with or without cause, with the consent of the Funding Lender (which consent of the Funding Lender shall not be unreasonably withheld), by a written instrument signed by the Governmental Lender and delivered to the Fiscal Agent, and the Borrower. The Fiscal Agent may also be removed by a written instrument signed by the Funding Lender and delivered to the Fiscal Agent, the Governmental Lender and the Borrower. In each case written notice of such removal shall be given to the Borrower, the Governmental Lender and the Funding Lender. Any such removal shall take effect on the day specified in such written instrument(s), but the Fiscal Agent shall not be discharged from the trusts hereby created until a successor Fiscal Agent has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of the Fiscal Agent hereunder.

Section 7.11. ***Appointment of Successor Fiscal Agent***.

(a) In case at any time the Fiscal Agent shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Fiscal Agent or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Fiscal Agent or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Fiscal Agent hereunder, and the Borrower, with the written consent of the Funding Lender and Governmental Lender**,** shall promptly appoint a successor Fiscal Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Governmental Lender. If the Governmental Lender or the Borrower fails to appoint a successor Fiscal Agent within ten (10) days following the resignation or removal of the Fiscal Agent pursuant to Section 7.09 or Section 7.10 hereunder, as applicable, the Funding Lender may appoint a successor Fiscal Agent.

(b) If, in a proper case, no appointment of a successor Fiscal Agent shall be made pursuant to subsection (a) of this Section 7.11 within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.09 hereof or of removal of the Fiscal Agent pursuant to Section 7.10 hereof, the retiring Fiscal Agent may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent.

Section 7.12. ***Concerning Any Successor Fiscal Agent.*** Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Governmental Lender a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Pledged Security and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Governmental Lender, the Borrower or the Funding Lender, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Fiscal Agent all the Pledged Security and the rights, powers and trusts of such predecessor hereunder; and every predecessor Fiscal Agent shall deliver all securities and money held by it as Fiscal Agent hereunder to its successor. Should any instrument in writing from the Governmental Lender be required by a successor Fiscal Agent for more fully and certainly vesting in such successor the Pledged Security and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender. The resignation of any Fiscal Agent and the instrument or instruments removing any Fiscal Agent and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Fiscal Agent in each recording office where this Funding Loan Agreement shall have been filed and/or recorded. Each successor Fiscal Agent shall mail notice by first class mail, postage prepaid, at least once within thirty (30) days of such appointment, to the Funding Lender.

Section 7.13. ***Successor Fiscal Agent.*** In the event of a change in the office of Fiscal Agent, the predecessor Fiscal Agent which shall have resigned or shall have been removed shall

cease to be Fiscal Agent with respect to the Governmental Note, and the successor Fiscal Agent shall become such Fiscal Agent.

Section 7.14. ***Appointment of Co-Fiscal Agent or Separate Fiscal Agent.*** It is the intent of the Governmental Lender and the Fiscal Agent that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under or connected with this Funding Loan Agreement, the Project Loan Agreement or any of the other Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to the Fiscal Agent or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent, with the consent of the Governmental Lender and the Funding Lender, appoint an additional individual or institution as a co-fiscal agent or separate fiscal agent.

In the event that the Fiscal Agent appoints an additional individual or institution as a co-fiscal agent or separate fiscal agent, in the event of the incapacity or lack of authority of the Fiscal Agent, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Fiscal Agent herein or to hold title to the Pledged Security or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement to be imposed upon, exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be imposed upon, exercisable by and vest in such separate fiscal agent or co-fiscal agent, but only to the extent necessary to enable such co-fiscal agent or separate fiscal agent to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-fiscal agent or separate fiscal agent shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.14. Such co-fiscal agent or separate fiscal agent shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Governmental Lender and the Fiscal Agent.

Should any instrument in writing from the Governmental Lender be required by the co-fiscal agent or separate fiscal agent so appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender, the Fiscal Agent and the Borrower. If the Governmental Lender shall fail to deliver the same within thirty (30) days of such request, the Fiscal Agent is hereby appointed attorney-in-fact for the Governmental Lender to execute, acknowledge and deliver such instruments in the Governmental Lender's name and stead. In case any co-fiscal agent or separate fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-fiscal agent or separate fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a new Fiscal Agent or successor to such co-fiscal agent or separate fiscal agent.

Every co-fiscal agent or separate fiscal agent shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) the Governmental Note shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Funding Loan Agreement conferred upon the Fiscal Agent in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Fiscal Agent;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Fiscal Agent shall be conferred or imposed upon or exercised or performed by the Fiscal Agent, or by the Fiscal Agent and such co- fiscal agent, or separate fiscal agent jointly, as shall be provided in the instrument appointing such co- fiscal agent or separate fiscal agent, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Fiscal Agent shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-fiscal agent or separate fiscal agent;

(c) any request in writing by the Fiscal Agent to any co-fiscal agent or separate fiscal agent to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-fiscal agent or separate fiscal agent;

(d) any co-fiscal agent or separate fiscal agent to the extent permitted by law shall delegate to the Fiscal Agent the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Fiscal Agent at any time by an instrument in writing with the concurrence of the Governmental Lender evidenced by a certified resolution may accept the resignation of or remove any co-fiscal agent or separate fiscal agent appointed under this Section 7.14 and in case an Event of Default shall have occurred and be continuing, the Fiscal Agent shall have power to accept the resignation of or remove any such co-fiscal agent or separate fiscal agent without the concurrence of the Governmental Lender, and upon the request of the Fiscal Agent, the Governmental Lender shall join with the Fiscal Agent in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-fiscal agent or separate fiscal agent so resigned or removed may be appointed in the manner provided in this Section 7.14;

(f) no Fiscal Agent or co-fiscal agent hereunder shall be personally liable by reason of any act or omission of any other Fiscal Agent hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Funding Lender and delivered to the Fiscal Agent shall be deemed to have been delivered to each such co-fiscal agent or separate fiscal agent; and

(h) any money, papers, securities or other items of personal property received by any such co-fiscal agent or separate fiscal agent hereunder shall forthwith, so far as may be permitted by law, be turned over to the Fiscal Agent.

The total compensation of the Fiscal Agent and any co-fiscal agent or separate fiscal agent shall be as, and may not exceed the amount, provided in Section 7.06 hereof.

Section 7.15. ***Notice of Certain Events.*** The Fiscal Agent shall give written notice to the Governmental Lender, and the Funding Lender of any failure by the Borrower to comply with the terms of the Tax Regulatory Agreement or any Determination of Taxability of which a Responsible Officer has actual knowledge.

Section 7.16. ***[Reserved].***

Section 7.17. ***Filing of Financing Statements***. The Fiscal Agent shall have no duty to file financing statements on the Delivery Date. The Fiscal Agent shall, at the expense of the Borrower, file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Delivery Date, copies of which have been actually delivered to Fiscal Agent, in connection with the security for the Funding Loan pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Fiscal Agent shall immediately notify the Governmental Lender, the Borrower, and the Funding Lender that the same has been done. If direction is given by the Funding Lender, the Fiscal Agent shall file all continuation statements in accordance with such directions.

Section 7.18. ***USA Patriot Act Requirements of the Fiscal Agent***. To help the government of the United States of America fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust, or other legal entity, the Fiscal Agent may request documentation to verify such Person's formation and existence as a legal entity. The Fiscal Agent may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII.

AMENDMENTS OF CERTAIN DOCUMENTS

Section 8.01. ***Amendments to this Funding Loan Agreement.*** Any of the terms of this Funding Loan Agreement and the Governmental Note may be amended or waived only by an instrument signed by the Fiscal Agent and the Governmental Lender, and with the prior written consent of the Funding Lender. All fees, costs and expenses (including reasonable attorneys' fees, costs and expenses) incurred in connection with any amendment, modification or supplement shall be payable by the Borrower.

Section 8.02. ***Amendments to Financing Documents Require Consent of Funding Lender.*** Neither the Governmental Lender nor the Fiscal Agent shall consent to any amendment, change or modification of any Financing Document without the prior written consent of the Funding Lender. The Fiscal Agent shall enter into such amendments to the Financing Documents as shall be directed by the Funding Lender.

Section 8.03. ***Opinion of Bond Counsel Required***. No amendment to this Funding Loan Agreement, the Governmental Note, the Project Loan Agreement, the Project Note, the Security Instrument, the Tax Regulatory Agreement or the Tax Exemption Agreement shall

become effective unless and until (i) the Funding Lender shall have consented to the same in writing in its sole discretion and (ii) the Funding Lender, the Governmental Lender and the Fiscal Agent shall have received, at the expense of the Borrower, (A) a Favorable Opinion of Bond Counsel, and (B) an opinion of counsel (which may be Bond Counsel) acceptable to the Funding Lender and the Governmental Lender to the effect that any such proposed such amendment, change or modification is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE IX.

SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT

Section 9.01. ***Discharge of Lien.*** If the Governmental Lender shall pay or cause to be paid to the Funding Lender the principal, interest and premium, if any, to become due with respect to the Funding Loan at the times and in the manner stipulated herein and in the Governmental Note, in any one or more of the following ways:

(a) by the payment of all unpaid principal of (including Prepayment Premium, if any) and interest on the Funding Loan; or

(b) *Intentionally omitted*; or

(c) by the delivery of the Governmental Note by the Funding Lender to the Fiscal Agent for cancellation;

and shall have paid all amounts due and owing under the other Financing Documents, and shall have paid all fees and expenses of and any other amounts due to the Fiscal Agent, and the Rebate Analyst, and if the Governmental Lender shall keep, perform and observe all and singular the covenants and promises in the Governmental Note and in this Funding Loan Agreement expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights hereby granted shall cease, determine and be void, and thereupon the Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to the Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Governmental Lender the estate hereby conveyed, and assign and deliver to the Governmental Lender any interest in property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except amounts held by the Fiscal Agent for the payment of principal of, interest and premium, if any, on the Governmental Note, the payment of any amounts owed to the United States of America pursuant to Section 4.12 hereof.

Subject to the satisfaction of the conditions set forth in Section 4.04(c) of the Project Loan Agreement, the Funding Loan shall, prior to the Maturity Date, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section 9.01 based on a deposit of moneys or securities with the Fiscal Agent pursuant to Section 9.01(b) if, under circumstances which do not cause interest on the Governmental Note to become includable in the holders' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) there shall be on deposit with the Fiscal Agent either money or noncallable and

nonprepayable direct obligations of the United States of America (or other defeasance securities constituting Qualified Investments approved in writing by the Funding Lender) in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal and interest due and to become due on the Funding Loan up to and on the Maturity Date; (b) the Fiscal Agent shall have received a verification report of a firm of certified public accountants or financial analyst reasonably acceptable to the Fiscal Agent and the Funding Lender as to the adequacy of the amounts or securities so deposited to fully pay the Funding Loan; (c) the Fiscal Agent and the Funding Lender shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Governmental Lender were to become a debtor in a proceeding under the Bankruptcy Code (x) payment of such money to the Funding Lender would not constitute a voidable preference under Section 547 of the Bankruptcy Code and (y) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Funding Loan; (d) the Fiscal Agent and the Funding Lender shall have received an opinion of Bond Counsel to the effect that the defeasance of the Funding Loan is in accordance with the provisions of the Funding Loan Agreement and that such defeasance will not adversely affect the exclusion of interest on the Governmental Note from gross income for federal income tax purposes; and (e) the Fiscal Agent shall have received written confirmation that all fees, expenses or reimbursement of any advances due to the Funding Lender under the Financing Documents have been fully paid.

Section 9.02. ***Discharge of Liability on Funding Loan.*** Upon the deposit with the Fiscal Agent, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.01 above) to pay or prepay the Funding Loan (whether upon or prior to their maturity or the prepayment date of the Funding Loan) provided that, if the Funding Loan is to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Article III provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, all liability of the Governmental Lender in respect of the Funding Loan shall cease, terminate and be completely discharged, except only that thereafter the Funding Lender shall be entitled to payment by the Governmental Lender, and the Governmental Lender shall remain liable for such payment, but only out of the money or securities deposited with the Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

Section 9.03. ***Payment of Funding Loan After Discharge of Funding Loan Agreement.*** Notwithstanding any provisions of this Funding Loan Agreement, and subject to applicable unclaimed property laws of the State, any money deposited with the Fiscal Agent or any paying agent in trust for the payment of the principal of, interest or premium on the Governmental Note remaining unclaimed for two years after the maturity or earlier payment date shall be reported and disposed of by the Fiscal Agent in accordance with the applicable unclaimed property laws of the State, whereupon all liability of the Governmental Lender and the Fiscal Agent with respect to such money shall cease, and the Funding Lender shall thereafter look solely to the Borrower for payment of any amounts then due. All money held by the Fiscal Agent and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.

ARTICLE X.

INTENTIONALLY OMITTED

ARTICLE XI.

MISCELLANEOUS

Section 11.01. ***Intentionally omitted.***

Section 11.02. ***Limitation of Rights.*** With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Funding Loan Agreement or the Governmental Note is intended or shall be construed to give to any Person other than the Parties hereto, the Funding Lender, and the Borrower, any legal or equitable right, remedy or claim under or in respect to this Funding Loan Agreement or any covenants, conditions and provisions hereof.

Section 11.03. ***Construction of Conflicts; Severability.*** Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by the Borrower or any other arrangements agreed to by the Borrower in order to finance or refinance the Project with the proceeds of the Funding Loan, the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Project Loan Documents, then the Project Loan Documents shall be controlling in all respects. If any provision of this Funding Loan Agreement shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Funding Loan Agreement contained, shall not affect the remaining portions of this Funding Loan Agreement, or any part thereof.

Section 11.04. ***Notices.***

(a) Whenever in this Funding Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, the Funding Lender, or the Borrower shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to

the appropriate party at the addresses set forth below or as may be required or permitted by this Funding Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lender, or the Borrower may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Governmental Lender:	Texas Department of Housing and Community Affairs 221 E. 11th Street Austin, TX 78701 Attention: Teresa Morales Email: teresa.morales@tdhca.state.tx.us Telephone: (512) 475-3344
The Fiscal Agent:	Wilmington Trust, National Association 15950 North Dallas Parkway, Suite 520050 Dallas, TX 75248 Attention: _____ Email: _____ Telephone: _____
The Borrower:	Murdeaux Rehab Development, LP 3556 Culpepper Cr., Suite 4 Springfield, MO 65804 Attention: Ryan Hamilton Email: ryanhamilton@hamiltoncorporation.com Telephone: (417) 882-1701
with a copy to:	Shackelford, Bowen, McKinley & Norton (which copy shall not constitute notice to Borrower) 9201 N. Central Expressway, 4th Floor Dallas, TX 75231 Attention: Michelle Snedden Email: MSnedden@shackelford.law Telephone: (214) 780-1413
The Fee Owner	Murdeaux Villas Landowner LLC [ADDRESS] Attention: [____] Email: [____] Telephone: [_____]
If to Tax Credit Investor:	42EP Bridge Fund II, LP 2660 East Chase Lane, Suite 100 Montgomery, AL 36117 Attention: E. Michael Haynes

With a copy to:	Maynard Cooper & Gale, P.C. 1901 Sixth Avenue North, Suite 1700 Birmingham, AL 35203 Attention: Matthew A. Aiken
Funding Lender Representative	International Bank of Commerce 1600 Ruben Torres Blvd Brownsville, TX 78526 Attention: Lee Reed Telephone: (956) 547-1019 Email: LeeReed@ibc.com
with a copy to:	Martin & Drought, P.C. Attention: Paul J. Benavides 112 East Pecan Street, Suite 1616 San Antonio, TX 78205

The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Funding Loan Agreement.

(b) The Fiscal Agent shall provide to the Funding Lender, and the Governmental Lender (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by the Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from the Funding Lender for any such information or other communication.

Section 11.05. ***Intentionally omitted.***

Section 11.06. ***Payments Due on Non-Business Days.*** In any case where a date of payment with respect to the Funding Loan shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.

Section 11.07. ***Counterparts.*** This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.08. ***Laws Governing Funding Loan Agreement.*** The effect and meanings of this Funding Loan Agreement and the rights of all parties hereunder shall be governed by, and construed according to, the internal laws of the State without regard to conflicts of laws principles. The Fiscal Agent's rights, duties, power and obligations hereunder are governed entirely by the terms and provisions of this Funding Loan Agreement, the Project Loan Agreement and the Tax Regulatory Agreement. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of the federal or state courts sitting in Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 11.09. ***No Recourse.*** No recourse under or upon any obligation, covenant or agreement contained in this Funding Loan Agreement or in the Governmental Note shall be had against any member, officer, commissioner, director or employee (past, present or future) of the Governmental Lender, either directly or through the Governmental Lender or its governing body or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, or otherwise, of any sum that may be due and unpaid by the Governmental Lender or its governing body upon the Governmental Note. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act or omission on his/her part or otherwise, for the payment for or to the Funding Lender or otherwise of any sum that may remain due and unpaid with respect to the Funding Loan hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the delivery of the Governmental Note.

Section 11.10. ***Successors and Assigns.*** All the covenants and representations contained in this Funding Loan Agreement by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Governmental Lender, the Initial Funding Lender and the Fiscal Agent have caused this Funding Loan Agreement to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Governmental Lender

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

INTERNATIONAL BANK OF COMMERCE,
a Texas state banking corporation,
as Initial Funding Lender

By: _____
Name: Wallace L. Reed, IV
Title: President

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Fiscal Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF GOVERNMENTAL NOTE

MULTIFAMILY NOTE

THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS MULTIFAMILY NOTE. THE FAITH, CREDIT OR TAXING POWER OF THE STATE OF TEXAS IS NOT PLEDGED, GIVEN OR LOANED TO PAYMENT OF THIS MULTIFAMILY NOTE'S PRINCIPAL OR INTEREST.

US $[5,000,000] Dated Date: [_____] 1, 2026 No. _____

Texas Department of Housing and Community Affairs
Multifamily Housing Governmental Note
(Murdeaux Villas) Series 2026

FOR VALUE RECEIVED, the undersigned, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "**Governmental Lender**"), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of INTERNATIONAL BANK OF COMMERCE, (the "**Funding Lender**"), and its assigns, the principal sum of [FIVE] MILLION DOLLARS (US $[5,000,000].00), plus premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Note (this "**Note**") is being delivered pursuant to that certain Funding Loan Agreement dated as of [_____] 1, 2026 (together with any and all amendments, modifications, supplements and restatements, the "**Funding Loan Agreement**"), among the Funding Lender, the Governmental Lender and WILMINGTON TRUST, NATIONAL ASSOCIATION (the "**Fiscal Agent**"), pursuant to which the Governmental Lender has incurred a loan in the aggregate principal amount of $[5,000,000] (the "**Funding Loan**"), and this Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Governmental Lender is using the proceeds of the Funding Loan to make a loan to Murdeaux Rehab Development, LP (the "**Borrower**"), pursuant to the Project Loan Agreement dated as of [_____] 1, 2026 (the "**Project Loan Agreement**"), among the Governmental Lender, the Borrower and the Fiscal Agent.

1. **Defined Terms**. As used in this Note, (i) the term "Funding Lender" means the holder of this Note, and (ii) the term "Indebtedness" means the principal of, premium, if any, and interest on or any other amounts due at any time under this Note or the Funding Loan Agreement. "Event of Default" and other capitalized terms used but not defined in this Note shall have the meanings given to such term in the Funding Loan Agreement.

2. **Payments of Principal and Interest**. The Governmental Lender shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the first calendar day of each month commencing [____] 1, 2026, interest on this Note at, except as

otherwise provided in Section 14 of this Note, the Interest Rate, and shall also pay interest on this Note at the applicable interest rate on the date of any optional or mandatory prepayment or acceleration of all or part of the Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Note subject to prepayment (each such date for payment an "**Interest Payment Date**").

The Governmental Lender shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Note in full on [MATURITY DATE] (the "**Maturity Date**") or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

3. **Manner of Payment**. All payments under this Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Funding Loan Agreement.

4. **Application of Payments**. If at any time the Funding Lender receives any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, the Funding Lender may apply that payment to amounts then due and payable in any manner and in any order determined by the Funding Lender, in the Funding Lender's discretion. Neither the Funding Lender's acceptance of a payment in an amount that is less than all amounts then due and payable nor the Funding Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. **Security**. The Indebtedness is secured by, among other things, the Pledged Security pledged pursuant to the Funding Loan Agreement.

6. **Acceleration**. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note shall at once become due and payable, at the option of the Funding Lender, as governed by the Funding Loan Agreement, without any prior notice to the Governmental Lender (unless required by applicable law). The Funding Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Prepayment; Prepayment Premium**. This Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.

8. **Forbearance**. Any forbearance by the Funding Lender in exercising any right or remedy under this Note or any other document evidencing or securing the Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Funding Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment.

Enforcement by the Funding Lender of any security for the obligations under this Note shall not constitute an election by the Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to the Funding Lender.

9. **Waivers**. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Governmental Lender and all endorsers and guarantors of this Note and all other third-party obligors.

10. **Loan Charges**. Neither this Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law pursuant to Chapter 1204 of the Texas Government Code (the "**Maximum Interest Rate**"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Governmental Lender in connection with the Funding Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Governmental Lender is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Governmental Lender has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

11. **Governing Law**. This Note shall be governed by the internal law of the State of Texas (the "**Property Jurisdiction**").

12. **Captions**. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

13. **Address for Payment**. All payments due under this Note shall be payable at the principal office of the Funding Lender as designated by the Funding Lender in writing to the Fiscal Agent.

14. **Default Rate**. So long as (a) any monthly installment under this Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the "**Default Rate**") equal to the lesser of (i) eighteen percent (18%) per annum, or (ii) the Maximum Interest Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.

15. **Limited Obligation**. **NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION THAT THE GOVERNMENTAL LENDER MAY INCUR UNDER THE FUNDING LOAN AGREEMENT OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE GOVERNMENTAL LENDER, BUT SHALL BE A LIMITED OBLIGATION PAYABLE SOLELY FROM THE PLEDGED SECURITY. THIS NOTE SHALL CONSTITUTE A VALID CLAIM OF THE HOLDER HEREOF AGAINST THE PLEDGED SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THIS NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE FUNDING LOAN AGREEMENT. THIS NOTE SHALL BE A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER GIVING RISE TO NO CHARGE AGAINST THE GOVERNMENTAL LENDER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE PLEDGED SECURITY. PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE GOVERNMENTAL LENDER (EXCEPT TO THE EXTENT OF THE PLEDGED SECURITY). THIS NOTE IS NOT AND DOES NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.**

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS NOTE OR FOR ANY CLAIM BASED ON THIS NOTE, OR OTHERWISE IN RESPECT OF THIS NOTE, OR BASED ON OR IN RESPECT OF THE FUNDING LOAN AGREEMENT OR ANY SUPPLEMENTAL FUNDING LOAN AGREEMENT, AGAINST THE GENERAL CREDIT OF THE GOVERNMENTAL LENDER OR AGAINST ANY PAST, PRESENT OR FUTURE GOVERNING BOARD MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE GOVERNMENTAL LENDER, OR OF ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, AS SUCH, EITHER DIRECTLY OR THROUGH THE GOVERNMENTAL LENDER OR ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS NOTE.

16. **Funding Loan Agreement Controlling.** The terms of this Note are subject in all respects to the terms of the Funding Loan Agreement. If there is a conflict between the provisions of this Note and the Funding Loan Agreement, the Funding Loan Agreement shall control.

THIS NOTE SHALL NOT BE ENTITLED to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Fiscal Agent shall have executed the Certificate of Authentication appearing hereon.

IN WITNESS WHEREOF, the Governmental Lender has caused this Governmental Note to be duly executed in the name of the Governmental Lender under its official seal and by the manual or facsimile signature of its Chair or Vice Chair, and attested by the manual or facsimile signature of its Secretary, as of the date shown above.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(SEAL)

By:_____
[Vice] Chair

ATTEST:

By:_____
Secretary

CERTIFICATE OF AUTHENTICATION

This Multifamily Note is issued under the provisions of and described in the within-mentioned Funding Loan Agreement.

Date of Authentication: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION

By:_____
Authorized Signer

EXHIBIT B

RESERVED

EXHIBIT C

FORM OF TRANSFEREE REPRESENTATIONS LETTER

[To be prepared on letterhead by transferee]

[Date]

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

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 200
Dallas, TX 75248
Attention: _____

Re: Murdeaux Villas

Ladies and Gentlemen:

The undersigned representative of _____ (the "Funding Lender"), the funding lender of the Texas Department of Housing and Community Affairs Multifamily Housing Governmental Note (Murdeaux Villas), Series 2026, dated as of [_____ 1, 2026] (the "Governmental Note"), does hereby certify, represent and warrant for the benefit of the Texas Department of Housing and Community Affairs (the "Governmental Lender ") and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent"), that the Funding Lender is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (a "QIB").

The Funding Lender hereby acknowledges, represents, and warrants to, and agrees with, the Governmental Lender and the Fiscal Agent, as follows:

(1) The Funding Lender is purchasing the Governmental Note with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof, other than the deposit of the Governmental Note in a custodial or trust arrangement each of the beneficial owners of which shall be required to be a QIB.

(2) The Funding Lender has such knowledge and experience in business and financial matters and with respect to the purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Governmental Note, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto, the Funding Lender has no need for liquidity in such investment and the Funding Lender is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

(3) The Funding Lender acknowledges that it has been provided with, and has had the opportunity to review, the documents relating to the issuance of the Governmental Note by the Governmental Lender. The Funding Lender either has been supplied with or has had access to information, including financial statements, and other financial information, and has had the opportunity to ask questions and receive answers from individuals concerning the Governmental Lender, Murdeaux Rehab Development, LP (the "Borrower"), and its credit standing, the Borrower Loan Agreement dated as of [_____ 1, 2026], between the Governmental Lender and the Borrower (the "Borrower Loan Agreement"), the Funding Loan Agreement dated as of [_____ 1, 2026], among the Governmental Lender, International Bank of Commerce, as funding lender and the Fiscal Agent (the "Funding Loan Agreement"), and the Governmental Note so that, as a sophisticated investor, the Funding Lender has been able to make its decision to purchase the Governmental Note.

(4) The Funding Lender has had the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information it may request.

(5) The Funding Lender is a nationally- or state-chartered bank that regularly extends credit to state and local governments by making loans the repayment obligations under which are evidenced by obligations such as the Governmental Note; has knowledge and experience in financial and business matters that make it capable of evaluating the Borrower, the Governmental Note and the risks associated with the extension of credit evidenced by the Governmental Note; and has the ability to bear the economic risk of extending the credit evidenced by the Governmental Notes. The Funding Lender is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its extension of credit evidenced by the Governmental Notes.

(6) The Funding Lender acknowledges that (a) the Governmental Note (i) has not been registered under the Securities Act of 1933, as amended, (ii) has not been registered or otherwise qualified for sale under the securities laws of any state, and (iii) will not be listed on any securities exchange and (b) there is no established market for the Governmental Note and that none is likely to develop.

(7) THE FUNDING LENDER UNDERSTANDS THAT:

(i) NEITHER THE STATE OF TEXAS NOR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TEXAS, SHALL BE LIABLE OR OBLIGATED (GENERAL, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THE GOVERNMENTAL NOTE OR THE PREMIUM, IF ANY, OR INTEREST THEREON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE GOVERNMENTAL NOTE; AND

(ii) THE GOVERNMENTAL LENDER HAS NO TAXING POWER AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL NOTE ARE PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE

FISCAL AGENT ON BEHALF OF THE GOVERNMENTAL LENDER UNDER THE BORROWER LOAN AGREEMENT AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE FUNDING LOAN AGREEMENT.

(8) The Funding Lender understands that in connection with any proposed transfer or exchange of the Governmental Note, there must be delivered to the Fiscal Agent a letter of the transferee in substantially the same effect as this letter or otherwise as permitted under the Funding Loan Agreement.

(9) The Funding Lender understands that, in connection with any proposed transfer of the Governmental Note, such transfer must be limited to an Eligible Funding Lender. "Eligible Funding Lender" means a prospective transferee that the Funding Lender has clear grounds to believe and does believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

(10) **THE FUNDING LENDER INDEMNIFIES THE GOVERNMENTAL LENDER AND THE FISCAL AGENT AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) THAT RESULT IF THE REPRESENTATIONS CONTAINED IN THE FUNDING LENDER'S TRANSFEREE REPRESENTATIONS LETTER ARE FALSE IN ANY MATERIAL RESPECT.**

(11) The Funding Lender is acquiring 100% of the Governmental Note.

The Funding Lender has conducted its own investigation to the extent it deemed necessary. The Funding Lender has been offered an opportunity to have made available to it any and all such information it might request from the Governmental Lender and the Borrower. On this basis, it is agreed by the Funding Lender that the Funding Lender is not relying on any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

The Governmental Note for this Funding Lender should be registered with the Fiscal Agent as follows and an executed W-9 has been attached:

Name: _____

Address: _____

Tax ID #: _____

Payment instructions: ( ) wire ( ) check

_____

_____

_____

This letter and the representations and agreements contained herein are made for your benefit.

IN WITNESS WHEREOF, I have hereunto set my hand the _____ day of _____, 20__.

[SIGNATURE BLOCK]

By: _____
Name: _____
Title: _____

EXHIBIT D

COSTS OF ISSUANCE REQUISITION
(Cost of Issuance Fund)

Wilmington Trust, National Association, as Fiscal Agent

Re: Murdeaux Villas

Fiscal Agent:

You are requested to disburse funds from the Cost of Issuance Fund pursuant to Section 4.13 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "**Requisition**"). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the "**Funding Loan Agreement**"), dated as of [_____] 1, 2026 (the "**Funding Loan Agreement**"), among INTERNATIONAL BANK OF COMMERCE, in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "**Governmental Lender**") and WILMINGTON TRUST, NATIONAL ASSOCIATION (the "**Fiscal Agent**"), securing the Governmental Lender's Multifamily Housing Governmental Note (Murdeaux Villas), Series 2026, dated [_____] 1, 2026 (the "**Governmental Note**").

REQUISITION NO.:
PAYMENT DUE TO:
AMOUNT TO BE DISBURSED: $

The undersigned, on behalf of Murdeaux Rehab Development, LP, a limited partnership duly organized and existing under the laws of the State of Texas (the "**Borrower**"), certifies that:

(a) the expenditures for which money is requisitioned by this Requisition represent proper charges against the Cost of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and

(b) the money requisitioned is not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance; and

(c) including amounts paid pursuant to this Requisition, not more than 2% of the sales proceeds of the Funding Loan will have been used for Costs of Issuance.

Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: _____

MURDEAUX REHAB DEVELOPMENT, LP,
a Texas limited partnership

By: Murdeaux Rehab Development GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: _____
Title: _____

EXHIBIT E

PROJECT LOAN FUND REQUISITION
(Project Loan Fund)

Wilmington Trust, National Association, as Fiscal Agent

Re: Murdeaux Villas

You are requested to disburse funds from the Project Loan Fund pursuant to Section 4.02 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "**Requisition**"). Except as provided herein, the terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the "**Funding Loan Agreement**"), dated as of [_____] 1, 2026 (the "**Funding Loan Agreement**"), among INTERNATIONAL BANK OF COMMERCE, in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "**Governmental Lender**") and WILMINGTON TRUST, NATIONAL ASSOCIATION (the "**Fiscal Agent**"), securing the Governmental Lender's Multifamily Housing Governmental Note (Murdeaux Villas), Series 2026, dated [_____] 1, 2026 (the "**Governmental Note**").

REQUISITION NO.:
PAYMENT DUE TO:
AMOUNT(S) TO BE DISBURSED: $_____ from the Project Account
$_____ from the Borrower Equity Account

The undersigned Borrower hereby represents and warrants that the following information and certifications provided in connection with this Requisition are true and correct as of the date hereof:

1. Purposes for which disbursement is requested are specified in the **attached Schedule**.

2. Party or parties to whom the disbursements shall be made are specified in the **attached Schedule** (may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned); provided, that no reimbursement shall be made for advances and payments made prior to June 25, 2020).

3. The undersigned certifies that:

   a. the conditions precedent to disbursement set forth in the Continuing Covenant Agreement have been satisfied;

   b. the disbursement requested pursuant to this Requisition will be used solely to pay a cost or costs allowable under the Funding Loan Agreement and the Continuing Covenant Agreement;

c. none of the items for which disbursement is requested pursuant to this Requisition has formed the basis for any disbursement previously made from the Project Loan Fund and all such items have been properly recorded in Borrower's books and are set forth on the Schedule attached hereto, along with paid invoices attached for any sum for which reimbursement is requested and invoices or bills of sales for all other items;

d. all labor and materials for which disbursements have been requested have been incorporated into the Project in accordance with reasonable and standard building practices, the Continuing Covenant Agreement and all applicable laws, ordinances, rules and regulations of any governmental authority having jurisdiction over the Project;

e. the materials, supplies and equipment furnished or installed for the Improvements are not subject to any lien or security interest or that the funds to be disbursed pursuant to this Requisition are to be used to satisfy any such lien or security interest;

f. all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Exemption Agreement that relate to the tax-exempt status of the Funding Loan, including that none of the proceeds of the Funding Loan (including investment earnings thereon) will be used to provide an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, health club facility or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;

g. If this Requisition is not the Final Requisition from the Project Loan Fund, upon achieving completion of the rehabilitation, not less than 95% of the Net Proceeds (as defined in the Tax Exemption Agreement) of the Governmental Note will have been used for Qualified Project Costs (as defined in the Tax Exemption Agreement); or

   If this Requisition is the Final Requisition from the Project Loan Fund, not less than 95% of the sum of (A) the amounts requisitioned by this Requisition to be paid from the Project Account of the Project Loan Fund and (B) all amounts previously requisitioned and paid from the Net Proceeds (as defined in the Tax Exemption Agreement) of the Governmental Note will have been used for Qualified Project Costs (as defined in the Tax Exemption Agreement);

h. Borrower is not in default under the Project Loan Agreement, the Continuing Covenant Agreement or any other Project Loan Document to which it is a party and nothing has occurred to the knowledge of Borrower that would prevent the performance of its obligations under such documents;

i. no amounts being requisitioned hereby will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the delivery of the Governmental Note or pay debt service with respect to the Loans; and

j. Funds deposited with Borrower for further disbursement to third parties shall be paid to such third parties by check or wire dated the date of such deposit and Borrower reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

[Following items may not be required for Initial Disbursement]

4. Estimated costs of completing the uncompleted rehabilitation as of the date of this Requisition: _____.

5. Percent of rehabilitation completed as of the date this request: _____%

IN WITNESS WHEREOF, the undersigned has executed this Requisition as of the day and date below.

Date:_____

MURDEAUX REHAB DEVELOPMENT, LP,
a Texas limited partnership

By: Murdeaux Rehab Development GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: _____
Title: _____

APPROVED:

INTERNATIONAL BANK OF COMMERCE,
a Texas state banking corporation

By: _____
Name: _____
Title: _____

INITIAL FUNDING LENDER'S APPROVAL OF A REQUISITION DOES NOT CONSTITUTE ANY ACKNOWLEDGEMENT OR REPRESENTATION ON BEHALF OF

INITIAL FUNDING LENDER THAT THE FUNDS DISBURSED BY FISCAL AGENT ARE BEING USED FOR SO-CALLED "GOOD COSTS" FOR PURPOSES OF THE USES OF BOND PROCEEDS IN COMPLIANCE WITH THE INTERNAL REVENUE CODE.

PROJECT LOAN AGREEMENT

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Governmental Lender

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Fiscal Agent

and

MURDEAUX REHAB DEVELOPMENT, LP,
as Borrower

Relating to

MURDEAUX VILLAS
DALLAS, TEXAS

Maximum Project Loan Principal Amount: $[5,000,000]

Dated as of [_____] 1, 2026

All of the right, title and interest of the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (except for its Unassigned Rights) in and to this Project Loan Agreement are being assigned to WILMINGTON TRUST, NATIONAL ASSOCIATION, as Fiscal Agent, as security for the Funding Loan made pursuant to that certain Funding Loan Agreement dated as of [_____] 1, 2026 by and among the Governmental Lender, the Initial Funding Lender named therein and the Fiscal Agent.

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PROJECT LOAN AGREEMENT

THIS PROJECT LOAN AGREEMENT (this "**Project Loan Agreement**") is made and entered into as of [_____] 1, 2026, by and among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (the "**Governmental Lender**"), a public and official agency of the State of Texas (the "**State**"), **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association, organized and operating under the laws of the United States of America (together with any successor Fiscal Agents appointed under the Funding Loan Agreement, the "**Fiscal Agent**"), and **MURDEAUX REHAB DEVELOPMENT, LP**, a limited liability company duly organized and existing under the laws of the State of Texas (together with its successors and assigns permitted hereunder, the "**Borrower**").

RECITALS

A. Pursuant to Chapter 2306, Texas Government Code (the "**Act**") and this Project Loan Agreement, the Governmental Lender is agreeing to make a mortgage loan to the Borrower in the aggregate principal amount of $[5,000,000] (the "**Project Loan**") to provide for the financing of a multifamily rental housing development located in Dallas, Texas to be known as Murdeaux Villas (the "**Project**")**.**

B. The Governmental Lender has previously issued its Multifamily Note (Murdeaux Villas), Series 2021 in the original aggregate principal amount of $35,000,000 (the "**Series 2021 Governmental Note**") to provide financing for the acquisition, rehabilitation and equipping of the Project.

C. The Governmental Lender is making the Project Loan to the Borrower with the proceeds received from the loan in the aggregate principal amount of $[5,000,000] (the "**Funding Loan**" and together with the Project Loan, the "**Loans**") made to the Governmental Lender pursuant to the Funding Loan Agreement (the "**Funding Loan Agreement**"), by and among International Bank of Commerce, a Texas state banking corporation, in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the Governmental Lender and the Fiscal Agent. The Funding Loan is evidenced by the Governmental Lender's Multifamily Note dated as of the date hereof (together with all riders and addenda thereto, the "**Governmental Note**") delivered by the Governmental Lender to the Initial Funding Lender.

D. The Initial Funding Lender, pursuant to the terms and subject to the conditions of the Funding Loan Agreement, and the Continuing Covenant Agreement, has agreed to originate and fund the Funding Loan to the Governmental Lender on a fully funded basis, which proceeds of the Funding Loan will be used by the Governmental Lender to fund the Project Loan to the Borrower pursuant to this Project Loan Agreement. The Initial Funding Lender will administer the Loans in accordance with the Financing Documents.

E. The Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition, rehabilitation and equipping of the Project and, if necessary, to pay certain costs incurred in connection with the Loans.

F. The Borrower's repayment obligations in respect of the Project Loan will be evidenced by a Project Note dated as of the date hereof (together with all riders and modifications

thereto, the "**Project Note**") delivered to the Governmental Lender, which Project Note will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

G. To secure the Borrower's obligations under the Project Note, the Borrower will execute and deliver to the Governmental Lender a Leasehold Multifamily Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing dated as of the date hereof (the "**Security Instrument**") with respect to the Project, which Security Instrument will be assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

H. Reserved.

I. Reserved.

J. Reserved.

K. Reserved.

L. Reserved.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. ***Definitions***. All words and phrases (except for Event of Default) defined in the Funding Loan Agreement and the Continuing Covenant Agreement shall have the same meanings for the purposes of this Project Loan Agreement. In addition to the words and phrases defined in the Funding Loan Agreement and elsewhere herein, the following words and phrases shall have the following meanings:

"Completion Certificate" means a certificate of the Borrower in the form attached as Exhibit A to the Series 2021 Project Loan Agreement.

"Completion Date" means the date the Project is substantially completed and available and suitable for use as multifamily housing, as set forth in the Completion Certificate.

"Event of Default" means any of those events specified in and defined by the applicable provisions of Article VII hereof to constitute an event of default.

"Fee Component" means the regular, ongoing fees due from time to time to the Governmental Lender, the Fiscal Agent and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the unpaid principal amount of the Funding Loan on an annual basis.

"Project Loan Agreement" means this Project Loan Agreement, together with any amendments hereto.

"Project Loan Payment" means each payment of the Project Loan on each Project Loan Payment Date pursuant to the Project Note and this Project Loan Agreement.

"*Project Loan Payment Date*" means (A) the first day of each calendar month, commencing [____] 1, 2026, or (B) any other date on which the Project Loan is prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; provided, however, that if a Project Loan Payment Date is not a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date.

"Taxes" means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

Section 1.02. ***Interpretation***. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. References to Articles, Sections and other subdivisions of this Project Loan Agreement are the Articles, sections and other subdivisions of this Project Loan Agreement as originally executed.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Project Loan Agreement; the term "heretofore" means before the date of execution of this Project Loan Agreement; and the term "hereafter" means after the date of execution of this Project Loan Agreement.

ARTICLE II
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. ***Representations, Warranties and Covenants of the Governmental Lender***. The Governmental Lender makes the following representations, warranties and covenants for the benefit of the Borrower, the Fiscal Agent, and the Funding Lender:

(a) The Governmental Lender is a public and official agency of the State of Texas.

(b) The Governmental Lender has all necessary power and authority to issue the Governmental Note and to make the Project Loan from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement, and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The Governmental Lender has taken all action on its part to issue the Governmental Note and make the Project Loan from the proceeds thereof and for the sale, execution and delivery thereof.

(d) Each of the Financing Documents to which the Governmental Lender is a party has been duly and validly authorized, executed and delivered by the Governmental Lender and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Governmental Lender, enforceable against the Governmental Lender in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

(e) The Governmental Lender has complied with the provisions of the laws of the State, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of the Governmental Lender described or contemplated in the Financing Documents. The execution and delivery of the Governmental Note and the Financing Documents to which the Governmental Lender is a party, the consummation of the transactions on the part of the Governmental Lender contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Governmental Lender is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Governmental Lender under the terms of any instrument or agreement.

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by the Governmental Lender of, and performance by the Governmental Lender of its obligations under, the Financing Documents.

(g) There is no action, suit, or proceeding filed or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender by or before any court, governmental agency or public board or body, nor, to the Governmental Lender's knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Governmental Lender or the title to office of any member of the governing body of the Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Financing Documents or the issuance, sale, execution or delivery of the Governmental Note; (iii) affects or questions the validity or enforceability of the Governmental Note or any Financing Document; (iv) questions the tax-exempt status of the Governmental Note; or (v) questions the power or authority of the Governmental Lender to perform its obligations under the Governmental Note or any Financing Document, or to carry out the transactions contemplated by the Governmental Note and the Financing Documents.

(h) No officer or other official of the Governmental Lender has any personal financial interest in the Project or the Borrower or in the transactions contemplated by this Project Loan Agreement.

It is expressly acknowledged that the Governmental Lender makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the issuance, sale, execution and delivery of the Governmental Note, or as to the correctness, completeness or accuracy of such statements.

Section 2.02. ***Representations, Warranties and Covenants of the Borrower***. The Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of the Borrower contained in this Project Loan Agreement, are relied upon by the Governmental Lender, the Funding Lender, and the Fiscal Agent and serve as a basis for the undertakings of the Governmental Lender, and the Fiscal Agent contained in this Project Loan Agreement:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the state in which it has been organized and is duly qualified to conduct its business under the laws of the State and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Project Loan Agreement and the other Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Project Loan Agreement and the other Financing Documents. All general partners of in the Borrower are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as either domestic or foreign partnerships or limited liability companies, as applicable.

(b) The Borrower has the legal right, power and authority to (i) own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and the Borrower contemplates it to be conducted with respect to the Project and (iii) execute and deliver, carry out its obligations under, and close the transactions provided for in, the Financing Documents to which it is a party.

(c) Each of the Financing Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of rehabilitation of the Project, is required for the due execution and delivery or approval, as the case may be, by the Borrower of, and the performance by the Borrower of its obligations under, the Financing Documents.

(e) None of the execution and delivery of the Financing Documents to which the Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or the Borrower's fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over the Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which the Borrower is subject, or any of the organizational or other governing documents of the Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which the Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for any lien, charge or encumbrance permitted under the terms of the Financing Documents.

(f) There is no action, suit, proceeding, inquiry or investigation pending or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of the Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) adversely affect the financial condition of the Borrower, (iii) prohibit, restrain or enjoin the making of the Funding Loan or the Project Loan or the execution and delivery of any of the Financing Documents, (iv) adversely affect the validity or enforceability of any of the Financing Documents, or (v) adversely affect the exclusion from gross income for federal income tax purposes of interest on the Governmental Note.

(g) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and, following completion of the rehabilitation of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(h) The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(i) The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of the Borrower or the enforceability of the Financing Documents to which the Borrower is a party or the ability of the Borrower to perform all obligations thereunder.

(j) The Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(k) All of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests other than as set forth in the Organizational Documents. Nothing in this Project Loan Agreement shall prevent the Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(l) All representations, warranties and certifications of the Borrower set forth in the Tax Regulatory Agreement and the Tax Exemption Agreement are incorporated by reference herein and the Borrower will comply with such as if set forth herein. As of the Delivery Date, the Borrower is in compliance with all requirements of the Tax Exemption Agreement, and the representations set forth in the Tax Exemption Agreement are true and accurate in all material respects.

(m) The information, statements or reports furnished in writing to the Governmental Lender, and the Funding Lender by the Borrower in connection with this Project Loan Agreement or the consummation of the transactions contemplated hereby do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of the Borrower delivered as of the Delivery Date are reasonable.

(n) To the knowledge of the Borrower, no commissioner, member, officer or employee of the Governmental Lender has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Financing Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents.

(o) The Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement, to sell all or any portion of the Project other than as contemplated in the Financing Documents.

(p) The Project is located wholly within the boundaries of the State of Texas.

(q) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or adversely affect the excludability of the interest on the Governmental Note from gross income for federal income tax purposes. The Borrower shall operate the Project as required by the Tax Regulatory Agreement and the Tax Exemption Agreement.

(r) The Funding Loan Agreement has been submitted to the Borrower for examination, and the Borrower, by execution of this Project Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of the Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Funding Loan Agreement.

(s) The Borrower will have a leasehold interest in the land and fee simple interest in the improvements on the Project, subject only to encumbrances and liens with respect to the Series 2021 Governmental Note, or as otherwise permitted under the Security Instrument.

(t) The Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on the Governmental Lender, the Fiscal Agent, or the Funding Lender for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on the Governmental Lender, the Fiscal Agent, or the Funding Lender in any manner.

(u) The Borrower makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Borrower within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited, notwithstanding anything herein or therein to the contrary.

(i) The Borrower represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Texas Government Code, or Section 2270.0201, Texas Government Code. The foregoing representation excludes the Borrower and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(ii) For purposes of Chapter 2271, Texas Government Code, Chapter 2274, Texas Government Code, and Chapter 2276, Texas Government Code, the Borrower hereby represents that it does not have at least 10 full-time employees.

Section 2.03. ***Representations and Warranties of the Fiscal Agent*****.** The Fiscal Agent makes the following representations and warranties for the benefit of the Governmental Lender, the Borrower, and the Funding Lender:

(a) The Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States. The Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement, and meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(b) The Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(c) The Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of the Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(d) Each of the Financing Documents to which the Fiscal Agent is a party has been duly executed and delivered by the Fiscal Agent and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of the Fiscal Agent, enforceable against the Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) The Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(f) The Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of the Fiscal Agent described or contemplated in the Financing Documents to which it is a party.

(g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is

a party, (ii) the authentication or delivery of the Governmental Note, (iii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party. The Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

(h) The representations in Section 5.09 of the Funding Loan Agreement with respect to the Fiscal Agent are expressly incorporated by reference into this Project Loan Agreement.

Section 2.04. ***Arbitrage and Rebate Fund Calculations*****.** The Borrower will, on a timely basis, provide the Governmental Lender with all necessary information and, with respect to the Borrower's rebate requirement or yield reduction payments (both as may be required under the Tax Exemption Agreement) required to be paid, all necessary funds, in addition to any funds that are then available for such purpose in the Rebate Fund, to enable the Governmental Lender to comply with all arbitrage and rebate requirements of the Code. To that end, the Borrower covenants and agrees to make such payments to the Fiscal Agent as are required of it under the Tax Exemption Agreement. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Funding Loan Agreement and the Project Loan Agreement.

The Borrower covenants that, notwithstanding any other provision of this Project Loan Agreement or any other instrument, the Borrower will take no action, nor shall it direct the Fiscal Agent to take any action, to invest or use Gross Proceeds of the Governmental Note or the Project Note, the Funding Loan Agreement or the Project Loan Agreement that would cause the Governmental Note to be treated as an "arbitrage bond" within the meaning of Section 148 of the Code. In addition, the Borrower covenants and agrees to comply with the requirements of Section 148(f) of the Code as it may be applicable to the Governmental Note or the proceeds derived from the sale of the Governmental Note. No provision of this Project Loan Agreement shall be construed to impose upon the Fiscal Agent any obligation or responsibility for compliance with Section 148 of the Code or the Regulations promulgated thereunder.

Section 2.05. ***Tax Covenant of the Borrower*****.** The Borrower covenants that it shall not take any action, or fail to take any action or permit any action to be taken, if any such action or inaction would adversely affect the excludability of the interest on the Governmental Note from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Borrower covenants that it will comply with the instructions and requirements of the Tax Exemption Agreement. The Borrower further covenants that the proceeds of the Funding Loan will be allocated to each building in the Project and the land upon which the buildings are located for purposes of compliance with Section 42(h)(4) of the Code in the same manner for which proceeds are allocated for purposes of the "95%" test. In the event of a conflict between the terms and requirements of this Section 2.05 and the Tax Exemption Agreement, the terms and requirements of the Tax Exemption Agreement shall control.

Section 2.06. ***Completion Date***. The Borrower shall notify the Governmental Lender and the Fiscal Agent of the Completion Date by the delivery of a Completion Certificate signed by an

Authorized Officer of the Borrower substantially in the form of Exhibit A attached to the Series 2021 Project Loan Agreement. The Completion Certificate shall be delivered as promptly as practicable, but no more than thirty (30) days after the occurrence of the events and conditions referred to in paragraphs (a), (b), and (d) of the Completion Certificate.

ARTICLE III

THE PROJECT LOAN

Section 3.01. ***Conditions to Funding the Project Loan*****.** On the Delivery Date and thereafter, the Governmental Lender shall cause the proceeds of the Funding Loan to be deposited with the Fiscal Agent in accordance with Sections 2.01 and 2.11 of the Funding Loan Agreement and Section 3.03 hereof. The Fiscal Agent shall use such proceeds as provided in Article II of the Funding Loan Agreement to make the Project Loan, provided that no initial disbursements of proceeds shall be made until the following conditions have been met:

(a) The Borrower shall have executed and delivered to the Governmental Lender the Project Note and the Governmental Lender shall have endorsed the Project Note to the Fiscal Agent;

(b) The Security Instrument and the Assignment, with only such changes therein as shall be approved in writing by Funding Lender, shall have been executed and delivered by the Borrower and the Governmental Lender, respectively, and delivered to the title company for recording in the appropriate office for officially recording real estate documents in the jurisdiction in which the Project is located (the "**Recorder's Office**");

(c) The Tax Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to the title company for recording in the Recorder's Office, and the Fiscal Agent shall have received evidence satisfactory to it of such delivery;

(d) All other Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to the Fiscal Agent; and

(e) The Borrower shall have delivered to the Fiscal Agent, the Governmental Lender and the Funding Lender a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.02 hereof and an opinion of its counsel or other counsel satisfactory to the Fiscal Agent, the Governmental Lender, Bond Counsel and the Funding Lender.

Section 3.02. ***Terms of the Project Loan***.

(a) The Project Loan shall (i) be evidenced by the Project Note; (ii) be secured by the Security Instrument; (iii) be in the aggregate principal amount of $[5,000,000]; (iv) bear interest as provided in the Project Note; (v) provide for principal and interest payments in accordance with the Project Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Note.

(b) *Intentionally omitted*.

(c) The Borrower shall make all payments in connection with the Project Loan to the Fiscal Agent, and the Fiscal Agent will (a) retain the allocable portion of the Ordinary Fiscal Agent's Fees and Expenses (if any), together with any other amounts due to the Fiscal Agent, for its own account, (b) remit to the Funding Lender all payments of principal of, Prepayment Premium, if any, and interest due with respect to the Funding Loan, together, with any other amounts due to the Funding Lender, (c) *intentionally omitted*, and (d) remit to the Governmental Lender the Governmental Lender Fees, together with any other amounts due to the Governmental Lender. To ensure timely payment, all payments required to be made to the Fiscal Agent in this Section 3.02(c) shall be made to the Fiscal Agent by 1:00 p.m., Eastern Time, on the second Business Day prior to each Project Loan Payment Date.

(d) *Intentionally omitted*.

Section 3.03. ***Deposits***. On the Delivery Date, the proceeds of the Funding Loan shall be deposited to the credit of the Project Account of the Project Loan Fund, of which an amount, if any, specified in the Closing Memorandum shall be transferred from the Project Account for deposit to the credit of the Cost of Issuance Fund. On or prior to the Delivery Date, the Borrower will deposit with the Fiscal Agent the sum of (i) an amount specified in the Closing Memorandum for credit to the Cost of Issuance Fund; (ii) an amount specified in the Closing Memorandum for credit to the Borrower Equity Account of the Project Loan Fund; and (iii) the Initial Debt Service Deposit, if any. Subject to the conditions listed in Section 3.01 hereof, amounts on deposit in the Project Loan Fund are to be disbursed to the Borrower or otherwise as provided in Sections 2.11(d) and 4.02 of the Funding Loan Agreement.

To the extent that amounts in the Cost of Issuance Fund from the above-mentioned sources are insufficient to pay all costs of closing the Loans, the Borrower shall cause the payment of such additional costs of closing the Loans to be made on its behalf as such amounts become due.

Section 3.04. ***Pledge and Assignment to Fiscal Agent***. The parties hereto acknowledge, and the Borrower consents to, the pledge and assignment by the Governmental Lender to the Fiscal Agent pursuant to the Funding Loan Agreement of all of the Governmental Lender's right, title and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loan, the Project Note, the Security Instrument, the other Project Loan Documents and the Revenues as security for the payment of the principal of, premium, if any, and interest on the Governmental Note and the payment of any other amounts due under the Financing Documents.

Section 3.05. ***Investment of Funds***. Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by the Fiscal Agent in Qualified Investments in accordance with Section 4.08 of the Funding Loan Agreement.

Section 3.06. ***Damage; Destruction and Eminent Domain***. If, prior to payment in full of the Project Loan, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall

have been taken by the exercise of the power of eminent domain, and the Governmental Lender, the Borrower, or the Fiscal Agent receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

Section 3.07. ***Enforcement of Financing Documents***. The Fiscal Agent or the Funding Lender may enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.

ARTICLE IV

LOAN PAYMENTS

Section 4.01. ***Payments Under the Project Note; Independent Obligation of Borrower*.**

(a) **Payment Obligations**. The Borrower agrees to repay the Project Loan on each Project Loan Payment Date as provided in the Project Note, and in all instances at the times and in the amounts necessary to enable the Fiscal Agent, on behalf of the Governmental Lender, to pay all amounts payable with respect to the Governmental Note and the Funding Loan, when due, whether at maturity or upon prepayment (with premium, if applicable), acceleration or otherwise. To ensure such timely payment, the Fiscal Agent shall collect from the Borrower, and the Borrower shall provide to the Fiscal Agent the foregoing payments by 1:00 p.m., Eastern Time, on the second (2nd) Business Day prior to each Project Loan Payment Date.

The obligation of the Borrower to make the payments set forth in this Article IV shall be an independent obligation of the Borrower, separate from its obligation to make payments under the Project Note, provided that in all events payments made by the Borrower under and pursuant to the Project Note shall be credited against the Borrower's obligations hereunder on a dollar for dollar basis. If for any reason the Project Note or any provision of the Project Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, the Project Note or such provision of the Project Note shall be deemed to be the obligation of the Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of the Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Project Note.

(b) **Obligations Unconditional; No Set-Off**. The obligation of the Borrower to repay the Project Loan, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand, and without

abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Governmental Lender's legal organization or status, or any default of the Governmental Lender or the Fiscal Agent hereunder or under any other Financing Document, and regardless of the invalidity of any action of the Governmental Lender or the invalidity of any portion of this Project Loan Agreement.

(c) **Payments from Borrower to Fiscal Agent**. Each payment by the Borrower hereunder or under the Project Note shall be made in immediately available funds to the Fiscal Agent on each Project Loan Payment Date or such other date when such payment is due. Each such payment shall be made to the Fiscal Agent by deposit to such account as the Fiscal Agent may designate by written notice to the Borrower. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or under the Project Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

Section 4.02. ***Additional Payments Under the Project Note and this Project Loan Agreement***.

(a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by the Borrower under the Project Note include certain money to be paid in respect of, among others, the Fee Component, and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in subsection (b) of this Section 4.02.

(b) In addition to the funding of the initial deposits required of the Borrower described in Section 3.03, the Borrower shall pay (or cause to be paid by the Fiscal Agent (to the extent paid from money on deposit in the Administration Fund or the Cost of Issuance Fund, as applicable)), in consideration of the funding of the Project Loan, the following fees, expenses and other money payable in connection with the Loans:

(i) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the

Borrower, to the Initial Funding Lender, its origination fees, together with all third party and out-of-pocket expenses of the Initial Funding Lender (including but not limited to the fees and expenses of counsel to the Initial Funding Lender) in connection with the Loans.

(ii) *Intentionally omitted*.

(iii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Governmental Lender, an initial financing fee in an amount equal to 0.50% of the initial principal amount of the Funding Loan ($[_____]), together with all third party and out-of-pocket expenses of the Governmental Lender (including but not limited to the fees and expenses of Bond Counsel) in connection with the Loans and the issuance of the Governmental Note.

(iv) *Intentionally omitted*.

(v) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Fiscal Agent, an acceptance fee in an amount equal to $[_____], together with all third party and out-of-pocket expenses of the Fiscal Agent (including but not limited to the fees and expenses of counsel to the Fiscal Agent) in connection with the Loans and the issuance of the Governmental Note.

(vi) To the Fiscal Agent, the Ordinary Fiscal Agent's Fees and Expenses and the Extraordinary Fiscal Agent's Fees and Expenses when due from time to time.

(vii) To the Fiscal Agent to be paid by Fiscal Agent to the Governmental Lender, the Governmental Lender Fees when due and any extraordinary expenses not covered by the Governmental Lender Fees the Governmental Lender may incur in connection with the Financing Documents or the Project from time to time.

(viii) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement and the Tax Exemption Agreement when due from time to time.

(ix) To the Funding Lender, any amount due and owing the Funding Lender from time to time but unpaid under the Continuing Covenant Agreement.

(x) *Intentionally omitted*.

(xi) *Intentionally omitted*.

(xii) If the Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to the Fiscal Agent, within two (2) Business Days of receipt by Borrower from the Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

Section 4.03. ***Payments to Rebate Fund***. The Borrower shall direct payment when due to the Fiscal Agent at the Principal Office of the Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with the Funding Loan Agreement and the Tax Exemption Agreement.

Section 4.04. ***Prepayment.***

(a) **Optional Prepayment of the Project Loan.** The Borrower shall have the option to prepay the Project Loan in whole, together with all accrued and unpaid interest thereon, as provided in the Project Note.

(b) **Mandatory Prepayment of the Project Loan.** The Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, as provided in the Project Note. Additionally, the Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, in whole, on or after [_____], at the written direction of the Initial Funding Lender[, in connection with the conversion of the Series 2021 Governmental Note to its permanent phase].

(c) **Defeasance of the Funding Loan**. In addition, the Borrower may cause a defeasance of the Funding Loan resulting in a release of the Pledged Security by satisfying the conditions set forth hereunder and in Article IX of the Funding Loan Agreement. In connection therewith, the Borrower will give written notice (a "**Defeasance Notice**") to the Funding Lender, the Governmental Lender and the Fiscal Agent of the date the Borrower desires to defease the Funding Loan (the "**Defeasance Date**"). The Defeasance Date may not be more than 60 calendar days, nor less than 30 calendar days, after the delivery of the Defeasance Notice. In connection with the delivery of the Defeasance Notice, the Borrower shall cause to be paid to the Funding Lender the Defeasance Fee, if any, set forth in the Continuing Covenant Agreement. In addition to, and not in limitation of any other provisions of this Project Loan Agreement, the Borrower shall pay all fees, costs and expenses in connection with any defeasance whether or not such defeasance occurs. Following such defeasance in accordance with the terms and conditions hereof and the Funding Loan Agreement, the Project Loan shall be deemed paid in full, and the Borrower shall be entitled to the release of the Security Instrument, the Pledged Security and other security provided by it for the Project Loan, subject to the terms and conditions hereof and the other Financing Documents.

Section 4.05. ***Borrower's Obligations Upon Prepayment***. In the event of any prepayment, the Borrower will timely pay to the Fiscal Agent, an amount equal to the principal amount of the Funding Loan or portion thereof called for prepayment, together with interest accrued to the prepayment date and premium, if any. In addition, the Borrower will timely pay all fees, costs and expenses associated with any prepayment of the Funding Loan.

Section 4.06. ***Limits on Personal Liability***.

(a) Except as otherwise set forth in the Project Note and subsection 4.06(b) below, the obligations of the Borrower under this Project Loan Agreement and the other Financing Documents are non-recourse liabilities of the Borrower which shall be enforced only against the Project and other property of the Borrower encumbered by the Financing Documents and not personally against the Borrower or any partner of the Borrower or any successor or assign of the Borrower. However, nothing in this Section 4.06 shall limit the right of the Governmental Lender, the Fiscal Agent, or the Funding Lender to proceed against the Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys' fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that the Funding Lender may have to enforce the Project Note, the Security Instrument, or any other Financing Document in accordance with their terms.

(b) Notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of the Borrower shall be and remain the joint and several full recourse obligations of the Borrower and the Borrower's general partner: (i) the Borrower's obligations to the Governmental Lender and the Fiscal Agent under subsections (b)(iii), (b)(v), (b)(vi), and (b)(vii) of Section 4.02 hereof; (ii) the Borrower's obligations under Sections 2.05 and 6.01 hereof; (iii) the Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 2.04 and 4.03 of this Project Loan Agreement and the Tax Exemption Agreement; and (iv) the Borrower's obligation to pay legal fees and expenses under Section 7.04 hereof.

ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.01. ***Performance of Obligations***. The Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Section 5.02. ***Compliance With Applicable Laws***. All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

Section 5.03. ***Funding Loan Agreement Provisions***. The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by the Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Funding Loan Agreement, and the Borrower shall

carry out and perform all of its obligations under the Funding Loan Agreement as fully as if the Borrower were a party to the Funding Loan Agreement.

Section 5.04. ***Reserved***.

Section 5.05. ***Borrower to Maintain Its Existence; Certification of No Default***.

(a) The Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Financing Documents to which the Borrower is a party, the Borrower shall, within 30 days after the end of each calendar year, render to the Fiscal Agent a certificate executed by an Authorized Officer of the Borrower to the effect that the Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which the Borrower is a party and that, to the best of the Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

Section 5.06. ***Borrower to Remain Qualified in State and Appoint Agent***. The Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower.

Section 5.07. ***Sale or Other Transfer of Project***. The Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents, and upon receipt of the prior written consent of the Governmental Lender and the Funding Lender.

Section 5.08. ***Right to Perform Borrower's Obligations***. In the event the Borrower fails to perform any of its obligations under this Project Loan Agreement, the Governmental Lender, the Fiscal Agent, and/or the Funding Lender, after giving requisite written notice, if any, and subject to Section 5.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of the Borrower hereunder, payable on written demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

Section 5.09. ***Notice of Certain Events***. The Borrower shall promptly advise the Governmental Lender, the Fiscal Agent, and the Funding Lender in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.10. ***Survival of Covenants***. The provisions of Sections 2.04, 2.05, 4.02, 4.03, 6.01 and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to the Fiscal Agent, the resignation or removal of the Fiscal Agent.

Section 5.11. ***Access to Project; Records***. Subject to reasonable written notice and the rights of tenants at the Project, the Governmental Lender, the Fiscal Agent, and the Funding Lender, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours: (a) to enter the Project and any other location containing the records relating to the Borrower, the Project, the Loans and the Borrower's compliance with the terms and conditions of the Financing Documents and if not available at the Project or other location containing the records, the Borrower shall deliver such records to the Governmental Lender, the Fiscal Agent, or the Funding Lender; (b) to inspect and audit any and all of the Borrower's records or accounts pertaining to the Borrower, the Project, the Loans and the Borrower's compliance with the terms and conditions of the Financing Documents; and (c) to require the Borrower, at the Borrower's sole expense, (i) to furnish such documents to the Governmental Lender, the Fiscal Agent, and the Funding Lender, as the Governmental Lender, the Fiscal Agent, or the Funding Lender, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents have been complied with and (ii) to make copies of any records that the Governmental Lender, the Fiscal Agent, or the Funding Lender or the respective duly authorized agents of each, may reasonably require. The Borrower shall make available to the Governmental Lender, the Fiscal Agent, and the Funding Lender such information concerning the Project, the Security Instrument and the Financing Documents as any of them may reasonably request.

Section 5.12. ***Tax Regulatory Agreement***. The covenants of the Borrower in the Tax Regulatory Agreement shall be deemed to constitute covenants of the Borrower running with the land and an equitable servitude for the benefit of the Governmental Lender and the Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the Tax Regulatory Agreement. The Borrower covenants to file of record the Tax Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the Tax Regulatory Agreement will, subject to the terms of the Tax Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the Tax Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, the Governmental Lender and the Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of the Borrower contained in the Tax Regulatory Agreement.

Section 5.13. ***Damage, Destruction and Condemnation***. If prior to full payment of the Funding Loan (or provision for payment of the Funding Loan in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Note to the extent the Project Loan is not prepaid in full in accordance with the terms of the Project Loan Documents.

Section 5.14. ***Obligation of the Borrower To Rehabilitate the Project***. The Borrower shall proceed with reasonable dispatch (and in no event later than required under the Financing Documents) to complete the rehabilitation, development and equipping of the Project as required by the Financing Documents. If amounts on deposit in the Project Loan Fund designated for the Project and available to be disbursed to the Borrower are not sufficient to pay the costs of the acquisition, rehabilitation, development and equipping, the Borrower shall pay such additional costs from its own funds or other funds available to Borrower. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Fiscal Agent, or the Funding Lender in respect of any such additional costs or to any diminution or abatement in the repayment of the Project Loan. None of the Fiscal Agent, the Governmental Lender, or the Funding Lender makes any representation or warranty, either express or implied, that money which will be paid into the Project Loan Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and none of the Fiscal Agent, the Governmental Lender, or the Funding Lender shall be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.15. ***Filing of Financing Statements.*** The Borrower shall (i) file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Project Loan, the Funding Loan, the Pledged Security and the Security Instrument, and the rights and powers of the Governmental Lender, the Fiscal Agent and the Funding Lender in connection with such security interests, and (ii) provide copies of all such filed UCC financing statements to the Fiscal Agent. The Borrower shall cooperate with the Fiscal Agent in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements.

ARTICLE VI

INDEMNIFICATION

Section 6.01. ***Indemnification***.

(a) **Indemnification of the Governmental Lender**.

(i) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS: TO PROTECT, INDEMNIFY AND SAVE THE GOVERNMENTAL LENDER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM, BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS PROJECT LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE PROJECT OR THE OPERATION OF THE PROJECT DURING THE TERM OF THIS PROJECT LOAN AGREEMENT

OR (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS PROJECT LOAN AGREEMENT, OR (III) THE PROJECT OR ANY PART THEREOF, OR (IV) ANY VIOLATION OF CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL NOTE, OR (V) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM THE GOVERNMENTAL LENDER OR ANY OF ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, THE BORROWER SHALL DEFEND THE GOVERNMENTAL LENDER OR ANY OF ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE; PROVIDED, HOWEVER, THAT THE GOVERNMENTAL LENDER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

(ii) IT IS THE INTENTION OF THE PARTIES HERETO THAT THE GOVERNMENTAL LENDER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS PROJECT LOAN AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE GOVERNMENTAL LENDER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES IN CONNECTION WITH THE ISSUANCE OF THE GOVERNMENTAL NOTE, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THIS PROJECT LOAN AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE GOVERNMENTAL LENDER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES BY THIS PROJECT LOAN AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE GOVERNMENTAL LENDER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS PROJECT LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THIS PROJECT LOAN AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; NEVERTHELESS, IF THE GOVERNMENTAL LENDER OR ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS

OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD THE GOVERNMENTAL LENDER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM THE GOVERNMENTAL LENDER THE BORROWER SHALL DEFEND THE GOVERNMENTAL LENDER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COMPETENT COUNSEL SATISFACTORY TO THE GOVERNMENTAL LENDER AND THE BORROWER SHALL PAY THE GOVERNMENTAL LENDER EXPENSES INCLUDING PAYMENT OF THE COUNSEL USED BY THE GOVERNMENTAL LENDER; PROVIDED HOWEVER, THAT THE GOVERNMENTAL LENDER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

(iii) NOTWITHSTANDING ANY PROVISION OF THIS PROJECT LOAN AGREEMENT TO THE CONTRARY, THE GOVERNMENTAL LENDER AND ITS RESPECTIVE GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM SUCH PARTY'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM THE GOVERNMENTAL LENDER'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

In case any action or proceeding is brought against the Governmental Lender or any of its governing board members, officers, commissioners, directors, officials, employees, agents, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel.

Notwithstanding anything else in this Project Loan Agreement to the contrary, except as otherwise provided in Section 6.01(a)(iii), the Borrower shall be responsible for the fees, costs and expenses of counsel to the Governmental Lender and Fiscal Agent at all times; provided that the Governmental Lender maintains control of the selection of its counsel at all times.

The provisions of this Section shall survive the termination of this Project Loan Agreement and the repayment of the Governmental Note and the Project Loan.

(b) **Indemnified Losses for Fiscal Agent and Funding Lender**. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Fiscal Agent, the Funding Lender and each of their respective officers, governing commissioners, members, directors, officials, employees, attorneys and agents (collectively, the "**Indemnified Parties**" and individually an "**Indemnified Party**"), against any and all losses, damages (including, but not limited to, consequential and punitive damages), claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise (collectively, "**Losses**"), to the extent arising, directly or indirectly, out of or based upon or in any way relating to:

(i) any breach by the Borrower of its obligations under the Financing Documents or the execution, amendment, restructuring or enforcement thereof, or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Governmental Note;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, rehabilitation or equipping of, the Project or any part thereof;

(iii) any accident, injury to, or death of persons or loss of or damage to property occurring in, on or about the Project or any part thereof;

(iv) any lien (other than liens permitted under the Continuing Covenant Agreement) or charge upon payments by the Borrower to the Funding Lender hereunder, or any Taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project (other than income and similar taxes on fees received or earned in connection therewith);

(v) any violation of any environmental law, rule or regulation with respect to, or the release of any hazardous materials from, the Project or any part thereof;

(vi) [Reserved];

(vii) the enforcement of, or any action taken by the Fiscal Agent or the Funding Lender related to remedies under this Project Loan Agreement, the Funding Loan Agreement or any other Financing Document;

(viii) any untrue statement of a material fact or alleged untrue statement of a material fact by the Borrower contained in any offering statement or document for the Governmental Note or any of the Financing Documents to which the Borrower is a party, or any omission or alleged omission by the Borrower of a material fact from any offering statement or document for the Governmental Note necessary to be stated therein in order

to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(ix) any declaration of taxability of interest on the Governmental Note (other than to a substantial user or related party) or allegations (or regulatory inquiry) that interest on the Governmental Note is includable in gross income for federal income tax purposes;

(x) any audit or inquiry by the Internal Revenue Service with respect to the Project and/or the tax-exempt status of the Governmental Note; or

(xi) the Fiscal Agent's acceptance or administration of the trust of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Governmental Note to which it is a party;

except (A) in the case of the foregoing indemnification of the Fiscal Agent, or any of its respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the negligence, unlawful acts or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Funding Lender or any of its officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the gross negligence or willful misconduct of the Funding Lender.

(c) **Procedures**. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected or approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement; provided, however, the failure to give such notice shall not affect the indemnification obligations of the Borrower hereunder, except (other than with respect to the Governmental Lender) to the extent the Borrower shall have been prejudiced by such failure and such failure could not be mitigated or remedied and arose directly from the negligence or willful misconduct of the Indemnified Party. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may employ separate counsel at the expense of the Borrower only if, in such Indemnified Party's good faith judgment, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(d) **Borrower to Remain Obligated**. Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement, the Security Instrument and the Tax Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such

transfer unless (i) such subsequent owner assumed in writing at the time of such transfer all obligations of the Borrower under this Section 6.01 (including obligations under this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer) and (ii) any such transfer is in compliance with the requirements of the Financing Documents.

(e) **Survival**. The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement.

Section 6.02. ***Limitation With Respect to the Funding Lender***. Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that the Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project, the Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that the Funding Lender (or its nominee) is the owner of the Project. Accordingly, during any period that the Funding Lender (or its nominee) owns the Project and that this Article VI is applicable to the Funding Lender (or its nominee), the Funding Lender's (or its nominee's) obligations under this Article VI shall be limited to acts and omissions of the Funding Lender (or its nominee) occurring during the period of the Funding Lender's (or its nominee's) ownership of the Project.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. ***Events of Default***. The following shall be "**Events of Default**" under this Project Loan Agreement, and the term "Event of Default" shall mean, whenever it is used in this Project Loan Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under this Project Loan Agreement, the Project Note or the Security Instrument at the times and in the amounts required by this Project Loan Agreement, the Project Note and the Security Instrument, subject to any applicable notice, grace and cure periods expressly provided for therein;

(c) The Borrower shall fail to observe or perform any other term, covenant, condition or agreement (after taking into account any applicable cure period) set forth in this Project Loan Agreement, which failure continues for a period of 30 days after notice of such failure by the Governmental Lender, the Fiscal Agent or the Funding Lender to the Borrower (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in the Funding Lender's sole discretion,

adversely affect the Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in the Funding Lender's judgment, absent immediate exercise by the Funding Lender of a right or remedy under this Agreement, result in harm to the Funding Lender, impairment of this Project Loan Agreement or any other Financing Document;

(d) The occurrence of a default under the Continuing Covenant Agreement or the Security Instrument (after taking into account any applicable cure period thereunder) shall at the discretion of the Funding Lender constitute an Event of Default under this Project Loan Agreement but only if the Fiscal Agent is provided written notice by the Funding Lender that an Event of Default has occurred under such Financing Document and the Fiscal Agent is instructed by the Funding Lender that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of the Funding Lender constitute a default under the other Financing Documents;

The Tax Credit Investor may act to cure, in accordance with Section 7.01(c) hereof, any default hereunder and the Government Lender, the Fiscal Agent and the Funding Lender shall accept such cure as though made by the Borrower; provided, however, the Tax Credit Investor shall not have any obligation or duty to take any action to cure any default or to cause any default to be cured.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind the Governmental Lender, the Fiscal Agent, or the Funding Lender to any notice and cure periods other than as expressly set forth in the Financing Documents.

Section 7.02. ***Remedies on Default***. Subject to Section 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, the Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender), may take any one or more of the following remedial steps:

(a) The Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender) may take such action, without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Project Loan to be immediately due and payable (including, without limitation, declaring the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Project Note to be immediately due and payable).

(b) The Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender) may, without being required to give any notice (other than to the Governmental Lender or the Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(c) The Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender) may take whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, the Governmental Lender and the Fiscal Agent may pursue remedies with respect to the Unassigned Rights.

Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of and interest and any premium on the Funding Loan collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

Section 7.03. ***No Remedy Exclusive***. Upon the occurrence of an Event of Default that remains uncured, all or any one or more of the rights, powers, privileges and other remedies available against the Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by the Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender), at any time and from time to time, whether or not the Funding Lender has accelerated the Project Loan, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to the Funding Lender or the Fiscal Agent by this Project Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Project Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Project Loan Agreement.

Section 7.04. ***Agreement to Pay Attorneys' Fees and Expenses*****.** In the event the Borrower shall default under any of the provisions of this Project Loan Agreement and the Governmental Lender, the Fiscal Agent, or the Funding Lender shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Project Loan Agreement or in the Project Note, the Borrower shall on written demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.05. ***No Additional Waiver Implied by One Waiver***. In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. ***Control of Proceedings***.

(a) If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, the Funding Lender shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender. In no event shall the exercise of any of the foregoing rights result in an acceleration of the Project Loan without the express direction of the Funding Lender.

(b) The Governmental Lender and the Fiscal Agent covenant that they will not, without the prior written consent of the Funding Lender, take any of the following actions:

(i) prosecute any action with respect to a lien on the Project; or

(ii) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan; or

(iii) interfere with or attempt to influence the exercise by the Funding Lender of any of its rights under the Financing Documents upon the occurrence of any event of default by the Borrower under the Financing Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Project Loan or the Funding Loan.

(c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, the Governmental Lender or the Fiscal Agent may:

(i) specifically enforce the tax covenants of the Borrower specified in Sections 2.04 and 2.05 hereof and in the Tax Exemption Agreement or seek injunctive relief against acts which may be in violation thereof;

(ii) specifically enforce the Tax Regulatory Agreement or seek injunctive relief against acts which may be in violation of the Tax Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Code and state law;

(iii) but in neither the case of subsection (c)(i) above nor this subsection (c)(ii) may the Governmental Lender or the Fiscal Agent seek any form of monetary damages from the Borrower in connection with such enforcement.

In addition, notwithstanding Sections 7.06(a) and 7.06(b) hereof, the Governmental Lender and the Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no

monetary damages are sought), and nothing herein shall be construed to limit the rights of the Governmental Lender, the Fiscal Agent or any Indemnified Party related to the Governmental Lender or the Fiscal Agent under Sections 6.01 and 6.02 hereof (each a "Related Indemnified Party") to enforce their respective rights against the Borrower under Sections 4.02, 4.03, 6.01 and 7.04 hereof, provided that no obligation of the Borrower to the Governmental Lender, the Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of the Governmental Lender, the Fiscal Agent or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for the Fiscal Agent's right to receive payment of reasonable fees and expenses pursuant to Section 6.05(a) of the Funding Loan Agreement after an event of default with respect to the Funding Loan, which reasonable fees and expenses of the Fiscal Agent shall be payable as provided thereunder). Accordingly, none of the Governmental Lender, the Fiscal Agent or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against the Borrower, without recourse to the Project. In addition, any such enforcement must not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

Section 7.07. ***Assumption of Obligations***. In the event that the Fiscal Agent or the Funding Lender or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Project Loan Agreement, the Project Note, the Tax Regulatory Agreement, and any other Financing Documents to which the Borrower is a party or with respect to which it is a third-party beneficiary. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. ***Notices***.

(a) Whenever in this Project Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, the Funding Lender, or the Borrower shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt

from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 11.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lender, or the Borrower may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to the Borrower shall also be given to the Tax Credit Investor.

The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Project Loan Agreement.

(b) The Fiscal Agent shall provide to the Funding Lender (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by the Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from the Funding Lender for any such information or other communication.

Section 8.02. ***Concerning Successors and Assigns***. All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Governmental Lender, the Fiscal Agent, and the Funding Lender, as applicable.

Section 8.03. ***Governing Law***. This Project Loan Agreement and the Exhibits attached hereto shall be construed in accordance with and governed by the internal laws of the State and, where applicable, the laws of the United States of America. The Fiscal Agent's rights, duties, power and obligations hereunder are governed entirely by the terms and provisions of this Project Loan Agreement, the Funding Loan Agreement and the Regulatory Agreement.

Section 8.04. ***Modifications in Writing***. Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of the Funding Lender and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.05. ***Further Assurances and Corrective Instruments***. The Governmental Lender, the Fiscal Agent and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or

further instruments requested by the Funding Lender) for correcting any inadequate or incorrect description of the performance of this Project Loan Agreement.

Section 8.06. ***Captions***. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.

Section 8.07. ***Severability***. The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.08. ***Counterparts***. This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.09. ***Amounts Remaining in Loan Payment Fund or Other Funds***. It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof and the repayment in full of the Project Loan and all other amounts owing under the Project Loan Documents, shall be paid in accordance with the Funding Loan Agreement.

Section 8.10. ***Effective Date and Term***. This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the date hereof, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.

Section 8.11. ***Cross References***. Any reference in this Project Loan Agreement to an "Exhibit," an "Article," a "Section," a "Subsection" or a "Paragraph" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Project Loan Agreement, an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears. All exhibits attached to or referred to in this Project Loan Agreement are incorporated by reference into this Project Loan Agreement.

Section 8.12. ***Intentionally omitted***.

Section 8.13. ***Intentionally omitted.***

Section 8.14. ***Non-Liability of Governmental Lender***. The Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loan, except from Revenues and other money and assets received by the Fiscal Agent on behalf of the Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Governmental Lender or any member is pledged to the payment of the principal (or prepayment premium) or interest on the Funding Loan. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loan

or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Project Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender's sole source of money to repay the Funding Loan will be provided by the payments made by the Borrower pursuant to this Project Loan Agreement, together with investment income on certain funds and accounts held by the Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment premium) and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon written notice from the Fiscal Agent, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment premium) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Fiscal Agent, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Fiscal Agent, the Governmental Lender or any such third party, as the case may be, therefor.

Section 8.15. ***No Liability of Officers***. No recourse under or upon any obligation, covenant, or agreement or in the Governmental Note, or under any judgment obtained against the Governmental Lender, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of the Governmental Lender, either directly or through the Governmental Lender, or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, of any sum that may be due and unpaid by the Governmental Lender upon the Funding Loan. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, of any sum that may remain due and unpaid upon the Funding Loan, is hereby expressly waived and released as a condition of and consideration for the execution of this Project Loan Agreement and the issuance of the Governmental Note.

Section 8.16. ***Capacity of the Fiscal Agent***. The Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. The Fiscal Agent shall be responsible only for the duties of the Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.

Section 8.17. ***Reliance***. The representations, covenants, agreements and warranties set forth in this Project Loan Agreement may be relied upon by the Governmental Lender, the Fiscal Agent, Bond Counsel, and the Funding Lender. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, the Governmental Lender and the Fiscal Agent may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Governmental Lender and the Fiscal Agent may consult with counsel, and the opinion

of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than the Governmental Lender) that:

(a) the Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Governmental Lender by the Fiscal Agent, the Funding Lender or the Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by the Governmental Lender;

(b) the Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Fiscal Agent, the Funding Lender or the Borrower, as applicable; and

(c) none of the provisions of this Project Loan Agreement shall require the Governmental Lender or the Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loan issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Project Loan Agreement, all as of the date first set forth above.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Governmental Lender

By:_____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Fiscal Agent

By: _____
Name: _____
Title: _____

MURDEAUX REHAB DEVELOPMENT, LP,
a Texas limited partnership

By: Murdeaux Rehab Development GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: _____
Title: _____

AMENDED AND RESTATED
REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Governmental Lender,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
a national banking association,
as Fiscal Agent,

[MURDEAUX VILLAS LANDOWNER LLC],
a Texas limited liability company,
as Fee Owner

and

MURDEAUX REHAB DEVELOPMENT, LP,
a Texas limited partnership,
as Borrower

Dated as of [_____] 1, 2026

Relating to

Murdeaux Villas
Dallas, Dallas County, Texas 75217

$35,000,000
Multifamily Note
(Murdeaux Villas)
Series 2021

$[5,000,000]
Multifamily Housing Governmental Note
(Murdeaux Villas)
Series 2026

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AMENDED AND RESTATED
REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS AMENDED AND RESTATED REGULATORY AND LAND USE RESTRICTION AGREEMENT (as amended, modified or supplemented from time to time, this "**Agreement**" or this "**Regulatory Agreement**") dated as of [_____] 1, 2026 is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the "**Governmental Lender**"), a public and official agency of the State of Texas (the "**State**"), **WILMINGTON TRUST, NATIONAL ASSOCIATION,** a national banking association organized and existing under the laws of the United States of America, as Fiscal Agent under the hereinafter defined Funding Loan Agreement (together with any successor fiscal agent under the Funding Loan Agreement described below and their respective successors and assigns, the "**Fiscal Agent**"), [**MURDEAUX VILLAS LANDOWNER LLC**], a Texas limited liability company (together with its permitted successors and assigns, the "**Fee Owner**") and **MURDEAUX REHAB DEVELOPMENT, LP,** a Texas limited partnership (together with its permitted successors and assigns, the "**Borrower**").

RECITALS

WHEREAS, pursuant to the Act (as hereinafter defined), the Governmental Lender is authorized to issue the Governmental Notes (as defined herein) and to use the proceeds thereof to provide monies to aid in financing the acquisition, rehabilitation and equipping of residential rental property for dwelling units in the State; and

WHEREAS, the Borrower has requested the assistance of the Governmental Lender in financing a multifamily residential rental housing development located on the real property described in Exhibit A hereto (as defined herein, the "**Development Site**") and described in Exhibit B-1 hereto (as defined herein, the "**Development Facilities**" and, together with the Development Site, the "**Development**"), and, as a condition to such assistance, the Borrower has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Development; and

WHEREAS, the Fee Owner owns fee simple title to the real property described in Exhibit A hereto and the Borrower owns a leasehold estate pursuant to the Ground Lease (as hereinafter defined), and the Fee Owner has agreed to enter into this Regulatory Agreement as the Fee Owner and will receive significant benefits under the Ground Lease; and

WHEREAS, the Governmental Lender has determined to assist in the financing of the Development by issuing its Multifamily Note designated Texas Department of Housing and Community Affairs Multifamily Note (Murdeaux Villas), Series 2021 (the "**Series 2021 Governmental Note**") and Multifamily Housing Governmental Note (Murdeaux Villas) Series 2026 (the "**Series 2026 Governmental Note**," and together with the Series 2021 Governmental Note, the "**Governmental Notes**") and loaning the proceeds of such Governmental Notes to the Borrower, upon the terms and conditions set forth in the Project Loan Agreements (as hereinafter defined); and

WHEREAS, in order for interest on the Governmental Notes to be excludable from gross income for federal income tax purposes under the Code (as defined herein), and in order to comply with the Act, the use and operation of the Development must be restricted in certain respects; and

WHEREAS, the Governmental Lender, the Fiscal Agent, the Garland Housing Finance Corporation and the Borrower previously entered into that certain Regulatory and Land Use Restriction Agreement dated as of May 1, 2021, recorded in the real property records of Dallas County, Texas on June

3, 2021, as Document No. 202100163647 relating to the Series 2021 Obligations (the "Original Regulatory Agreement"); and

WHEREAS, the Governmental Lender, the Fiscal Agent, the Fee Owner and the Borrower have determined to enter into this Regulatory Agreement in order amend and restate the Original Regulatory Agreement in its entirety and to set forth certain terms and conditions relating to the acquisition, rehabilitation, equipping, use and operation of the Development and in order to ensure that the Development will be acquired, rehabilitated, equipped, used and operated in accordance with the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Governmental Lender, the Fiscal Agent, the Fee Owner and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. In addition to terms defined above, capitalized terms have the respective meanings assigned to them in this Section 1 or as elsewhere defined in this Regulatory Agreement, in the Funding Loan Agreement, in the Project Loan Agreement, or in the Tax Exemption Agreement, unless the context in which they are used clearly requires otherwise:

"Act" means Chapter 2306, Texas Government Code, as amended from time to time.

"Agreement" or "Regulatory Agreement" means this Amended and Restated Regulatory and Land Use Restriction Agreement, as it may be amended from time to time.

"Annual Income" means the anticipated annual income of a person (together with the anticipated annual income of all persons that intend to reside with such person in one Unit) calculated pursuant to Section 8 of the Housing Act, as required by section 142(d) of the Code.

"Available Unit" means a Unit (except for any Unit reserved for a resident manager, security personnel or maintenance personnel that is reasonably required for the Development) that has been leased at least once after becoming available for occupancy; provided that (a) a residential unit that is unoccupied on the later of (i) the date the Development is acquired by the Borrower or (ii) the Closing Date is not an "available unit" and does not become an "available unit" until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an "available unit" and does not become an "available unit" until it has been leased for the first time after the renovations are completed.

"Bond Counsel" means counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes and who is appointed by the Governmental Lender, and initially shall mean Bracewell LLP.

"Closing Date" means, with respect to each of the Series 2021 Governmental Note and the Series 2026 Governmental Note, the date upon which such Governmental Note is issued and delivered in exchange for the proceeds representing the purchase price of the Governmental Note paid by the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of

any subsequent and successor Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

"Compliance Monitoring Rules" means the rules published by the Governmental Lender in Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code.

"Development" means the Development Facilities and the Development Site.

"Development Amenities" means the amenities for which the Development was awarded points by the Governmental Lender, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program application scoring process, as more fully set forth in Exhibit B-2 hereto.

"Development Facilities" means the multifamily housing structures and related buildings and other improvements on the Development Site as more fully set forth in Exhibit B-1 hereto, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Development.

"Development Site" means the parcel or parcels of real property described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances appertaining thereunto.

"Eligible Tenants" means (a) individuals and families of low, very low and extremely low income, (b) families of moderate income (in each case in the foregoing clauses (a) and (b) as such terms are defined by the Governmental Lender under the Act), and (c) Persons with Special Needs, in each case, with an Annual Income not in excess of 140% of the area median income; provided that all Low-Income Tenants are Eligible Tenants.

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

"Federal Tax Status" means, as to the Governmental Notes, the status under existing law of the interest on the Governmental Notes as excludable from gross income for federal income tax purposes (subject to any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Governmental Notes).

"Fee Owner" has the meaning given to such term in the first paragraph of this Regulatory Agreement.

"Funding Lender" has the meaning set forth in the Funding Loan Agreement.

"Funding Loan Agreement" means collectively the Series 2021 Funding Loan Agreement and the Series 2026 Funding Loan Agreement.

"Ground Lease" means the [Ground Lease] between the Fee Owner, as landlord, and the Borrower, as tenant, dated to be effective [as of the Closing Date], as it may thereafter be amended, supplemented or restated.

"Housing Act" means the United States Housing Act of 1937, as amended, or a successor thereto.

"HUD" means the United States Department of Housing and Urban Development or its successors.

"Low-Income Tenant" means a tenant whose Annual Income is 60% or less of the Multifamily Tax Subsidy Program Income Limit, as determined under sections 142(d)(2)(B) and (E) of the Code and in accordance with this Regulatory Agreement. If all the occupants of a Unit are students (as defined for the purposes of section 152(f)(2) of the Code) no one of whom is entitled to file a joint return under section 6013 of the Code, such occupants will not qualify as Low-Income Tenants unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

"Low-Income Unit" means a Unit that is included as a Unit satisfying the requirements of the Set Aside.

"Multifamily Tax Subsidy Program Income Limit" (or successor term) means the income limits provided by HUD pursuant to section 142(d) of the Code.

"Multifamily Tax Subsidy Program Imputed Income Limitation" means the income limitation which would apply to individuals occupying the Unit if the number of individuals occupying the Unit were as follows: (i) in the case of a Unit which does not have a separate bedroom, 1 individual; or (ii) in the case of a Unit which has 1 or more separate bedrooms, 1.5 individuals for each separate bedroom.

"Persons with Special Needs" means persons who (a) are considered to be individuals having a disability under State or federal law, (b) are elderly, meaning 62 years of age or more or of an age specified by the applicable federal program, (c) are designated by the governing board of the Governmental Lender as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or (d) are legally responsible for caring for an individual described by clauses (a), (b) or (c) above and meet the income guidelines established by the governing board of the Governmental Lender.

"Project Loans" means, collectively, the Series 2021 Project Loan and the Series 2026 Project Loan.

"Project Loan Agreement" means collectively the Series 2021 Project Loan Agreement and the Series 2026 Project Loan Agreement.

"Project Notes" means, collectively, the Series 2021 Project Note and the Series 2026 Project Note.

"Qualified Project Period" means, with respect to the Development, the period beginning on the first day on which 10% of the Units are occupied (which date was the Closing Date of the Series 2021 Governmental Note) and ending on the latest of (a) the date that is 15 years after the date on which 50% of the Units in the Development are occupied (which date was the Closing Date of the Series 2021 Governmental Note), (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Development is outstanding for federal income tax purposes, or (c) the date on which any assistance provided with respect to the Development under Section 8 of the Housing Act terminates.

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

"Related Person" has the meaning set forth in section 144(a)(3) of the Code. A person is a "Related Person" to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of

corporations (as defined in section 1563(a) of the Code, except that "more than 50 percent" is substituted for "at least 80 percent" each place it appears therein).

"Replacement Reserve" means the reserve required to be established by the Continuing Covenant Agreement dated as of the date hereof by and between the Borrower and the Funding Lender.

"Security Instrument" means, collectively, the Series 2021 Security Instrument and Series 2026 Security Instrument.

"Series 2021 Funding Loan Agreement" means the Funding Loan Agreement dated as of December 1, 2021, among the Governmental Lender, the Funding Lender and the Fiscal Agent, relating to the issuance of the Series 2021 Governmental Note, as it may be amended, supplemented or replaced from time to time including by any funding loan agreement supplemental thereto.

"Series 2021 Project Loan" means the mortgage loan of the proceeds of the Series 2021 Governmental Note made by the Governmental Lender to the Borrower pursuant to the Series 2021 Project Loan Agreement.

"Series 2021 Project Loan Agreement" means the Project Loan Agreement dated as of December 1, 2021, between the Governmental Lender, the Fiscal Agent and Borrower, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Series 2021 Funding Loan Agreement.

"Series 2021 Project Note" means the Multifamily Note dated as of the Closing Date for the Series 2021 Governmental Note in the original principal amount of $35,000,000, made by Borrower and payable to Governmental Lender, as endorsed and assigned to the Fiscal Agent, as it may be amended, supplemented or replaced from time to time.

"Series 2021 Security Instrument" means the Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) dated as of December 1, 2021, from the Borrower, as the grantor, in favor of Governmental Lender, as the beneficiary, as the same may be supplemented, amended or modified.

"Series 2021 Tax Exemption Agreement" means the Tax Exemption Certificate and Agreement dated as of December 1, 2021, with respect to the Series 2021 Governmental Note, among the Governmental Lender, the Borrower, and the Fiscal Agent, as in effect on the Closing Date and as it may thereafter be amended, supplemented or restated in accordance with its terms.

"Series 2026 Funding Loan Agreement" means the Funding Loan Agreement of even date herewith among the Governmental Lender, the Funding Lender and the Fiscal Agent, relating to the issuance of the Series 2026 Governmental Note, as it may be amended, supplemented or replaced from time to time including by any funding loan agreement supplemental thereto.

"Series 2026 Project Loan" means the mortgage loan of the proceeds of the Series 2026 Governmental Note made by the Governmental Lender to the Borrower pursuant to the Series 2026 Project Loan Agreement.

"Series 2026 Project Loan Agreement" means the Project Loan Agreement of even date herewith among the Governmental Lender, the Fiscal Agent and Borrower, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Series 2026 Funding Loan Agreement.

"Series 2026 Project Note" means the Multifamily Note dated as of the Closing Date for the Series 2026 Governmental Note in an original principal amount equal to the original principal amount of the Series 2026 Governmental Note, made by Borrower and payable to Governmental Lender, as endorsed and assigned to the Fiscal Agent, as it may be amended, supplemented or replaced from time to time.

"Series 2026 Security Instrument" means the Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) dated as of even date hereof from the Borrower, as the grantor, in favor of Governmental Lender, as the beneficiary, as the same may be supplemented, amended or modified.

"Series 2026 Tax Exemption Agreement" means the Tax Exemption Certificate and Agreement of even date herewith, with respect to the Series 2026 Governmental Note, among the Governmental Lender, the Borrower, and the Fiscal Agent, as in effect on the Closing Date and as it may thereafter be amended, supplemented or restated in accordance with its terms.

"Set Aside" means the requirement that at least 40% of the available units be occupied or set aside for occupancy at all times by Low-Income Tenants.

"State Conversion Date" means the date of the first amortization payment on the Project Note relating to the Project Loan.

"State Reserve Period" means, with respect to the Development, the period beginning on the State Conversion Date and ending on the earliest of the following dates: (a) the date of any involuntary change in ownership of the Development; (b) the date on which the Borrower suffers a total casualty loss with respect to the Development or the date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored; (c) the date on which the Development is demolished; (d) the date on which the Development ceases to be used as multifamily rental property; or (e) the end of the State Restrictive Period.

"State Restrictive Period" means, with respect to the Development, the period beginning on the first day on which the Borrower takes legal possession of the Development, and ending on the latest of (a) the date that is 30 years after the first day of the State Restrictive Period, (b) the first date on which no tax-exempt private activity bond issued with respect to the Development is outstanding for federal income tax purposes, and (c) the date on which any assistance provided with respect to the Development from the federal government terminates.

"Tax Exemption Agreement" means, collectively, the Series 2021 Tax Exemption Agreement and Series 2026 Tax Exemption Agreement.

"Tenant Income Certification" means a certification form available on the Governmental Lender's website at the time of submission used to certify income and other matters executed by the household members of each Unit in the Development.

"Unit" means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Development; provided that, a unit will not fail to be treated as a Unit merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

"Unit Status Report" means the certified residential rental housing program compliance report with respect to the Development to be filed by the Borrower with the Governmental Lender electronically through the filing system available on the Governmental Lender's website in the form available on the

Governmental Lender's website at the time of submission of the report or in such other form as the Governmental Lender may reasonably prescribe in writing to the Borrower pursuant to Section 4(e) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender include each other gender, and words of the singular number include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof are to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms are to be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and do not in any way modify or restrict any of the terms or provisions hereof and are not to be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent arises.

Section 1A. Acquisition, Rehabilitation and Equipping of the Development. The Borrower hereby represents, covenants and agrees as follows:

(a) The statements made in the various certificates delivered by the Borrower to the Governmental Lender or the Fiscal Agent (or both), including specifically the representations and expectations set forth in the Tax Exemption Agreement, are true and correct in all material respects.

(b) The Borrower will submit to the Governmental Lender and the Fiscal Agent evidence of construction completion as required in the Project Loan Agreement, and attached as Exhibit A to the Series 2021 Project Loan Agreement, within 30 days of completion. The Borrower will also submit a request for final construction inspection to the Governmental Lender, in the format prescribed by the Governmental Lender as required pursuant to Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code. The Borrower further agrees to cause the architect of record to submit a certification that the Development was rehabilitated in compliance with all applicable laws and the engineer of record (if applicable) must submit a certification that the Development was rehabilitated in compliance with design requirements.

(c) The Borrower will take or not fail to take, as is applicable, all actions necessary to cause the proceeds of the Governmental Notes to be applied in a manner consistent with the requirements of the Funding Loan Agreement, the Project Loan Agreement, the Tax Exemption Agreement and this Regulatory Agreement. The Borrower acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code applicable to the Borrower and the Development.

(d) The Borrower is a qualified "housing sponsor" as defined in the Act.

Section 2. Tax-Exempt Status of the Governmental Notes. The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the Federal Tax Status of the Governmental Notes. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees:

(a) That the Development will be owned, managed and operated as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, on a continuous basis

during the Qualified Project Period. In particular, the Borrower covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) that the Development will be comprised of residential Units and facilities functionally related and subordinate thereto, in accordance with Section 142(d) of the Code;

(ii) that each Unit will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other Units; provided that, a Unit will not fail to meet these requirements merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code);

(iii) that the land and the facilities that are part of the Development will be functionally related and subordinate to the Units comprising the Development and will be of a character and size that is commensurate with the character and size of the Development;

(iv) that at no time will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than six months (unless the Unit serves as a single room occupancy unit or transitional housing for the homeless (as described in Section 42(i)(3)(B) of the Code), in which case such lease may be on a month-to-month basis) or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

(v) that the Development will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (B) will be owned by the same person for federal income tax purposes, and (C) will be financed pursuant to a common plan;

(vi) that substantially all of the Development will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Development tenants at no additional charge, such as swimming pools, other recreational facilities, parking areas, and other facilities that are reasonably required for the Development, such as heating and cooling equipment, trash disposal equipment, and Units for resident managers, security personnel or maintenance personnel;

(vii) that at no time will any Unit in any building or structure in the Development that contains fewer than five Units be occupied by the Borrower;

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in this Regulatory Agreement, the Tax Exemption Agreement and the Project Loan Agreement) at all times during the longer of (A) the remaining term of the Governmental Notes or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low-Income Tenants and other Eligible Tenants as provided herein, and that at no time will any portion of the

Development be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that the Development will meet the Set Aside. For the purposes of this Section 2(a)(ix), a vacant Unit that was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low-Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant's Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant's Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) is rented to a tenant that does not qualify as a Low-Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from each Low-Income Tenant dated immediately prior to the initial occupancy of such Low-Income Tenant in the Development and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Governmental Lender's website; provided that, if any Units in the Development are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with Section 142(d)(3)(A) of the Code. The Borrower will obtain such additional information as may be required in the future by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations that are tax-exempt private activity bonds described in Section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under Section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Governmental Lender's Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Governmental Lender, the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Development continues to meet the requirements of Section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Governmental Lender's website at the time of such submission to the Governmental Lender (via the electronic filing system available on the Governmental Lender's website) in accordance with Section 4(e) hereof. The Borrower will retain all documentation required by this Section 2(a)(xii) until the date that is three years after the end of the Qualified Project Period.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low-Income Units and will permit, at all reasonable times during normal business hours and upon reasonable prior written notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Governmental Lender, the Fiscal Agent, the Funding Lender, the Department of the Treasury or the Internal Revenue Service to enter upon the Development Site to examine and inspect the Development and to inspect and photocopy the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low-Income Units. The Borrower will retain all records maintained in accordance with this Section 2(b) until the date that is three years after the end of the Qualified Project Period.

(c) That, as of the Closing Date of the Series 2021 Governmental Note, at least 50% of the Units were occupied. The Borrower has provided to the Fiscal Agent and the Governmental Lender a certificate in the form attached hereto as Exhibit E certifying the dates on which (i) 10% of the Units were occupied, and (ii) 50% of the Units were occupied.

(d) That the Borrower will prepare and submit to the Governmental Lender and the Fiscal Agent, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form; however, failure to deliver such certificate shall not extend the Qualified Project Period.

Anything in this Regulatory Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Governmental Lender and the Fiscal Agent may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower hereunder or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Governmental Notes.

Section 3. Modification of Tax and Other Restrictive Covenants. The Borrower, the Fee Owner, the Fiscal Agent and the Governmental Lender hereby agree as follows:

(a) During the Qualified Project Period and the State Restrictive Period, to the extent any amendments to the Act or the Code, in the written opinion of Bond Counsel filed with the Governmental Lender, the Fiscal Agent, the Funding Lender, and the Borrower, impose requirements upon the ownership or operation of the Development more restrictive than those imposed by this Regulatory Agreement, this Regulatory Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as is necessary to document such automatic amendment hereof. In addition, this Regulatory Agreement will be amended to the extent required by, and in accordance with, the Project Loan Agreement.

(b) During the Qualified Project Period and the State Restrictive Period, to the extent that the Act, the Code, or any amendments thereto, in the written opinion of Bond Counsel filed with the Governmental Lender, the Fiscal Agent, the Funding Lender, and the Borrower, impose requirements upon the ownership or operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Governmental Lender, the Fee Owner, the Fiscal Agent, and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All costs, including fees and out-of-pocket expenses actually incurred by the Governmental Lender and the Fiscal Agent, in connection with compliance with the requirements of this Section will be paid by the Borrower and its successors in interest.

Section 4. Housing Development During the State Restrictive Period. The Governmental Lender and the Borrower hereby recognize and declare their understanding and intent that the Development is to be owned, managed and operated as a "housing development," as such term is defined in Section 2306.004(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Governmental Lender until the expiration of the State Restrictive Period.

To the same end, the Borrower hereby represents, covenants and agrees as follows during the State Restrictive Period:

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Development, to assure that 100% of the Units are reserved for Eligible Tenants and in accordance with the Borrower's election under Section 1372.0321 of the Texas Government Code, 50% of the Units are reserved for tenants whose combined Annual Income is not more than 50% of the Multifamily Tax Subsidy Program Income Limit and the remaining 50% of the Units are reserved for tenants whose combined Annual Income is not more than 60% of the Multifamily Tax Subsidy Program Income Limit;

(b) to assure that the provisions of Sections 2(a)(viii) and 2(a)(ix) hereof continue in full force and effect until the end of the State Restrictive Period;

(c) to obtain a Tenant Income Certification from each tenant in the Development (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant's initial occupancy of a Unit in the Development, and, if required as described in Section 2(a)(x) hereof, at least annually thereafter in the manner as described in Section 2(a)(x) hereof, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

(d) to obtain from each tenant in the Development (other than resident managers, security personnel and maintenance personnel), at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form provided by the Governmental Lender to the Borrower from time to time that (i) such lease is subordinate to the Security Instrument and this Regulatory Agreement, (ii) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (iii) the family income and eligibility requirements of this Regulatory Agreement and the Project Loan Agreement are substantial and material obligations of tenancy in the Development, (iv) such tenant will comply promptly with all requests for information with respect to such requirements from the Borrower, the Fiscal Agent and the Governmental Lender, and (v) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Development;

(e) to cause to be prepared and submitted to the Governmental Lender (via the electronic filing system available on the Governmental Lender's website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Governmental Lender with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Governmental Lender's website at the time of submission or in such other form as

the Governmental Lender may reasonably prescribe in writing to the Borrower with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

(f) to the extent legally permissible and upon reasonable prior written notice to permit any duly authorized representative of the Governmental Lender, the Funding Lender or the Fiscal Agent to inspect the books and records of the Borrower pertaining to the Development or the incomes of Development tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Governmental Lender's requirements;

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Governmental Lender's website) the Annual Owner's Compliance Report to the Governmental Lender in the form available on the Governmental Lender's website at the time of submission by April 30 of each year, commencing April 30, 2028;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached hereto as Exhibit C in the manner provided in such Exhibit, or from any additional supportive services added to the Governmental Lender's rules at any future date that are of similar value to the service it is intending to replace as agreed to in writing by the Governmental Lender. The Borrower must maintain documentation satisfactory to the Governmental Lender of social services provided and such documentation will be reviewed during onsite visits beginning with the second onsite review and must be submitted to the Governmental Lender upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code and other Governmental Lender rules regarding affirmative marketing and written policies and procedures, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's National Standards for the Physical Inspection of Real Estate and to provide regular maintenance to keep the Development sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Governmental Lender must first provide notice of any default or breach to the Borrower and the Funding Lender, and the Borrower will have 30 days to cure such default or breach;

(k) to renew any available rental subsidies which are sufficient to maintain the economic viability of the Development pursuant to Section 2306.185(c) of the Texas Government Code;

(l) the Borrower is not a party to and will not enter into a contract for the Development with, a housing developer that (i) is on the Governmental Lender's debarred list, including any parts of that list that are derived from the debarred list of HUD; (ii) breached a contract with a public agency; or (iii) misrepresented to a subcontractor the extent to which the Borrower has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Borrower's participation in contracts with the agency and the amount of financial assistance awarded to the Borrower by the agency;

(m) to cooperate fully with the Governmental Lender with respect to its compliance and oversight requirements and to cause the manager of the Development to so comply;

(n) to ensure that Units intended to satisfy the Set Aside under Section 2(a)(ix) hereof and the reservation of Units under Section 4(a) hereof will be distributed evenly throughout the Development and will include a reasonably proportionate amount of each type of Unit available in the Development;

(o) to ensure that the Development conforms to the federal Fair Housing Act; and

(p) to pay to the Governmental Lender the Governmental Lender Compliance Fee (as defined in the Funding Loan Agreement).

Section 4.A. Repairs and Maintenance Required by State Law. The Borrower will maintain the Replacement Reserve required by and created pursuant to the Continuing Covenant Agreement or a similar account for the longer of: (a) the period of time required pursuant to the Continuing Covenant Agreement, or (b) the State Reserve Period as required by Section 2306.186 of the Texas Government Code.

Section 4.B. Development Amenities. The Borrower hereby represents, covenants and agrees that the Development will include the Development Amenities as described in Exhibit B-2 attached hereto.

Section 5. Maximum Allowable Gross Rents. During the State Restrictive Period, the Borrower hereby represents, covenants and agrees that in consideration for and as required by the reservation granted under Chapter 1372 of the Texas Government Code, as amended, the maximum monthly rent charged by the Borrower for 50% of the Units shall not exceed 30% of the 50% applicable Multifamily Tax Subsidy Program Imputed Income Limitation applicable to such Unit. The maximum monthly rent charged by the Borrower for each of the remaining 50% of the Units shall not exceed 30% of the 60% applicable Multifamily Tax Subsidy Program Imputed Income Limitation applicable to such Unit. For purposes of the preceding sentences, the amount of the income limitation for any period shall not be less than such limitation applicable, taking into consideration the gross rent floor provided in accordance with Revenue Procedure 94-57. Such initial maximum allowable gross rents are set forth in Exhibit D attached hereto and will be annually redetermined by the Issuer and published on its website. The Borrower agrees to comply with the Issuer's Compliance Monitoring Rules regarding utility allowances.

Section 6. Persons With Special Needs. The Borrower represents, covenants and warrants that during the State Restrictive Period, it will make at least 5% of the Units within the Development available for occupancy by Persons with Special Needs.

Section 7. Consideration. The Governmental Lender has issued the Governmental Notes to provide funds to make the Project Loan to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate, equip and operate the Development. In consideration of the issuance of the Governmental Notes by the Governmental Lender and in consideration of the Borrower entering into the Ground Lease, the Borrower and the Fee Owner have entered into this Regulatory Agreement and agreed to restrict the uses to which the Development can be put on the terms and conditions set forth herein.

Section 8. Reliance. The Governmental Lender, the Fiscal Agent, the Fee Owner and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all Persons interested in the legality and validity of the Governmental Notes, and in the excludability of interest on the Governmental Notes from gross income for federal income tax purposes under existing law. In performing their duties and obligations hereunder, the Borrower, the Fee Owner, the Governmental Lender and the Fiscal Agent may rely upon statements and certificates of the Low-Income Tenants or Eligible Tenants and the Governmental Lender and the Fiscal Agent may rely upon (i) statements and certifications by the Borrower and the Fee Owner; (ii) audits of the books and records of the Borrower

and the Fee Owner pertaining to the Development; and (iii) with respect to the Fiscal Agent, any other information provided to the Fiscal Agent, pursuant to this Regulatory Agreement. In addition, the Governmental Lender, the Borrower, the Fee Owner and the Fiscal Agent may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender, the Borrower, the Fee Owner or the Fiscal Agent hereunder in good faith and in conformity with such opinion. In determining whether any default by the Borrower or the Fee Owner exists under this Regulatory Agreement, the Fiscal Agent is not required to conduct any investigation into or review of the operations or records of the Borrower or the Fee Owner and may rely on any written report, notice or certificate or other information delivered to the Fiscal Agent, as required by this Regulatory Agreement, by any Person retained to review the Borrower's or the Fee Owner's compliance with this Regulatory Agreement or by the Borrower, the Fee Owner or the Governmental Lender with respect to the occurrence or absence of a default unless it has actual knowledge that the report, notice or certificate is erroneous or misleading.

Section 9. Development in Dallas County. The Borrower hereby represents that the Development is located entirely within Dallas County, Texas.

Section 10. Sale or Transfer of the Development or Change in General Partner.

(a) Each of the Borrower and the Fee Owner covenants and agrees not to sell, transfer or otherwise dispose of the Development, prior to the expiration of the Qualified Project Period (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Governmental Lender, (ii) complying with any applicable provisions of this Regulatory Agreement, the Project Loan Agreement, the Tax Exemption Agreement and other Project Loan Documents and (iii) obtaining the prior written consent of the Governmental Lender. Such consent of the Governmental Lender will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by the Governmental Lender: (A) there is delivered to the Fiscal Agent and the Governmental Lender a written opinion of independent legal counsel reasonably satisfactory to the Fiscal Agent and the Governmental Lender, addressed to the Fiscal Agent and the Governmental Lender, concluding that the proposed purchaser or transferee has duly assumed all of the rights and obligations of the Borrower or the Fee Owner, as applicable, under this Regulatory Agreement, the Project Loan Agreement, the Tax Exemption Agreement and the other Project Loan Documents and that each of the documents executed by such proposed purchaser or transferee in connection therewith has been duly authorized, executed and delivered by such proposed purchaser or transferee and is a valid and enforceable obligation of such proposed purchaser or transferee, subject to customary qualifications, (B) the Governmental Lender receives a Favorable Opinion of Bond Counsel, with a copy to the Fiscal Agent, which opinion will be furnished at the expense of the Borrower or the proposed purchaser or transferee, (C) the Governmental Lender receives a transfer fee equal to $1,000, (D) the proposed purchaser or transferee executes any document requested by the Governmental Lender with respect to assuming the obligations of the Borrower or the Fee Owner under this Regulatory Agreement, the Project Loan Agreement, the Tax Exemption Agreement and the other Project Loan Documents, (E) the Governmental Lender has performed a previous participation review on the proposed purchaser or transferee or any affiliated party, the results of which are satisfactory to the Governmental Lender in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Governmental Lender does not further have any reason to believe the proposed purchaser or transferee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or transferee relating to the Development, including but not limited to this Regulatory Agreement, the Project Loan Agreement, the Tax

Exemption Agreement, the Security Instrument and other Project Loan Documents, (F) the proposed purchaser or transferee has met the requirements in Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code, and (G) the Borrower or the proposed purchaser or transferee have paid any and all fees or expenses of Bond Counsel incurred in association with its review and drafting of documents relating to the transfer. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers, but such provisions apply to any transfer subsequent to such involuntary transfers. Each of the Borrower and the Fee Owner hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Development in violation of this subsection will be ineffective to relieve the Borrower or the Fee Owner, as applicable, of its obligations under this Regulatory Agreement. Upon any sale, transfer or other disposition of the Development in compliance with this Regulatory Agreement, the Borrower or the Fee Owner so selling, transferring or otherwise disposing of the Development will have no further liability for obligations under the Project Loan Agreement, this Regulatory Agreement or any loan document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower and the Fee Owner as set forth in the Project Loan Agreement, this Regulatory Agreement or any loan document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Development.

(b) No transfer of the Development will release the Borrower or the Fee Owner from its respective obligations under this Regulatory Agreement arising prior to the date of such transfer, but any such transfer in accordance with this Regulatory Agreement will relieve the Borrower or the Fee Owner, as applicable, of further liability for obligations under this Regulatory Agreement or the Security Instrument arising after the date of such transfer.

(c) The Borrower will not change its general partner by transfer, sale or otherwise without the prior written consent of the Governmental Lender in accordance with Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code. A change in the Borrower's general partner includes any transfer of any controlling ownership interest in the general partner other than by death or incapacity.

Section 11. Term. This Regulatory Agreement and all and each of the provisions hereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Governmental Notes, discharge of the Project Loan, termination of the Project Loan Agreement and defeasance or termination of the Funding Loan Agreement; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements set forth herein will terminate, without the requirement of any consent by the Governmental Lender or the Fiscal Agent, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date which prevents the Governmental Lender or the Fiscal Agent from enforcing the provisions hereof, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Governmental Notes are retired in full or amounts received as a consequence of such event are used to provide a "qualified residential rental project" that meets the requirements of the Code and State law including, but not limited to, the provisions set forth in Sections 1A through 6, 10, 11 and 12

of this Regulatory Agreement. The provisions of the preceding sentence will cease to apply and the requirements referred to therein will be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any Related Person obtains an ownership interest in the Development for federal income tax purposes or for the purposes of State law.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Governmental Lender, the Fee Owner, the Fiscal Agent, and the Borrower upon receipt of a Favorable Opinion of Bond Counsel.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments are not necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. All costs, including fees and expenses, of the Governmental Lender and the Fiscal Agent incurred in connection with the termination of this Regulatory Agreement will be paid by the Borrower and its successors in interest.

Section 12. Covenants To Run With the Land. Each of the Borrower and the Fee Owner hereby subjects the Development (including the Development Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Governmental Lender, the Fiscal Agent, the Borrower and the Fee Owner hereby declare that the covenants, reservations and restrictions set forth herein are covenants running with the land and will pass to and be binding upon the Borrower's and the Fee Owner's successors in title to the Development; provided, however, that upon the termination of this Regulatory Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Development or any portion thereof prior to the termination of this Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

No breach of any of the provisions of this Regulatory Agreement will impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Development or any portion thereof.

Section 13. Burden and Benefit. The Governmental Lender, the Fee Owner, the Fiscal Agent, and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Development is rendered less valuable thereby. The Governmental Lender, the Fee Owner, the Fiscal Agent, and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low-Income Tenants and Eligible Tenants and by furthering the public purposes for which the Governmental Notes were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof will apply uniformly to the entire Development in order to establish and carry out a common plan for the use, development and improvement of the Development Site.

Section 15. Default; Enforcement by the Fiscal Agent and Governmental Lender. If the Borrower or the Fee Owner defaults in the performance or observance of any covenant, agreement or obligation of the Borrower or the Fee Owner, as applicable, set forth in this Regulatory Agreement, and if such default remains uncured by the Borrower or the Fee Owner for a period of 60 days after written notice thereof has been given by the Governmental Lender or the Fiscal Agent to the Borrower and the Fee Owner, then the Fiscal Agent, acting on its own behalf or on behalf of the Governmental Lender and after being

indemnified as provided in the Funding Loan Agreement, will declare an "Event of Default" to have occurred hereunder; provided, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default will not constitute an Event of Default hereunder and will not be declared an Event of Default so long as (i) the Borrower or the Fee Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) the Borrower or the Fee Owner delivers to the Governmental Lender and the Fiscal Agent a Favorable Opinion of Bond Counsel.

Following the declaration of an Event of Default hereunder, the Fiscal Agent or the Governmental Lender, each subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding may, at its option, take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower or the Fee Owner, as applicable, to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Governmental Lender or the Fiscal Agent hereunder;

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower or the Fee Owner, as applicable, pertaining to the Development during regular business hours following reasonable prior written notice; and

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower or the Fee Owner hereunder.

Each of the Borrower and the Fee Owner hereby agrees that specific enforcement of the Borrower's and the Fee Owner's agreements contained herein is the only means by which the Governmental Lender and the Fiscal Agent may obtain the benefits of such agreements made by the Borrower and the Fee Owner herein, and each of the Borrower and the Fee Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower or the Fee Owner hereunder. In addition, if the Governmental Lender succeeds in an action for specific performance of an obligation, covenant or agreement of the Borrower or the Fee Owner contained herein, it is entitled to the relief provided in Section 16(b) hereof to the extent provided in that provision.

All rights and remedies herein given or granted are cumulative, nonexclusive and in addition to any and all rights and remedies that the parties may have or may be given by reason of any law, statute, ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section, promptly upon determining that a violation of this Regulatory Agreement has occurred, the Governmental Lender will to the extent that it has actual knowledge thereof, by notice in writing, use its best efforts to inform the Fiscal Agent, the Borrower and the Fee Owner (provided that the failure to notify will not adversely affect the Governmental Lender's or the Fiscal Agent's rights under this Regulatory Agreement) that a violation of this Regulatory Agreement has occurred.

It is specifically declared that this Regulatory Agreement or obligations hereunder may not be enforced by tenants or prospective tenants of the Development (except as described in Section 16 below) or, except as specifically provided in the Funding Loan Agreement, by the owners of the Governmental Notes.

Section 16. Enforcement of Certain Provisions by Tenants and other Private Parties.

(a) Following the declaration of an Event of Default hereunder with respect to Sections 4(i), 4(j) and 5 hereof only, a tenant of the Development or any private party may, at its

option by mandamus or other suit, including injunctive relief, require the Borrower to perform its obligations and covenants under Sections 4(i), 4(j) and 5 hereof.

(b) If the Governmental Lender, a tenant of the Development, or any private party brings an action to enforce the obligations and covenants of the Borrower under Sections 4(i), 4(j) and 5 hereof, such party has the right to recover attorney's fees directly from the Borrower, without recourse to the Development, if such party is successful in an action seeking enforcement of the obligations and covenants of the Borrower hereunder. This is the only monetary relief a tenant of the Development or other private parties may receive under this Regulatory Agreement and any such recovery is subject to the provisions set forth in Section 15 above.

Section 17. The Fiscal Agent. The Fiscal Agent will act only as specifically provided herein and in the Funding Loan Agreement and in the Tax Exemption Agreement. Subject to the right of the Fiscal Agent to be indemnified as provided in the Funding Loan Agreement and in the Project Loan Agreement, the Fiscal Agent agrees to act as the agent of and on behalf of the Governmental Lender when requested in writing by the Governmental Lender to do so, and any act required to be performed by the Governmental Lender as herein provided will be deemed taken if such act is performed by the Fiscal Agent. The Fiscal Agent is entering into this Regulatory Agreement solely in its capacity as Fiscal Agent under the Funding Loan Agreement, and the duties, powers, rights and obligations of the Fiscal Agent in acting hereunder will be subject to the provisions of the Funding Loan Agreement, which are incorporated by reference herein. The incorporated provisions of the Funding Loan Agreement and the Tax Exemption Agreement are intended to survive the retirement of the Governmental Notes, discharge of the Project Loan, termination of the Project Loan Agreement and defeasance or termination of the Funding Loan Agreement.

Subject to the Fiscal Agent's rights under the Funding Loan Agreement, the Fiscal Agent will, at the direction of the Governmental Lender, take reasonable actions to enforce compliance by the Borrower and the Fee Owner with the terms of this Regulatory Agreement. The Fiscal Agent may rely on certificates, reports or other information delivered to the Fiscal Agent, in accordance with this Regulatory Agreement, without independent investigation and the Fiscal Agent's responsibility to review and monitor compliance hereunder will not extend beyond the Fiscal Agent's receipt of the certificates, reports, and other documents required to be submitted to the Fiscal Agent pursuant to this Regulatory Agreement.

The Fiscal Agent may resign or be removed only as provided in Sections 7.09 or 7.10, respectively, of the Funding Loan Agreement. Such resignation or removal will not be effective until a successor Fiscal Agent satisfying the requirements of the Funding Loan Agreement is appointed and has accepted its appointment. The Fiscal Agent's right to indemnification provided in the Project Loan Agreement will survive the resignation or removal of the Fiscal Agent and the termination of this Regulatory Agreement.

Upon discharge of the Funding Loan Agreement, the Borrower will pay to the Fiscal Agent a fee, in an amount mutually agreed upon by the Borrower and the Fiscal Agent at the time of such discharge, for the performance of the Fiscal Agent's duties under this Regulatory Agreement through the date upon which the Governmental Notes are to be paid in full. After the date upon which all of the Governmental Notes have been paid in full, the Fiscal Agent shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Fiscal Agent in this Regulatory Agreement shall be deemed references to the Governmental Lender.

Section 18. Recording and Filing. The Borrower will cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Dallas County, Texas and in such other places as the Governmental Lender or the Fiscal Agent may reasonably request. A file-stamped copy of this Regulatory Agreement and, prior to the date upon which

all of the Bonds have been paid in full, all amendments and supplements thereto will be delivered to the Fiscal Agent. The Borrower will pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 19. Reimbursement of Expenses. Notwithstanding any prepayment of the Project Loan and notwithstanding a discharge of the Funding Loan Agreement or the Tax Exemption Agreement, throughout the term of this Regulatory Agreement, the Borrower will continue to pay to the Governmental Lender and the Fiscal Agent all fees and reimbursement for all expenses actually incurred thereby required to be paid to the Governmental Lender and the Fiscal Agent by the Borrower pursuant to the Project Loan Agreement or the Tax Exemption Agreement, as applicable.

Section 20. Governing Law. This Regulatory Agreement is governed by the laws of the State of Texas. The Fiscal Agent's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Regulatory Agreement, the Project Loan Agreement, the Funding Loan Agreement and the Tax Exemption Agreement.

Section 21. Amendments. Subject to the provisions of Section 3 hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto (except that after discharge of the Funding Loan Agreement, consent of the Fiscal Agent will not be required), or their successors in title, and duly recorded in the real property records of Dallas County, Texas, and only upon receipt by the Governmental Lender (with a copy to the Fiscal Agent and the Funding Lender) of a Favorable Opinion of Bond Counsel and an opinion of Bond Counsel that such action is not contrary to the provisions of the Act.

Section 22. Notices. Any notice required to be given hereunder to the Governmental Lender, the Funding Lender, the Fiscal Agent, the Borrower or the Fee Owner will be given in the manner and to the address (or facsimile numbers) set forth in the Funding Loan Agreement.

Section 23. Severability. If any provision of this Regulatory Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof will not in any way be affected or impaired thereby.

Section 24. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which constitute one and the same instrument, and each of which is deemed to be an original.

Section 25. Authorization to Act for Governmental Lender. To the extent allowed by law, the Governmental Lender hereby authorizes the Borrower to take on behalf of the Governmental Lender all actions required or permitted to be taken by it hereunder, or under the Funding Loan Agreement and the Project Loan Agreement and to make on behalf of the Governmental Lender all elections and determinations required or permitted to be made by the Governmental Lender hereunder or under the Funding Loan Agreement and the Project Loan Agreement. In addition, the Governmental Lender hereby authorizes the Borrower to exercise, on behalf of the Governmental Lender, any election with respect to the Governmental Notes pursuant to the Code or the Regulations, and the Governmental Lender agrees to cooperate with the Borrower and execute any form of statement required by the Code or the Regulations to perfect any such election.

Section 26. Compliance with Texas Government Code. The representations in Section 5.09 of the Funding Loan Agreement (with respect to the Fiscal Agent) and in Section 2.02(u) of the Project Loan

Agreement (with respect to the Borrower) are expressly incorporated by reference into this Regulatory Agreement.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Governmental Lender, the Fiscal Agent, the Fee Owner and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Governmental Lender

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on_____, 2026, by James B. "Beau" Eccles, Secretary to the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, on behalf of said agency.

_____
Notary Public Signature

My Commission expires:_____

(Personalized Seal)

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Fiscal Agent

By:_____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2026, by _____, _____ of Wilmington Trust, National Association, a national banking association, on behalf of said banking association.

_____
Notary Public Signature

My Commission expires:_____

(Personalized Seal)

[MURDEAUX VILLAS LANDOWNER LLC],
a Texas limited liability company ,
as Fee Owner

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2026, by _____, _____ of **[MURDEAUX VILLAS LANDOWNER LLC]**, a Texas limited liability company, on behalf of said entity.

_____
Notary Public Signature
My Commission expires:_____

(Personalized Seal)

MURDEAUX REHAB DEVELOPMENT, LP,
a Texas limited partnership

By: Murdeaux Rehab Development GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2026, by _____, _____of _____, the _____ of Murdeaux Rehab Development GP, LLC, a Texas limited liability company, the general partner of Murdeaux Rehab Development, LP, a Texas limited partnership, on behalf of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public, State of _____

Notary's Name (Printed):_____

Notary Seal:

EXHIBIT A **[*Note: subject to update*]**

BEING a tract of land situated in the Jessie Elam Survey, Abstract 444, in the City of Dallas, Dallas County, Texas, and being all of Lot 1, Block N/6264, of SPHINX AT MURDEAUX, an Addition to the City of Dallas, Dallas County, Texas, according to the map or plat thereof recorded In Volume 2003211, Page 611, of the Map Records of Dallas County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 5/8" iron rod found for the common East corner of Lots 1 and 2 of said Sphinx at Murdeaux, same being on the West line of Murdeaux Lane (a 60' dedicated public R.O.W.);

THENCE South 07° 53' 00" West, along said East line of Lot 1 and along the West line of said Murdeaux Lane, a distance of 128.30 feet to a 5/8" iron rod set for corner in the North right of way line of Olusta Drive (a 60' dedicated public R.O.W.), same also being at the beginning of a non-tangent curve to the left having a central angle of 04° 00' 47", a radius of 483.42 feet and a chord which bears North 89° 39' 25" West - 33.85 feet;

THENCE continuing along the curving East line of Lot 1, an arc distance of 33.86 feet to a 5/8" iron rod set for an inner ell corner;

THENCE South 02° 10' 42" East, departing the North line of said Olusta Drive and continuing along the East line of said Lot 1 and, a distance of 199.23 feet to a 3/8" iron rod found for corner, same being a Northerly corner of Woodland City Addition, 2nd Section, an addition to the City of Dallas, as recorded in Volume 478, Page 2343, Plat Records, Dallas County, Texas, same also being at the beginning of a non-tangent curve to the left having a central angle of 37° 22' 37", a radius of 988.32 feet and a chord which bears South 64° 11' 21" West - 633.36 feet;

THENCE continuing along the curving South line of Lot 1 and along the North line of said Woodland City Addition, an arc distance of 644.73 feet to a 5/8" iron rod set for corner, same being at the beginning of a reverse curve to the right having a central angle of 31° 45' 07", a radius of 301.02 feet and a chord which bears South 61° 22' 53" West - 164.69 feet;

THENCE continuing along the curving South line of Lot 1 and along the North line of said Woodland City Addition, an arc distance of 166.82 feet to a 5/8" iron rod found for corner;

THENCE South 77° 15' 32" West, continuing along the common line, a distance of 109.06 feet to a 5/8" iron rod found for corner;

THENCE South 11° 43' 53" East, along the South line of said Lot 1 and the North line of said Woodland City Addition, a distance of 138.62 feet to a 1/2" iron rod found for corner, same being in the Northerly right of way line of Ridgewick Drive (a 50' dedicated public R.O.W.);

THENCE South 77° 22' 48" West, continuing along the South line of said Lot 1 with the North line of said Ridgewick Drive, a distance of 173.91 feet to a 5/8" iron rod found for corner, same being in the West line of Schepps Parkway (a 50' dedicated public R.O.W.);

THENCE South 11° 42' 29" East, departing said North line of Ridgewick Drive and along the South line of said Lot 1, with the West line of said Schepps Parkway, a distance of 24.92 feet to a 5/8" iron rod found for corner, same being the Northeast corner of a tract of land conveyed to the City of Dallas under the Park-Exempt 1968, now known as Woodland Springs Park;

THENCE South 77° 43' 57" West, departing said Schepps Parkway and said Woodland City Addition, and along the common line of said Lot 1 and said Woodland Springs Park, a distance of 322.10 to a point for corner, same being situated in the meanders of Elam Creek;

THENCE departing the North line of said Woodland Springs Park and continuing along the West line of said Lot 1 with the meanders of Elam Creek, same also being the East line of a tract of land conveyed to YMCA of Metropolitan Dallas by deed recorded in Volume 99250, Page 3116, Deed Records of Dallas County, Texas the following:

North 00° 25' 46" East, a distance of 773.73 feet to a corner;

South 88° 39' 29" East, a distance of 256.26 feet to a corner;

North 37° 44' 45" East, a distance of 377.54 feet to a corner;

THENCE South 89° 51' 01" East, departing said Elam Creek and continuing along the North line of said Lot 1 with the South line of said YMCA tract, a distance of 270.46 feet to a 5/8" iron rod set for corner, same being the most Westerly Southwest corner of Sphinx at Murdeaux, Lot 2, as recorded in Volume 2003091, Page 13302, Deed Records of Dallas County, Texas;

THENCE South 37° 06' 29" East, along said Lot 1 with the South line of said Lot 2, a distance of 66.99 feet to a 5/8" iron rod set for corner, same being at the beginning of a curve to the left having a central angle of 65° 30' 49", a radius of 178.70 feet and a chord which bears South 69° 51' 53" East - 193.38 feet;

THENCE continuing along the curving North line of Lot 1 and along the South line of said Lot 2, an arc distance of 204.33 feet to a 5/8" iron rod set for corner, same being at the beginning of a reverse curve to the right having a central angle of 09° 12' 34", a radius of 1337.50 feet and a chord which bears North 81° 58' 59" East - 214.75 feet;

THENCE continuing along the curving North line of Lot 1 and along the South line of said Lot 2, an arc distance of 214.98 feet to a 5/8" iron rod set for corner, same being at the beginning of a tangent curve to the right having a central angle of 10° 57' 36", a radius of 618.30 feet and a chord which bears South 87° 55' 57" East - 118.09 feet;

THENCE continuing along the curving North line of Lot 1 and along the South line of said Lot 2, an arc distance of 118.27 feet to the POINT OF BEGINNING and containing 785,673 square feet or 18.04 acres of land, more or less.

EXHIBIT B-1

DESCRIPTION OF DEVELOPMENT

Borrower: Murdeaux Rehab Development, LP, a Texas limited partnership

Development: The Development is a 301-unit affordable multifamily community known as Murdeaux Villas, to be located at 125 S Murdeaux Ln, Dallas, Dallas County, Texas 75217. The unit mix will consist of:

40	studio units
82	one-bedroom/one-bath units
65	two-bedroom/two-bath units
87 *	three-bedroom/two-bath units
27	four-bedroom/two-bath units
301	Total Units

*One of the existing 3BR/2BA units will not be reconfigured, but will be designated as a two-bedroom unit and will be offered at the two-bedroom rent to households with a need for an accessible two-bedroom unit.

EXHIBIT B-2

DEVELOPMENT AMENITIES

"Development Amenities" means the amenities for which the Development was awarded points by the Governmental Lender, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program pre-application scoring process.

Development Common Amenities must include at least twenty-two (22) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of amenities from each section. The Borrower may change, from time to time, the amenities offered; however, the overall points must remain the same. The tenant must be provided written notice of the elections made by the Borrower.

(i) Community Space for Resident Supportive Services includes:

(I) Except in Applications where more than 10% of the Units in the proposed Development are Supportive Housing SRO Units, an Application may qualify to receive half of the points required under §11.101(b)(5)(A)(i) - (vi) by electing to provide a High Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site. To receive the points the Applicant must commit to all of items (-a-) - (-c-) of this subclause.

(-a-) Space and Design. The educational space for the HQ Pre-K program must be provided on the Development Site and must be a suitable and appropriately designed space for educating children that an independent school district or open-enrollment charter school can utilize to establish and operate a HQ Pre-K program. This space includes at a minimum a bathroom and large closet in the classroom space; appropriate design considerations made for the safety and security of the students; including limited and secure ingress and egress to the classroom space; and satisfaction of the requirements of all applicable building codes for school facilities. The Applicant must provide in the Application a copy of the current school facility code requirements applicable to the Development Site and Owner and Architect certifications that they understand the associated space and design requirements reflected in those code requirements. The Application must also include acknowledgement by all lenders, equity providers and partners that the Application includes election of these points.

(-b-) Educational Provider Agreement. The Applicant must enter into an agreement, addressing all items as described in subitems (-1-) - (-5-) of this item, and provide evidence of such agreement to the Department on or before submission of the Cost Certification. Lack of evidence of such agreement by the deadline will be cause for rescission of the Carryover Agreement for Competitive HTC Applications.

(-1-) The agreement must be between the Owner and an Educational Provider.

(-2-) The agreement must reflect that at the Development Site the Educational Provider will provide a HQ Pre-K program, in accordance with Texas Education Code Chapter 29, Subchapter E-1, at no cost to residents of the proposed Development and that is available for general public use, meaning students other than those residing at the Development may attend.

(-3-) Such agreement must reflect a provision that the option to operate the HQ Pre-K program in the space at the Development Site will continue to be made available to the school or provider until such time as the school or provider wishes

to withdraw from the location. This provision will not limit the Owner's right to terminate the agreement for good cause.

(-4-) Such agreement must set forth the responsibility of each party regarding payment of costs to use the space, utility charges, insurance costs, damage to the space or any other part of the Development, and any other costs that may arise as the result of the operation of the HQ Pre-K program.

(-5-) The agreement must include provision for annual renewal, unless terminated under the provisions of item (-c-) of this subclause.

(-c-) If an Educational Provider who has entered into an agreement becomes defunct or elects to withdraw from the agreement and provision of services at the location, as provided for in subitem (-b-)(-3-) of this subclause, the Owner must notify the Texas Commissioner of Education at least 30 days prior to ending the agreement to seek out any other eligible parties listed in subitem (-b-)(-1-) of this subclause above. If another interested open-enrollment charter school or school district is identified by the Texas Commissioner of Education or the Owner, the Owner must enter into a subsequent agreement with the interested open-enrollment charter school or school district and continue to offer HQ Pre-K services. If another interested provider cannot be identified, and the withdrawing provider certifies to the Department that their reason for ending the agreement is not due to actions of the Owner, the Owner will not be considered to be in violation of its commitment to the Department. If the Owner is not able to find a provider, they must notify the Commissioner annually of the availability of the space.

(II) Multifunctional learning and care center(s) or conference room(s) with the appropriate furnishings to deliver the Resident Supportive Services pertaining to classes or care for children and selected by the Development Owner. The room(s) devoted to meeting this requirement must equal 15 square feet times the total number of Units, but need not exceed 2,000 square feet in total. This space must be separate from any other community space but may include a full kitchen. The room(s) must include storage space, such as closets or cabinetry (4 points).

(III) Multifunctional learning and care center(s) or conference room(s) with the appropriate furnishings to deliver the Resident Supportive Services pertaining to classes or care for adults and selected by the Development Owner. The room(s) devoted to meeting this requirement must equal 10 square feet times the total number of Units, but need not exceed 1,000 square feet in total. This space must be separate from any other community space but may include a full kitchen. The room(s) must include storage space, such as closets or cabinetry (2 points).

(IV) Service provider office in addition to leasing offices (1 point).

(ii) Safety amenities include:

(I) Controlled gate access for entrance and exit areas, intended to provide access that is limited to the Development's tenancy (1 point).

(II) Secured Entry (applicable only if all Unit entries are within the building's interior) (1 point).

(III) Twenty-four hour, seven days a week monitored camera/security system in each building. Monitoring may be on-site or off-site (2 points).

(IV) Twenty-four hour, seven days a week recorded camera / security system in each building (1 point).

(V) The provision of a courtesy patrol service that, at a minimum, answers after-hour resident phone calls regarding noise and crime concerns or apartment rules violations and that can dispatch to the apartment community a courtesy patrol officer in a timely manner (3 points).

(iii) Health/Fitness/Play amenities include:

(I) Accessible walking/jogging path, equivalent to the perimeter of the Development or a length that reasonably achieves the same result, separate from a sidewalk and in addition to required accessible routes to Units or other amenities (1 point).

(II) Furnished fitness center. Equipped with a variety of fitness equipment (at least one item for every 40 Units). Choose from the following: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, dumbbell set, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control and allow for after-hours access. (1 point).

(III) Furnished fitness center. Equipped with a variety of fitness equipment (at least one item for every 20 Units). Choose from the following: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, dumbbell set, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control and allow for after-hours access. (2 points).

(IV) One Children's Playscape Equipped for five to 12 year olds, or one Tot Lot (2 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, and provide shade and ultraviolet protection. This item can only be selected if subclause (V) of this clause is not selected.

(V) Two Children's Playscapes Equipped for five to 12 year olds, two Tot Lots, or one of each (4 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, and provide shade and ultraviolet protection. This item can only be selected if subclause (IV) of this clause is not selected.

(VI) Horseshoe pit; putting green; shuffleboard court; pool table; ping pong table; or similar equipment in a dedicated location accessible to all residents to play such games (1 point).

(VII) Swimming pool with after-hours access (5 points).

(VIII) Splash pad/water feature play area (3 points).

(IX) Sport Court or field (including, but not limited to, Tennis, Basketball, Volleyball, Pickleball, Soccer, or Baseball Field) (2 points).

(iv) Design / Landscaping amenities include:

(I) Full perimeter fencing that contains the parking areas and all amenities (excludes guest or general public parking areas) (2 points).

(II) Enclosed community sun porch or covered community porch/patio (1 point).

(III) Dog Park area that is fully enclosed (the perimeter fencing may be used for part of the enclosure) and intended for tenant owned dogs to run off leash (requires that the Development allow dogs) (2 points).

(IV) Shaded rooftop or structural viewing deck of at least 500 square feet (2 points).

(V) Porte-cochere (1 point).

(VI) Lighted pathways along all accessible routes (1 point).

(VII) a resident-run community garden with annual soil preparation and mulch provided by the Owner and access to water (which may be subject to local water usage restrictions) (1 point).

(v) Community Resources amenities include:

(I) Community laundry room with at least one washer and dryer for every 40 Units (2 points).

(II) Barbecue grill and picnic table with at least one of each for every 50 Units (1 point). Grill must be permanently installed (no portable grills).

(III) Business center with workstations and seating internet access, 1 printer and at least one scanner which may be integrated with the printer, and either 2 desktop computers or laptops available to check-out upon request (2 points).

(IV) Furnished Community room (2 points).

(V) Library with an accessible sitting area (separate from the community room) (1 point).

(VI) Activity Room stocked with supplies (Arts and Crafts, board games, etc.) (2 points).

(VII) Community Dining Room with full or warming kitchen furnished with adequate tables and seating (3 points).

(VIII) Community Theater Room equipped with a 52 inch or larger screen or projection with surround sound equipment; DVD player or a streaming service at no cost to residents; and seating (3 points).

(IX) High-speed Wi-Fi with advanced telecommunications capacity as determined under 47 U.S.C. 1302 or more with coverage throughout the clubhouse or community building (1 point).

(X) High-speed Wi-Fi with advanced telecommunications capacity as determined under 47 U.S.C. 1302 with coverage throughout the Development (2 points).

(XI) Bicycle parking that allows for, at a minimum, one bicycle for every five Units, within reasonable proximity to each residential building that allows for bicycles to be secured with lock (lock not required to be provided to tenant) (1 point).

(XII) Package Lockers or secure package room. Automated Package Lockers or secure package room provided at a location within the complex that can be accessed by residents 24/7 and at no charge to the resident. To qualify, there would need to be at least one locker for every eight residential units (2 points).

(XIII) Recycling Service (includes providing a storage location and service for pick-up) (1 point).

(XIV) Community car vacuum station (1 point).

(XV) Access to onsite bike sharing services, provided tenants have short-term, autonomous access to community-owned bicycles, with at least one bicycle per 25 Units (1 point).

(XVI) A covered outdoor area with seating to be used as a waiting area for public transportation or a school bus (1 point).

Unit, Development Construction and Energy and Water Efficiency Features. The Development must include at least nine (9) points selected from the following list. Rehabilitation Developments will start with a base score of five (5) points. At least two (2) points must be selected from clause (iii) Energy and Water Efficiency Features. The development must maintain the points associated with those amenities by maintaining the amenity selected or providing substitute amenities with equal or higher point values.

(i) Unit Features include:

(I) Covered entries (0.5 point);

(II) Nine foot ceilings in living room and all Bedrooms (at minimum) (1 point);

(III) Microwave ovens (0.5 point);

(IV) Self-cleaning or continuous cleaning ovens (0.5 point);

(V) Storage room or closet, of approximately 9 square feet or greater, separate from and in addition to Bedroom, entryway or linen closets and which does not need to be in the Unit but must be on the Property site (0.5 point);

(VI) Covered patios or covered balconies (0.5 point);

(VII) High Speed Internet service to all Units (can be wired or wireless; required equipment for either must be provided) (1 point);

(VIII) Built-in (recessed into the wall) shelving unit (0.5 point);

(IX) Breakfast Bar (a space, generally between the kitchen and dining area, that includes an area for seating although actual seating such as bar stools does not have to be provided) (0.5 point);

(X) Walk-in closet in at least one Bedroom (0.5 point);

(XI) 48-inch upper kitchen cabinets (1 point);

(XII) Kitchen island (0.5 points);

(XIII) Kitchen pantry with shelving (may include the washer/dryer unit for Rehabilitation Developments only) (0.5 point);

(XIV) Natural stone or quartz countertops in kitchen and bath (1 point);

(XV) Double vanity in at least one bathroom (0.5 point); and

(XVI) Hard floor surfaces in over 50% of unit NRA (0.5 point).

(ii) Development Construction Features include:

(I) Covered parking (may be garages or carports, attached or freestanding) and include at least one covered space per Unit (1.5 points);

(II) Thirty year roof (0.5 point);

(III) Greater than 30% stucco or masonry (includes stone, cultured stone, and brick but excludes cementitious and metal siding) on all building exteriors; the percentage calculation may exclude exterior glass entirely (2 points);

(IV) Electric Vehicle Charging Station (0.5 points);

(V) An Impact Isolation Class (IIC) rating of at least 55 and a Sound Transmission Class (STC) rating of 60 or higher in all Units, as certified by the architect or engineer of record (3 points); and

(VI) Green Building Features. Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Four (4) points may be selected from only one of the categories described in items (-a-) - (-d-) of this subclause. If the Development involves scattered sites, there must be green building features incorporated into each site in order to qualify for these points.

(-a-) Enterprise Green Communities. The Development must incorporate, at a minimum, all items necessary to obtain Enterprise Green Communities certification applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at http://www.greencommunitiesonline.org.

(-b-) Leadership in Energy and Environmental Design (LEED). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).

(-c-) ICC/ASHRAE - 700 National Green Building Standard (NGBS). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NGBS Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

(-d-) 2018 International Green Construction Code.

(iii) Energy and Water Efficiency Features include:

(I) Energy-Star or equivalently rated refrigerator with icemaker (0.5 point);

(II) Energy-Star or equivalently rated laundry equipment (washers and dryers) for each individual Unit; must be front loading washer and dryer in required accessible Units (2 points);

(III) Recessed LED lighting or LED lighting fixtures in kitchen and living areas (1 point);

(IV) Energy-Star or equivalently rated ceiling fans in all Bedrooms (0.5 point);

(V) EPA WaterSense or equivalent qualified toilets in all bathrooms (0.5 point);

(VI) EPA WaterSense or equivalent qualified showerheads and faucets in all bathrooms (0.5 point);

(VII) 15.2 SEER2 HVAC, or in Region 13, an efficient evaporative cooling system. For Rehabilitation (excluding Reconstruction) where such systems are not being replaced as part of the scope of work, a radiant barrier in the attic is provided, (1 point);

(VIII) 16.0 SEER2 HVAC, for New Construction or Rehabilitation (1.5 points);

(IX) A rainwater harvesting/collection system or locally approved greywater collection system (0.5 points);

(X) Wi-Fi enabled, Energy-Star or equivalently rated "smart" thermostats installed in all units (1 point); and

(XI) Solar panels installed, with a sufficient number of panels to reach a rated power output of at least 300 watts for each Low-Income Unit. (2 points).

EXHIBIT C

TENANT SUPPORTIVE SERVICES

The tenant supportive services to be provided must include at least eight (8) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of services from each section. The Borrower may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. Should the Department's rules in subsequent years provide different services than those listed below, the Borrower may be allowed to select services listed therein upon written consent from the Governmental Lender, and any services selected must be of similar value to the service the Borrower is intending to replace. The services provided should be those that will directly benefit the Target Population of the Development. Tenants must be provided written notice of the elections made by the Borrower.

(A) Transportation Supportive Services include:

(i) shuttle, at least three days a week, to a grocery store and pharmacy or a major, big-box retailer that includes a grocery store and pharmacy, OR a daily shuttle, during the school year, to and from nearby schools not served by a school bus system for children who live at the Development (3.5 points); and

(ii) monthly transportation to community/social events such as mall trips, community theatre, bowling, organized tours, etc. (1 point).

(B) Children Supportive Services include:

(i) provide a High Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site meeting the requirements of paragraph (5)(C)(i)(I) of this subsection. (Half of the points required under this paragraph); and

(ii) Twelve hours of weekly, organized, on-site services provided to K-12 children by a dedicated service coordinator or third-party entity. Services include after-school and summer care and tutoring, recreational activities, character building programs, mentee opportunities, test preparation, and similar activities that promote the betterment and growth of children and young adults (3.5 points).

(C) Adult Supportive Services include:

(i) Four hours of weekly, organized, in-person, hybrid, or virtual classes accessible to participants from a Common Area on site to an adult audience by persons skilled or trained in the subject matter being presented, such as English as a second language classes, computer training, financial literacy courses, homebuyer counseling, health education courses, certification courses, GED preparation classes, resume and interview preparatory classes, general presentations about community services and resources, and any other course, class, or presentation that may equip residents with new skills that they may wish to develop (3.5 points);

(ii) annual income tax preparation (offered by an income tax prep service) or IRS-certified VITA (Volunteer Income Tax Assistance) program (offered by a qualified individual) that also emphasizes how to claim the Earned Income Tax Credit (1 point);

(iii) contracted career training and placement partnerships with local worksource offices, culinary programs, or vocational counseling services; may include resident training programs that train and hire residents for job opportunities inside the development in areas like leasing, tenant services, maintenance, landscaping, or food and beverage operation (2 points);

(iv) external partnerships for provision of weekly substance abuse meetings at the Development Site (1 point);

(v) reporting rent payments to credit bureaus for any resident who affirmatively elects to participate, which will be a requirement of the LURA for the duration of the Affordability Period (2 points); and

(vi) participating in a non-profit healthcare job training and placement service that includes case management support and other need-based wraparound services to reduce barriers to employment and support Texas healthcare institution workforce needs (2 points).

(vii) An eviction prevention program operated by a case manager. The case manager may be an employee of the owner or a third-party social service provider and shall be responsible for no more than 50 cases at a time. On at least a monthly basis, the case manager will obtain contact information and past due balances for households that are at risk of eviction for nonpayment of rent. For households that voluntarily choose to participate, the case manager shall offer an eviction holdoff agreement providing a minimum of 6 months for the household to resolve the past due balance and forgiving any late fees associated with that balance, regardless of whether they have been paid, should the agreement be fulfilled. During the eviction holdoff period, the case manager will offer to meet with the household at least once every other week. The case manager will identify resources in the community that provide emergency rental assistance and other financial support and assist the household in applying for these programs (5 points).

(D) Health Supportive Services include:

(i) food pantry consisting of an assortment of non-perishable food items and common household items (i.e. laundry detergent, toiletries, etc.) accessible to residents at least on a monthly basis or upon request by a resident. While it is possible that transportation may be provided to a local food bank to meet the requirement of this resident service, the resident must not be required to pay for the items they receive at the food bank (2 points);

(ii) annual health fair provided by a health care professional (1 point);

(iii) weekly exercise classes (offered at times when most residents would be likely to attend) (2 points); and

(iv) contracted onsite occupational or physical therapy services for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points).

(E) Community Supportive Services include:

(i) partnership with local law enforcement or local first responders to provide quarterly on-site social and interactive activities intended to foster relationships with residents (such activities could include playing sports, having a cook-out, swimming, card games, etc.) (2 points);

(ii) Notary Services during regular business hours (§2306.6710(b)(3)) (1 point);

(iii) twice monthly arts, crafts, and other recreational activities (e.g. Book Clubs and creative writing classes) (1 point);

(iv) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, holiday celebrations, etc.) (1 point);

(v) specific service coordination services offered by a qualified Owner or Developer, qualified provider or through external, contracted parties for seniors, Persons with Disabilities or Supportive Housing (3 points);

(vi) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc., and quarterly preventative maintenance including light bulb replacement) for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);

(vii) any of the programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of unplanned pregnancies; and encourages the formation and maintenance of two-parent families (1 point);

(viii) a part-time resident services coordinator with a dedicated office space at the Development or a contract with a third-party to provide the equivalent of 15 hours or more of weekly resident supportive services at the Development (2 points); and

(ix) provision, by either the Development Owner or a community partner, of an education tuition- or savings-match program or scholarships to residents who may attend college (2 points).

EXHIBIT D

INITIAL MAXIMUM RENTS

The maximum monthly rent charged by the Borrower for 50% of the Units shall not exceed 30% of the 50% applicable Multifamily Tax Subsidy Program Imputed Income Limitation applicable to such Unit. The maximum monthly rent charged by the Borrower for each of the remaining 50% of the Units shall not exceed 30% of the 60% applicable Multifamily Tax Subsidy Program Imputed Income Limitation applicable to such Unit. For purposes of the preceding sentences, the amount of the income limitation for any period shall not be less than such limitation applicable, taking into consideration the gross rent floor provided in accordance with Revenue Procedure 94-57.

The following rents, including utilities allowances, are based on the 2025 Multifamily Tax Subsidy Program Income Limits that were issued April, 2025, and are adjusted annually. A utility allowance must be deducted from these rents to determine maximum allowable rents.

A. 50% rent limits:

Bedroom Size	Rent Limit
Studio	$1,027
1-Bedroom	$1,100
2-Bedroom	$1,320
3-Bedroom	$1,525
4-Bedroom	$1,701

B. 60% rent limits:

Bedroom Size	Rent Limit
Studio	$1,233
1-Bedroom	$1,320
2-Bedroom	$1,584
3-Bedroom	$1,830
4-Bedroom	$2,041

EXHIBIT E

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

Greg Abbott
GOVERNOR

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

Multi Family Mortgage Revenue Bond
Qualified Project Period

The Texas Department of Housing and Community Affairs require the information in Sections A and B below to compute the Qualified Project Period for Mortgage Revenue Bond properties. Please complete the form as the appropriate dates are identified. Upload this form in TDHCA's Compliance Monitoring Tracking System (CMTS) to the attention of Amy Hammond immediately after the property reaches the 50% Occupancy Date.

Section A

Property Name	
Address	
Contact Name	
Contact Phone #	

Section B

Initial Bond Closing Date	
Date First Unit Occupied	
10% Occupancy Date	
50% Occupancy Date	
50% Occupancy Date + 15 years	

Signature _____ Date _____

Printed Name _____ Title_____

221 East 11th Street P.O. Box 13941 Austin, Texas 78711-3941 (800) 525-0657 (512) 475-3800

PROJECT NOTE

US $[INSERT] [INSERT], 2026

FOR VALUE RECEIVED, the undersigned, **MURDEAUX REHAB DEVELOPMENT, LP**, a Texas limited partnership (together with such party's successors and assigns, the "**Borrower**"), promises to pay to the order of **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the "**Governmental Lender**"), and its assigns, the principal sum of [INSERT] DOLLARS ($[INSERT]), and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Project Note (this "**Project Note**") is being delivered pursuant to that certain Project Loan Agreement, dated as of [INSERT] 1, 2026, among the Governmental Lender, Wilmington Trust, National Association, a national banking association, as fiscal agent (the "**Fiscal Agent**"), and Borrower (together with any and all amendments, modifications, supplements and restatements, the "**Project Loan Agreement**") pursuant to which the Governmental Lender has made a mortgage loan in the principal amount of this Project Note to Borrower (the "**Project Loan**"), and this Project Note is entitled to the benefits of the Project Loan Agreement and is subject to the terms, conditions and provisions thereof. The Project Loan was funded from the separate loan (the "**Funding Loan**") incurred by the Governmental Lender pursuant to the Funding Loan Agreement dated as of [INSERT] 1, 2026 (the "**Funding Loan Agreement**") by and among International Bank of Commerce, a Texas state banking corporation (the "**Initial Funding Lender**"), the Governmental Lender, and the Fiscal Agent.

1. **Defined Terms.**

(a) As used in this Project Note:

"**Business Day**" means any day other than (a) a Saturday or a Sunday, or (b) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

"**Construction Disbursement Agreement**" means the Construction Disbursement Agreement dated as of [INSERT] 1, 2026 between Initial Funding Lender and Borrower.

"**Event of Default**" means an Event of Default (as defined therein) under the Project Loan Agreement, the Funding Loan Agreement or the Construction Disbursement Agreement.

"**Holder**" means the holder from time to time of this Project Note.

"**Indebtedness**" means the principal of, premium, if any, and interest on or any other amounts due at any time under this Project Note or the Project Loan Agreement.

"**Interest Rate**" means a [[fixed rate of [INSERT]% per annum]/[variable rate of interest, computed no less often than monthly, on or prior to each Project Loan Payment Date, on the basis of a 360-day year consisting of twelve 30-day months, equal to the greater of (i) [INSERT]% per annum and (ii) the New York Prime Rate on the date of calculation, plus [INSERT]% per annum]].

"**Maximum Interest Rate**" has the meaning given to such term in the Funding Loan Agreement.

"**Mortgaged Property**" shall have the meaning assigned to that term in the Security Instrument.

["**New York Prime Rate**" means the annual lending rate of interest announced from time to time by JP Morgan Chase & Co., New York, New York, as its prime rate].

"**Project Loan Payment Date**" is defined in Section 2 of this Project Note.

"**Property Jurisdiction**" means the State of Texas.

"**Scheduled Maturity Date**" means [INSERT].

"**Security Instrument**" means the [Leasehold Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing], dated as of [INSERT] 1, [INSERT], from Borrower to or for the benefit of Governmental Lender and its assigns and securing this Project Note, as amended, modified or supplemented from time to time.

(b) Other capitalized terms used but not defined in this Project Note shall have the meanings given to such terms in the Project Loan Agreement, the Funding Loan Agreement, or the Construction Disbursement Agreement.

2. **Payments of Principal and Interest**. Borrower shall pay on the first calendar day of each month commencing on [INSERT] 1, [INSERT], interest at the Interest Rate on the outstanding principal balance of this Project Note, and shall also pay interest on this Project Note at the Interest Rate in the event of an optional or mandatory prepayment or acceleration of all or a part of the Project Loan pursuant to this Project Note or the Project Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Project Note subject to prepayment (each such date for payment a "**Project Loan Payment Date**").

Borrower shall pay the outstanding principal of this Project Note in full on the Scheduled Maturity Date and at such earlier times and in such amounts as may be required in the event of an optional or mandatory prepayment or acceleration of the Project Loan pursuant to this Project Note or the Project Loan Agreement.

In addition to the foregoing, Borrower shall make payments hereunder in respect of the Project Loan at such times and in such amounts as are sufficient to pay, when due (whether at

stated maturity, upon prepayment before maturity, upon acceleration of stated maturity or otherwise), the principal of, premium, if any, and interest on the Funding Loan at any time outstanding.

To ensure such timely payment of the amounts payable pursuant to this Section 2, Fiscal Agent shall collect from Borrower, and Borrower shall provide to Fiscal Agent, the foregoing payments by 1:00 p.m., Eastern Time, on the second (2nd) Business Day prior to each Project Loan Payment Date. Any regularly scheduled monthly installment of principal and interest payable pursuant to this Section 2 that is received by Holder before the date on which it is due will be deemed to have been received on the due date for the purpose of calculating interest due.

3. **Payment of Fees and Expenses; Other Required Payments**. Borrower shall also pay fees and expenses due under Section 4.02 of the Project Loan Agreement, rebate amounts under Sections 2.04 and 4.03 of the Project Loan Agreement and indemnification amounts under the Project Loan Agreement and the Construction Disbursement Agreement, as well as any other amounts owed by Borrower under the Financing Documents, when due and in accordance with the terms and provisions set forth therein.

4. **Manner of Payment; Deficiencies**. All payments under this Project Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Project Loan Agreement. In the event of any deficiency in the funds available under the Funding Loan Agreement for payment of the principal of, premium, if any, or interest on the Funding Loan when due, Borrower shall immediately pay the amount of the deficiency to the Fiscal Agent upon notice of the deficiency from the Governmental Lender, the Initial Funding Lender or the Fiscal Agent. Borrower shall be obligated to pay the deficiency regardless of the reason for the deficiency, including any deficiency resulting from any shortfall in payments made or to be made by Borrower under this Project Note, any loss due to a default under any investment held by the Fiscal Agent, a change in value of any such investment or otherwise.

5. **Application of Partial Payments**. If at any time Holder receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Holder may apply the amount received to amounts then due and payable in any manner and in any order determined by Holder, in Holder's discretion. Borrower agrees that neither Holder's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Holder's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

6. **Security**. The Indebtedness is secured by, among other things, the Security Instrument. Reference is made to the Security Instrument and the Project Loan Agreement for other rights of Holder with respect to collateral for the Indebtedness.

7. **Acceleration**. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, any prepayment premium payable under this Project Note and all other amounts payable under this Project Note and any of the other Financing Documents, shall at once become due and payable, at the option of Holder, without any prior notice to Borrower (except if notice is required by applicable law, then after such notice). Holder may exercise this option to accelerate regardless of any prior forbearance.

8. **Personal Liability.** Borrower will be personally liable to Holder under this Project Note, the Project Loan Agreement and any of the other Financings Documents for the repayment of the Indebtedness and for the performance of or compliance with any other obligations of Borrower under the Financing Documents. Holder may, to the fullest extent permitted by applicable law, exercise its rights against Borrower personally without regard to whether Holder has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any Guarantor, or pursued any other rights available to Holder under this Project Note, the Project Loan Agreement, any other Financing Document, or applicable law. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 8, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

9. **Prepayments**.

(a) This Project Note, together with accrued interest hereon, is subject to mandatory prepayment on any Business Day, in whole or in part as provided in the Project Loan Agreement and upon the occurrence of any of the following:

(i) the application of any Insurance proceeds or Condemnation award to the prepayment of the Project Loan as required under the Security Instrument and the Construction Disbursement Agreement; or

(ii) in whole, upon the occurrence of a Determination of Taxability.

(b) Borrower may voluntarily prepay the unpaid principal balance of this Project Note upon the prior written approval of Initial Funding Lender, which Initial Funding Lender may grant or withhold in its sole and absolute discretion.

(c) In order to voluntarily prepay all of the principal of this Project Note, Borrower must also pay to Holder, together with the amount of principal being prepaid, (i) all accrued and unpaid interest due under this Project Note and, (ii) all other fees and amounts due under the Financing Documents at the time of such prepayment.

(d) Unless Holder agrees otherwise in writing, a permitted or required prepayment of less than the unpaid principal balance of this Project Note will not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments.

10. **Costs and Expenses**. To the fullest extent allowed by applicable law, Borrower must pay all expenses and costs, including Attorneys' Fees and Costs incurred by Holder as a result of any default under this Project Note or in connection with efforts to collect any amount due under this Project Note, or to enforce the provisions of any of the other Financing Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding. Borrower acknowledges and agrees that, in connection with each request by Borrower under this Project Note or any Financing Document, Borrower must pay all reasonable Attorneys' Fees and Costs and expenses incurred by Holder, regardless of whether the matter is approved, denied or withdrawn.

11. **Forbearance**. Any forbearance by Holder in exercising any right or remedy under this Project Note, the Project Loan Agreement, or any other Financing Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Holder of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Holder's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Holder of any security for Borrower's obligations under this Project Note shall not constitute an election by Holder of remedies so as to preclude the exercise of any other right or remedy available to Holder.

12. **Waivers**. Borrower and all endorsers and Guarantors of this Project Note and all other third-party obligors waive presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness.

13. **Loan Charges**. Borrower and Holder intend at all times to comply with the law of the State of Texas governing the Maximum Interest Rate or the maximum amount of interest payable on or in connection with this Project Note and the Indebtedness (or applicable United States federal law to the extent that it permits Holder to contract for, charge, take, reserve, or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount payable under this Project Note or under any other Financing Document, or contracted for, charged, taken, reserved, or received with respect to the Indebtedness, or as a result of acceleration of the maturity of this Project Note, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by any applicable law, then Borrower and Holder expressly intend that all excess amounts collected by Holder will be applied to reduce the unpaid principal balance of this Project Note (or, if this Project Note has been or would thereby be paid in full, will be refunded to Borrower), and the provisions of this Project Note, the Project Loan Agreement and any other Financing Documents immediately will be deemed reformed and the amounts thereafter collectible under this Project Note or any other Financing Document reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under this Project Note or any other Financing Document. The right to accelerate the maturity date of this Project Note does not include the right to accelerate any interest, which has not otherwise accrued on the date of such acceleration, and Holder does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Holder for the use, forbearance, or detention of the Indebtedness will, to the extent permitted by any applicable law, be amortized, prorated, allocated and spread throughout the full term of the Indebtedness until payment in full so that the rate or amount of interest on account of the Indebtedness does not exceed the applicable usury ceiling. Notwithstanding any provision contained in this Project Note, the Project Loan Agreement or any other Financing Document that permits the compounding of interest, including any provision by which any accrued interest is added to the principal amount of this Project Note, the total amount of interest that Borrower is obligated to pay and Holder is entitled to receive with respect to the Indebtedness will not exceed the amount calculated on a simple (i.e., non-compounded) interest basis at the maximum rate on principal amounts actually advanced to or for the account of Borrower, including all current and

prior advances and any advances made pursuant to the Project Loan Agreement or other Financing Documents (such as for the payment of taxes, insurance premiums and similar expenses or costs).

14. **Commercial Purpose**. Borrower represents that Borrower is incurring the Indebtedness solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household, or agricultural purposes.

15. **Counting of Days**. Any reference in this Project Note to a period of "days" means calendar days, not Business Days, except where otherwise specifically provided.

16. **Governing Law**. This Project Note shall be governed by the law of the Property Jurisdiction.

17. **Captions**. The captions of the Sections of this Project Note are for convenience only and shall be disregarded in construing this Project Note.

18. **Address for Payment; Notices**. All payments due under this Project Note shall be payable at the principal office of the Fiscal Agent as designated in the Funding Loan Agreement, or such other place as may be designated by written notice to Borrower from or on behalf of Holder. All notices, demands, and other communications required or permitted to be given pursuant to this Project Note will be given in accordance with Section 8.01 of the Project Loan Agreement.

19. **Consent to Jurisdiction and Venue**. Borrower agrees that any controversy arising under or in relation to this Project Note shall be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have jurisdiction over all controversies which shall arise under or in relation to this Project Note. Borrower irrevocably consent to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Project Note is intended to limit any right that Holder may have to bring any suit, action, or proceeding relating to matters arising under this Project Note in any court of any other jurisdiction.

20. **WAIVER OF TRIAL BY JURY. BORROWER AND HOLDER EACH (a) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS HOLDER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (b) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.**

21. **Default Rate**. So long as (a) any monthly installment under this Project Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a

rate (the "**Default Rate**") equal to the lesser of (i) the Interest Rate otherwise in effect notwithstanding the default plus [INSERT] percent ([INSERT]%) per annum or (ii) the Maximum Interest Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Scheduled Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Scheduled Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Holder to incur additional expenses in servicing and processing the Project Loan, that, during the time that any monthly installment under this Project Note is delinquent, Holder will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Holder's ability to meet its other obligations and to take advantage of other lending opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Project Note is delinquent or any other Event of Default has occurred and is continuing, Holder's risk of nonpayment of this Project Note will be materially increased and Holder is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Project Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Project Note, of the additional costs and expenses Holder will incur by reason of Borrower's delinquent payment and the additional compensation Holder is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

22. **Assignment**. Borrower acknowledges that this Project Note is being assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

23. **Amendments.** Any modification or amendment to this Project Note will be ineffective unless in writing and signed by the party sought to be charged with such modification or amendment, and Initial Funding Lender gives prior written consent.

[Signature pages follow]

IN WITNESS WHEREOF, and in consideration of Governmental Lender's agreement to lend Borrower the principal amount set forth above, Borrower has signed and delivered this Project Note.

BORROWER:

MURDEAUX REHAB DEVELOPMENT, LP,
a Texas limited partnership

By: [INSERT]

ASSIGNMENT

Pay to the order of Wilmington Trust, National Association, a national banking association, without recourse, as Fiscal Agent under the Funding Loan Agreement, as security for the Governmental Note issued under the Funding Loan Agreement. This assignment is given without any warranty as to the authority or genuineness of the signature of the maker of the Project Note.

GOVERNMENTAL LENDER:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
a public and official agency of the State of Texas

By: _____
James B. "Beau" Eccles
Secretary to the Board

After recording return to:

Martin & Drought, P.C.
Attn: Paul J. Benavides
112 East Pecan Street, Suite 1616
San Antonio, Texas 78205

**LEASEHOLD MULTIFAMILY DEED OF TRUST,
ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

THIS LEASEHOLD MULTIFAMILY DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "**Instrument**") is made to be effective as of [INSERT] by MURDEAUX REHAB DEVELOPMENT, LP, a Texas limited partnership, whose address is 16812 Dallas Parkway, Dallas, Texas 75248, as trustor ("**Borrower**") to [INSERT], whose address for purposes hereof is [INSERT], as trustee ("**Trustee**"), for the benefit of TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas, as lender ("**Lender**"). Borrower's organizational identification number, if applicable, is 803629859.

AGREEMENT

Borrower and Ground Lessor, in consideration of the Indebtedness and the trust created by this Instrument, irrevocably grant, convey and assign to Trustee, in trust, with power of sale, the Mortgaged Property, including the Leasehold Estate and the Fee Estate in the Land located in Dallas County, State of Texas and described in Exhibit A attached to this Instrument, to have and to hold the Mortgaged Property unto Trustee, Trustee's successor in trust and Trustee's assigns forever.

TO SECURE TO LENDER the repayment of the Indebtedness and all renewals, extensions and modifications of the Indebtedness, and the performance of the covenants and agreements of Borrower contained in the Loan Documents.

Borrower warrants and represents that Borrower is lawfully seized of the Mortgaged Property and has the right, power and authority to grant, convey and assign the Mortgaged Property, and that the Mortgaged Property is unencumbered, except as shown on the schedule of exceptions to coverage in the title policy issued and accepted by Initial Funding Lender contemporaneously with the execution and recordation of this Instrument and insuring Lender's interest, or any assignee of Lender's interest, in the Mortgaged Property ("**Schedule of Title Exceptions**"). Borrower covenants that Borrower will warrant and defend generally the title to the Mortgaged Property against all claims and demands, subject to any easements and restrictions listed in the Schedule of Title Exceptions.

COVENANTS

Covenants. In consideration of the mutual promises set forth in this Instrument, Borrower and Lender covenant and agree as follows:

1. Definitions. The following terms, when used in this Instrument (including when used in the above recitals), will have the following meanings and any capitalized term not specifically defined in this Instrument will have the meaning ascribed to that term in the Loan Agreement:

"**Attorneys' Fees and Costs**" means (a) fees and out of pocket costs of Lender's and Funding Lender's attorneys, as applicable, including costs of Lender's and Funding Lender's in-house counsel, support staff costs, costs of preparing for litigation, computerized research, telephone and facsimile transmission expenses, mileage, deposition costs, postage, duplicating, process service, videotaping and similar costs and expenses; (b) costs and fees of expert witnesses, including appraisers; (c) investigatory fees; and (d) the costs for any opinion required by Lender pursuant to the terms of the Loan Documents.

"**Borrower**" means all Persons identified as "**Borrower**" in the first paragraph of this Instrument, together with their successors and assigns.

"**Business Day**" means any day other than (a) a Saturday or a Sunday, or (b) a day on which Fiscal Agent or Initial Funding Lender is not open for business.

"**Construction Disbursement Agreement**" means that certain Construction Disbursement Agreement, dated as of [INSERT] 1, 2026, executed by Borrower and International Bank of Commerce, a Texas state banking corporation, as such agreement may be amended, modified and/or restated from time to time.

"**Default Rate**" has the meaning set forth in the Note.

"**Event of Default**" means the occurrence an Event of Default (as defined therein) under the Project Loan Agreement, the Construction Disbursement Agreement or the other Loan Documents.

"**Fee Estate**" means the fee estate of Ground Lessor in the Land.

"**Fiscal Agent**" means Wilmington Trust, National Association, a national banking association, and its successors as Fiscal Agent under the Funding Loan Agreement.

"**Fixtures**" means all property owned by Borrower or Ground Lessor which is attached to the Land or the Improvements so as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators and installed building materials;

systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

"**Funding Lender**" means any Person who is the holder of the Governmental Note.

"**Funding Lender Representative**" means Funding Lender or any Person designated by Funding Lender to act on behalf of Funding Lender as provided in the Funding Loan Agreement, or an assignee of such Person as provided in the Funding Loan Agreement. The initial Funding Lender Representative shall be the Initial Funding Lender.

"**Funding Loan**" means the loan in the original principal amount of $[INSERT] made to Lender by the Initial Funding Lender pursuant to the Funding Loan Agreement.

"**Funding Loan Agreement**" means the Funding Loan Agreement, dated as of [INSERT] 1, 2026, by and between Lender, Initial Funding Lender and Fiscal Agent, as the same may be amended, modified and/or restated from time to time.

"**Governmental Authority**" means any board, commission, department, agency or body of any municipal, county, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over the Mortgaged Property, or the use, operation or improvement of the Mortgaged Property, or over Borrower.

"**Governmental Note**" means the [INSERT], dated as of [INSERT], executed by Lender and authenticated by the Fiscal Agent in favor of the Initial Funding Lender, in the maximum aggregate principal amount of $[INSERT], as the same may be amended, restated, supplemented or otherwise modified from time to time, or any mortgage note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

"**Ground Lease**" means the Ground Lease dated effective as of May 1, 2021, by and between Garland Housing Finance Corporation, a Texas nonprofit housing finance corporation, as landlord, and Borrower, as tenant, said lease having been memorialized by a Memorandum of Ground Lease, dated as of May 1, 2021, recorded as Document No. 202100163646 in the Official Public Records of Dallas County, Texas, as amended by that certain [GROUND LEASE AMENDMENT], dated [INSERT], by and between [INSERT], and Borrower, said amendment having been memorialized by a [MEMORANDUM OF GROUND LEASE AMENDMENT], dated as of [INSERT], recorded in the Official Public

Records of Dallas County, Texas, as such lease may from time to time be further amended, modified, supplemented, renewed and extended.

"**Ground Lessor**" means the lessor under the Ground Lease.

"**Improvements**" means the buildings, structures, improvements now constructed or at any time in the future constructed or placed upon the Land, including any future alterations, replacements and additions.

"**Indebtedness**" means the principal of, interest at the fixed or variable rate set forth in the Note on, and all other amounts due at any time under, the Note, this Instrument or any other Loan Document, including prepayment premiums, late charges, default interest, and advances as provided in Section 7 to protect the security of this Instrument.

"**Initial Funding Lender**" means International Bank of Commerce, a Texas state banking corporation, as initial holder of the Governmental Note.

"**Land**" means the land described in Exhibit A.

"**Leasehold Estate**" means Borrower's interest in the Land and any other real property leased by Borrower pursuant to the Ground Lease, if applicable, including all of the following:

(a) All rights of Borrower to renew or extend the term of the Ground Lease.

(b) All amounts deposited by Borrower with Ground Lessor under the Ground Lease.

(c) Borrower's right or privilege to terminate, cancel, surrender, modify or amend the Ground Lease.

(d) All other options, privileges and rights granted and demised to Borrower under the Ground Lease and all appurtenances with respect to the Ground Lease.

"**Leases**" means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals.

"**Lender**" means the entity identified as "**Lender**" in the first paragraph of this Instrument, or any subsequent holder of the Note.

"**Lien**" means any mortgage, deed of trust, deed to secure debt, security interest, or other lien or encumbrance on the Mortgaged Property.

"**Loan Agreement**" means, individually or collectively as the context may require, the Project Loan Agreement and/or the Construction Disbursement Agreement, as such agreements may be amended from time to time.

"**Loan Documents**" means, collectively the Note, this Instrument, the Project Loan Agreement, the Construction Disbursement Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement, all guaranty agreements, all indemnity agreements, all collateral agreements, UCC filings, and any other documents now or in the future executed by Borrower, any guarantor or any other Person which govern, evidence, and/or secure the loan evidenced by the Note, as such documents may be amended from time to time.

"**Mortgaged Property**" means all of Borrower's and Ground Lessor's present and future right, title and interest in and to all of the following:

(a) The Land, including Borrower's interest in the Land pursuant to the Ground Lease, the Ground Lease and the Leasehold Estate, and Ground Lessor's interest in the Land, the Ground Lease, and the Fee Estate.

(b) The Improvements.

(c) The Fixtures.

(d) The Personalty.

(e) All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights of way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses and appurtenances related to or benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated.

(f) All proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, whether or not Borrower or Ground Lessor obtained the insurance pursuant to Lender's or Funding Lender's requirement or the pursuant to the Ground Lease.

(g) All awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land or the Leasehold, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof.

(h) All contracts, options and other agreements for the sale of the Land or the Leasehold Estate, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Borrower or Ground Lessor now or in the future, including cash or securities deposited to secure performance by parties of their obligations.

(i) All proceeds from the conversion, voluntary or involuntary, of any of the items described in subsections (a) through (h) of this definition, into cash or liquidated claims, and the right to collect such proceeds.

(j) All Rents and Leases.

(k) All earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the loan secured by this Instrument.

(l) All imposition reserve deposits.

(m) All refunds or rebates of impositions by a Governmental Authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Instrument is dated).

(n) All tenant security deposits by any tenant under any Lease and any bond or other security in lieu of such deposits, provided that non-forfeited deposits will not be used to pay the Indebtedness, but rather held for the tenant's benefit.

(o) All names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property.

(p) All books and records of Borrower relating to the foregoing in any form and all computer software necessary or useful to reading such books and records.

(q) To the extent assignable, all permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Land and the Improvements (including, without limitation, any form of reservation for utility capacity that may be granted by any governmental subdivision).

(r) To the extent a security interest can be granted under applicable law, all right, title, and interest of Borrower in and to any Low-Income Housing Tax Credit (as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended) relating to the Land and the Improvements and the use thereof; and

(s) All timber, crops, and to the extent assignable, all letter of credit rights, investment property, environmental site assessments and soils tests, arising from or by virtue of any transactions relating to the Land and the other Mortgaged Property.

"**Note**" means the Project Note, dated as of [INSERT], 2026, executed by Borrower in favor of Lender, and endorsed by Lender to Fiscal Agent, in the principal amount of $[INSERT], as such Project Note may be amended, modified and/or restated from time to time.

"**Notice**" or "**Notices**" means all notices, demands and other communication required under the Loan Documents, provided in accordance with the requirements of Section 8.01 of the Project Loan Agreement.

"**Person**" means any natural person, sole proprietorship, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, limited liability limited partnership, joint venture, association, joint stock company, bank, trust, estate, unincorporated organization, any federal, state, county or municipal government (or any agency or political subdivision thereof), endowment fund or any other form of entity.

"**Personalty**" means all of the following:

(a) Accounts (including deposit accounts) related to the Mortgaged Property.

(b) Equipment and inventory which are used now or in the future in connection with the ownership, management or operation of the Land or Improvements or are located on the Land or Improvements, including furniture, furnishings, machinery, building materials, goods, supplies, tools, books, records (whether in written or electronic form) and computer equipment (hardware and software).

(c) Other tangible personal property which is used now or in the future in connection with the ownership, management or operation of the Land or Improvements or is located on the Land or in the Improvements, including ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances (other than Fixtures).

(d) Any operating agreements relating to the Land or the Improvements.

(e) Any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements.

(f) All other intangible property, general intangibles and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land and including subsidy or similar payments received from any sources, including a Governmental Authority.

(g) Any rights of Borrower in or under letters of credit.

"**Prior Lien**" means a pre-existing mortgage, deed of trust or other Lien encumbering the Mortgaged Property, except for the Senior Security Instrument.

"**Project Loan Agreement**" means the Project Loan Agreement, dated as of [INSERT] 1, 2026, among Borrower, Lender, and Fiscal Agent, as such agreement may be amended, modified and/or restated from time to time.

"**Property Jurisdiction**" means the State of Texas.

"**Rents**" means all rents (whether from residential or non-residential space), revenues and other income of the Land or the Improvements, parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Land or the Improvements, whether now due, past due or to become due, and deposits forfeited by tenants, and, if Borrower is a cooperative housing corporation or association, maintenance fees, charges or assessments payable by shareholders or residents under proprietary leases or occupancy agreements, whether now due, past due, or to become due.

"**Senior Funding Loan Agreement**" means the Funding Loan Agreement dated as of May 1, 2021, by and among Lender, Initial Funding Lender and Wilmington Trust, National Association, as amended, modified or supplemented from time to time.

"**Senior Security Instrument**" means the "Security Instrument" as such term is defined in the Senior Funding Loan Agreement.

"**Tax Certificate**" has the meaning set forth in the Funding Loan Agreement.

"**Tax Regulatory Agreement**" has the meaning set forth in the Funding Loan Agreement.

"**Taxes**" means all taxes, assessments, vault rentals and other charges, if any, whether general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, will become a Lien on the Land or the Improvements.

"**Uniform Commercial Code**" means the Uniform Commercial Code as promulgated in the applicable jurisdiction.

2. Uniform Commercial Code Security Agreement.

(a) This Instrument is also a security agreement under the Uniform Commercial Code for any of the Mortgaged Property which, under applicable law, may be subjected to a security interest under the Uniform Commercial Code, for the purpose of securing Borrower's obligations under this Instrument and to further secure Borrower's obligations under the Note, this Instrument and the other Loan Documents, whether such Mortgaged Property is owned now or acquired in the

future, and all products and cash and non-cash proceeds thereof (collectively, "**UCC Collateral**"), and by this Instrument, Borrower grants to Lender a security interest in the UCC Collateral. To the extent necessary under applicable law, Borrower hereby authorizes Lender to prepare and file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest.

(b) Unless Borrower gives Notice to Lender within 30 days after the occurrence of any of the following, and executes and delivers to Lender modifications or supplements of this Instrument (and any financing statement which may be filed in connection with this Instrument) as Lender may require, Borrower will not (i) change its name, identity, structure or jurisdiction of organization; (ii) change the location of its place of business (or chief executive office if more than one place of business); or (iii) add to or change any location at which any of the Mortgaged Property is stored, held or located.

(c) If an Event of Default has occurred and is continuing, Lender will have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this Instrument or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Lender's other remedies.

(d) This Instrument also constitutes a financing statement with respect to any part of the Mortgaged Property that is or may become a Fixture, if permitted by applicable law.

3. Assignment of Rents; Appointment of Receiver; Lender in Possession.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all Rents.

(i) It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all Rents and to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Borrower.

(ii) Promptly upon request by Lender, Borrower agrees to execute and deliver such further assignments as Lender may from time to time require. Borrower and Lender intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only.

(iii) For purposes of giving effect to this absolute assignment of Rents, and for no other purpose, Rents will not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment

of Rents is not enforceable by its terms under the laws of the Property Jurisdiction, then the Rents will be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a lien on Rents in favor of Lender, which lien will be effective as of the date of this Instrument.

(b) (i) Until the occurrence of an Event of Default, Lender hereby grants to Borrower a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender and to apply all Rents to pay the installments of interest and principal then due and payable under the Note and the other amounts then due and payable under the other Loan Documents, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, taxes and insurance premiums, tenant improvements and other capital expenditures.

(ii) So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to Section 3(b)(i) may be retained by Borrower free and clear of, and released from, Lender's rights with respect to Rents under this Instrument.

(iii) After the occurrence of an Event of Default, and during the continuance of such Event of Default, Borrower authorizes Lender to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Lender. From and after the occurrence of an Event of Default, and during the continuance of such Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Borrower's license to collect Rents will automatically terminate and Lender will without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Borrower will pay to Lender upon demand all Rents to which Lender is entitled.

(iv) At any time on or after the date of Lender's demand for Rents, Lender may give, and Borrower hereby irrevocably authorizes Lender to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Lender. No tenant will be obligated to inquire further as to the occurrence or continuance of an Event of Default. No tenant will be obligated to pay to Borrower any amounts which are actually paid to Lender in response to such a notice. Any such notice by Lender will be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Borrower will not interfere with and will cooperate with Lender's collection of such Rents.

(c) If an Event of Default has occurred and is continuing, then Lender will have each of the following rights and may take any of the following actions:

(i) Lender may, regardless of the adequacy of Lender's security or the solvency of Borrower and even in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Lender in its discretion determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing the assignment of Rents pursuant to Section 3(a), protecting the Mortgaged Property or the security of this Instrument, or for such other purposes as Lender in its discretion may deem necessary or desirable.

(ii) Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Lender's security, without regard to Borrower's solvency and without the necessity of giving prior notice (oral or written) to Borrower, Lender may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in the preceding sentence. If Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver ex parte if permitted by applicable law.

(iii) If Borrower is a housing cooperative corporation or association, Borrower hereby agrees that if a receiver is appointed, the order appointing the receiver may contain a provision requiring the receiver to pay the installments of interest and principal then due and payable under the Note and the other amounts then due and payable under the other Loan Documents, it being acknowledged and agreed that the Indebtedness is an obligation of Borrower and must be paid out of maintenance charges payable by Borrower's tenant shareholders under their proprietary leases or occupancy agreements.

(iv) Lender or the receiver, as the case may be, will be entitled to receive a reasonable fee for managing the Mortgaged Property.

(v) Immediately upon appointment of a receiver or immediately upon Lender's entering upon and taking possession and control of the Mortgaged Property, Borrower will surrender possession of the Mortgaged Property to Lender or the receiver, as the case may be, and will deliver to Lender or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents.

(vi) If Lender takes possession and control of the Mortgaged Property, then Lender may exclude Borrower and its representatives from the Mortgaged Property.

Borrower acknowledges and agrees that the exercise by Lender of any of the rights conferred under this Section 3 will not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

(d) If Lender enters the Mortgaged Property, Lender will be liable to account only to Borrower and only for those Rents actually received. Except to the extent of Lender's gross negligence or willful misconduct, Lender will not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property, by reason of any act or omission of Lender under Section 3(c), and Borrower hereby releases and discharges Lender from any such liability to the fullest extent permitted by law.

(e) If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Lender for such purposes will become an additional part of the Indebtedness as provided in Section 7.

(f) Any entering upon and taking of control of the Mortgaged Property by Lender or the receiver, as the case may be, and any application of Rents as provided in this Instrument will not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Instrument.

4. Assignment of Leases; Leases Affecting the Mortgaged Property.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all of Borrower's right, title and interest in, to and under the Leases, including Borrower's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(i) It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all of Borrower's right, title and interest in, to and under the Leases. Borrower and Lender intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only.

(ii) For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases will not be deemed to be a part of the Mortgaged Property.

(iii) However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the Property Jurisdiction, then the Leases will be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a lien on the Leases in favor of Lender, which lien will be effective as of the date of this Instrument.

(b) Until Lender gives Notice to Borrower of Lender's exercise of its rights under this Section 4, Borrower will have all rights, power and authority granted to Borrower under any Lease (except as otherwise limited by this Section or any other provision of this Instrument), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, and during the continuance of such Event of Default, the permission given to Borrower pursuant to the preceding sentence to exercise all rights, power and authority under Leases will automatically terminate. Borrower will comply with and observe Borrower's obligations under all Leases, including Borrower's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c) (i) Borrower acknowledges and agrees that the exercise by Lender, either directly or by a receiver, of any of the rights conferred under this Section 4 will not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and the Improvements.

(ii) The acceptance by Lender of the assignment of the Leases pursuant to Section 4(a) will not at any time or in any event obligate Lender to take any action under this Instrument or to expend any money or to incur any expenses.

(iii) Except to the extent of Lender's gross negligence or willful misconduct, Lender will not be liable in any way for any injury or damage to person or property sustained by any Person or Persons in or about the Mortgaged Property.

(iv) Prior to Lender's actual entry into and taking possession of the Mortgaged Property, Lender will not be obligated for any of the following:

(A) Lender will not be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease).

(B) Lender will not be obligated to appear in or defend any action or proceeding relating to the Lease or the Mortgaged Property.

(C) Lender will not be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this Instrument by Borrower will constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and will be that of Borrower, prior to such actual entry and taking of possession.

(d) Upon delivery of Notice by Lender to Borrower of Lender's exercise of Lender's rights under this Section 4 at any time after the occurrence of an Event of Default, and during the continuance of such Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Lender immediately will have all rights, powers and authority granted to Borrower under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(e) Borrower will, promptly upon Lender's request, deliver to Lender an executed copy of each residential Lease then in effect.

(f) If Borrower is a cooperative housing corporation or association, notwithstanding anything to the contrary contained in this Instrument, so long as Borrower remains a cooperative housing corporation or association and is not in breach of any covenant of this Instrument, Lender consents to the following:

(i) Borrower may execute leases of apartments for a term in excess of 2 years to a tenant shareholder of Borrower, so long as such leases, including proprietary leases, are and will remain subordinate to the lien of this Instrument.

(ii) Borrower may surrender or terminate such leases of apartments where the surrendered or terminated lease is immediately replaced or where Borrower makes its best efforts to secure such immediate replacement by a newly-executed lease of the same apartment to a tenant shareholder of Borrower. However, no consent is given by Lender to any execution, surrender, termination or assignment of a lease under terms that would waive or reduce the obligation of the resulting tenant shareholder under such lease to pay cooperative assessments in full when due or the obligation of the former tenant shareholder to pay any unpaid portion of such assessments.

5. Prepayment Premium. The Borrower may be required to pay a prepayment premium in connection with certain prepayments of the Indebtedness, as provided in the Note.

6. Application of Payments. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable

at such time, then Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Neither Lender's acceptance of an amount that is less than all amounts then due and payable nor Lender's application of such payment in the manner authorized will constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such amount to the Indebtedness, Borrower's obligations under this Instrument, the Note and all other Loan Documents will remain unchanged.

7. Protection of Lender's Security; Instrument Secures Future Advances.

(a) If Borrower fails to perform any of its obligations under this Instrument or any other Loan Document, or if any action or proceeding is commenced which purports to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Lender at Lender's option may make such appearances, file such documents, disburse such sums and take such actions as Lender reasonably deems necessary to perform such obligations of Borrower and to protect Lender's interest, including all of the following:

(i) Lender may pay Attorneys' Fees and Costs.

(ii) Lender may pay fees and out-of-pocket expenses of accountants, inspectors and consultants.

(iii) Lender may enter upon the Mortgaged Property to make repairs or secure the Mortgaged Property.

(iv) Lender may procure the insurance required by the Loan Agreement.

(v) Lender may pay any amounts which Borrower has failed to pay under the Loan Agreement.

(vi) Lender may perform any of Borrower's obligations under the Loan Agreement.

(vii) Lender may make advances to pay, satisfy or discharge any obligation of Borrower for the payment of money that is secured by a Prior Lien.

(b) Any amounts disbursed by Lender under this Section 7, or under any other provision of this Instrument that treats such disbursement as being made under this Section 7, will be secured by this Instrument, will be added to, and become part of, the principal component of the Indebtedness, will be immediately due and

payable and will bear interest from the date of disbursement until paid at the Default Rate.

(c) Nothing in this Section 7 will require Lender to incur any expense or take any action.

8. [intentionally deleted].

9. Remedies Cumulative. Each right and remedy provided in this Instrument is distinct from all other rights or remedies under this Instrument, the Loan Agreement or any of the other Loan Documents or afforded by applicable law or equity, and each will be cumulative and may be exercised concurrently, independently or successively, in any order. Lender's exercise of any particular right or remedy will not in any way prevent Lender from exercising any other right or remedy available to Lender. Lender may exercise any such remedies from time to time and as often as Lender chooses.

10. Waiver of Statute of Limitations, Offsets, and Counterclaims. Borrower waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce any of the Loan Documents. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or otherwise to offset any obligations to make the payments required by the Loan Documents. No failure by Lender to perform any of its obligations under this Instrument will be a valid defense to, or result in any offset against, any payments that Borrower is obligated to make under any of the Loan Documents.

11. Waiver of Marshalling.

(a) Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender will have the right to determine the order in which any or all of the Mortgaged Property will be subjected to the remedies provided in this Instrument, the Note, the Loan Agreement or any of the other Loan Documents or applicable law. Lender will have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies.

(b) Borrower and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Instrument waives any and all right to require the marshalling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Instrument.

12. Further Assurances; Lender's Expenses.

(a) Borrower will deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements or amendments, transfers and assurances as Lender may require from time to time in order to better assure, grant and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Instrument and the Loan Documents.

(b) Borrower acknowledges and agrees that, in connection with each request by Borrower under this Instrument or any of the other Loan Documents, Borrower will pay all reasonable Attorneys' Fees and Costs and expenses incurred by Lender or Funding Lender, including any fees payable in accordance with any request for further assurances, regardless of whether the matter is approved, denied or withdrawn. Any amounts payable by Borrower under this Instrument or under any other Loan Document will be deemed a part of the Indebtedness, will be secured by this Instrument and will bear interest at the Default Rate if not fully paid within 10 days of written demand for payment.

13. Governing Law; Consent to Jurisdiction and Venue. This Instrument, and any Loan Document which does not itself expressly identify the law that is to apply to it, will be governed by the laws of the Property Jurisdiction. Borrower agrees that any controversy arising under or in relation to the Note, this Instrument or any of the other Loan Documents may be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction will have jurisdiction over all controversies that may arise under or in relation to the Note, any security for the Indebtedness or any of the other Loan Documents. Borrower irrevocably consents to service, jurisdiction and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Section 13 is intended to limit Lender's right to bring any suit, action or proceeding relating to matters under this Instrument in any court of any other jurisdiction.

14. Notice. All Notices, demands and other communications under or concerning this Instrument will be governed by the terms set forth in Section 8.01 of the Project Loan Agreement. Notices to Lender shall be given to Funding Lender Representative.

15. Successors and Assigns Bound. This Instrument will bind the respective successors and assigns of Borrower and Lender, and the rights granted by this Instrument will inure to Lender's successors and assigns.

16. Joint and Several Liability. If more than one Person signs this Instrument as Borrower, the obligations of such Persons will be joint and several.

17. Relationship of Parties; No Third Party Beneficiary.

(a) The relationship between Lender and Borrower will be solely that of creditor and debtor, respectively, and nothing contained in this Instrument will create any other relationship between Lender and Borrower. Nothing contained in this Instrument will constitute Lender as a joint venturer, partner or agent of Borrower, or render

Lender liable for any debts, obligations, acts, omissions, representations or contracts of Borrower.

(b) No creditor of any party to this Instrument and no other Person will be a third party beneficiary of this Instrument or of any of the other Loan Documents. Notwithstanding the foregoing, Funding Lender shall be entitled to direct all remedies and other actions which may be exercised by Lender or Trustee under this Instrument and Funding Lender shall have the right at any time to directly enforce all rights and remedies hereunder with or without the involvement of Fiscal Agent or Lender (and in connection therewith the Fiscal Agent shall transfer or assign to the Funding Lender all of its interest in this Instrument at the request of the Funding Lender).

18. Severability; Amendments.

(a) The invalidity or unenforceability of any provision of this Instrument will not affect the validity or enforceability of any other provision, and all other provisions will remain in full force and effect. This Instrument contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Instrument.

(b) This Instrument may not be amended or modified except by a writing signed by the party against whom enforcement is sought, and with the prior written consent of Initial Funding Lender.

19. Construction.

(a) The captions and headings of the Sections of this Instrument are for convenience only and will be disregarded in construing this Instrument. Any reference in this Instrument to a "Section" will, unless otherwise explicitly provided, be construed as referring to a Section of this Instrument.

(b) Any reference in this Instrument to a statute or regulation will be construed as referring to that statute or regulation as amended from time to time.

(c) Use of the singular in this Instrument includes the plural and use of the plural includes the singular.

(d) As used in this Instrument, the term "including" means "including, but not limited to" and the term "includes" means "includes without limitation."

(e) The use of one gender includes the other gender, as the context may require.

(f) Unless the context requires otherwise any definition of or reference to any agreement, instrument or other document in this Instrument will be construed as referring to such agreement, instrument or other document as from time to time

amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in this Instrument).

(g) Any reference in this Instrument to any person will be construed to include such person's successors and assigns.

20. Subrogation. If, and to the extent that, the proceeds of the loan evidenced by the Note, or subsequent advances under Section 7, are used to pay, satisfy or discharge a Prior Lien, such loan proceeds or advances will be deemed to have been advanced by Lender at Borrower's request, and Lender will automatically, and without further action on its part, be subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

21. Acceleration; Remedies.

(a) At any time during the existence of an Event of Default, Lender, at Lender's option, may declare the Indebtedness to be immediately due and payable without further demand, and may invoke the power of sale and any other remedies permitted by Texas law or provided in this Instrument, the Loan Agreement or in any other Loan Document. Borrower acknowledges that the power of sale granted in this Instrument may be exercised by Lender without prior judicial hearing. Lender will be entitled to collect all costs and expenses incurred in pursuing such remedies, including Attorneys' Fees and Costs, costs of documentary evidence, abstracts and title reports.

(b) If Lender invokes the power of sale, Lender may, by and through the Trustee, or otherwise, sell or offer for sale the Mortgaged Property in such portions, order and parcels as Lender may determine, with or without having first taken possession of the Mortgaged Property, to the highest bidder for cash at public auction. Such sale will be made at the courthouse door of the county in which all or any part of the Land to be sold is situated (whether the parts or parcel, if any, situated in different counties are contiguous or not, and without the necessity of having any Personalty present at such sale) on the first Tuesday of any month between the hours of 10:00 a.m. and 4:00 p.m., after advertising the time, place and terms of sale and that portion of the Mortgaged Property to be sold by posting or causing to be posted written or printed notice of sale at least 21 days before the date of the sale at the courthouse door of the county in which the sale is to be made and at the courthouse door of any other county in which a portion of the Land may be situated, and by filing such notice with the County Clerk(s) of the county(s) in which all or a portion of the Land may be situated, which notice may be posted and filed by the Trustee acting, or by any person acting for the Trustee, and Lender has, at least 21 days before the date of the sale, served written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the Indebtedness according to Lender's records by the deposit of such notice, enclosed in a postpaid wrapper, properly addressed to such debtor at debtor's most recent address as shown by

Lender's records, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed will be *prima facie* evidence of the fact of service.

(c) Trustee will deliver to the purchaser at the sale, within a reasonable time after the sale, a deed conveying the Mortgaged Property so sold in fee simple with covenants of general warranty. Borrower covenants and agrees to defend generally the purchaser's title to the Mortgaged Property against all claims and demands. The recitals in Trustee's deed will be *prima facie* evidence of the truth of the statements contained in those recitals. Trustee will apply the proceeds of the sale in the following order: (i) to all reasonable costs and expenses of the sale, including reasonable Trustee's fees not to exceed 5% of the gross sales price, Attorneys' Fees and Costs and costs of title evidence; (ii) to the Indebtedness in such order as Lender, in Lender's discretion, directs; and (iii) the excess, if any, to the person or persons legally entitled to the excess.

(d) If all or any part of the Mortgaged Property is sold pursuant to this Section, Borrower will be divested of any and all interest and claim to the Mortgaged Property, including any interest or claim to all insurance policies, utility deposits, bonds, loan commitments and other intangible property included as a part of the Mortgaged Property. Additionally, after a sale of all or any part of the Land, Improvements, Fixtures and Personalty, Borrower will be considered a tenant at sufferance of the purchaser of the same, and the purchaser will be entitled to immediate possession of such property. If Borrower will fail to vacate the Mortgaged Property immediately, the purchaser may and will have the right, without further notice to Borrower, to go into any justice court in any precinct or county in which the Mortgaged Property is located and file an action in forcible entry and detainer, which action will lie against Borrower or its assigns or legal representatives, as a tenant at sufferance. This remedy is cumulative of any and all remedies the purchaser may have under this Instrument or otherwise.

(e) In the event an interest in any of the Mortgaged Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Borrower agrees as follows: notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, Borrower agrees that Lender will be entitled to seek a deficiency judgment from Borrower and any other party obligated on the Note equal to the difference between the amount owing on the Note and the amount for which the Mortgaged Property was sold pursuant to judicial or nonjudicial foreclosure sale. Borrower expressly recognizes that this Section constitutes a waiver of the above-cited provisions of the Texas Property Code which would otherwise permit Borrower and other persons against whom a recovery of deficiencies is sought or Guarantor independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the

Mortgaged Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Borrower further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Mortgaged Property for purposes of calculating deficiencies owed by Borrower, Guarantor, and others against whom recovery of a deficiency is sought. Alternatively, in the event the waiver provided for in this Section is determined by a court of competent jurisdiction to be unenforceable, in any action for a deficiency after a foreclosure under this Instrument, if any person against whom recovery is sought requests the court in which the action is pending to determine the fair market value of the Mortgaged Property, as of the date of the foreclosure sale, the following will be the basis of the court's determination of fair market value:

(i) The Mortgaged Property will be valued "as is" and in its condition as of the date of foreclosure, and no assumption of increased value because of post-foreclosure repairs, refurbishment, restorations or improvements will be made.

(ii) Any adverse effect on the marketability of title because of the foreclosure or because of any other title condition not existing as of the date of this Instrument will be considered.

(iii) The valuation of the Mortgaged Property will be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Mortgaged Property for cash within a 6 month-period after foreclosure.

(iv) Although the Mortgaged Property may be disposed of more quickly by the foreclosure purchaser, the gross valuation of the Mortgaged Property as of the date of foreclosure will be discounted for a hypothetical reasonable holding period (not to exceed 6 months) at a monthly rate equal to the average monthly interest rate on the Note for the 12 months before the date of foreclosure.

(v) The gross valuation of the Mortgaged Property as of the date of foreclosure will be further discounted and reduced by reasonable estimated costs of disposition, including brokerage commissions, title policy premiums, environmental assessment and clean-up costs, tax and assessment, prorations, costs to comply with legal requirements and Attorneys' Fees and Costs.

(vi) Expert opinion testimony will be considered only from a licensed appraiser certified by the State of Texas and, to the extent permitted under Texas law, a member of the Appraisal Institute, having at least 5 years' experience in appraising property similar to the Mortgaged Property in the county where the Mortgaged Property is located, and who has conducted and prepared a

complete written appraisal of the Mortgaged Property taking into considerations the factors set forth in this Instrument; no expert opinion testimony will be considered without such written appraisal.

(vii) Evidence of comparable sales will be considered only if also included in the expert opinion testimony and written appraisal referred to in subsection (vi), above.

(viii) An affidavit executed by Lender to the effect that the foreclosure bid accepted by Trustee was equal to or greater than the value of the Mortgaged Property determined by Lender based upon the factors and methods set forth in subsections (i) through (vii) above before the foreclosure will constitute *prima facie* evidence that the foreclosure bid was equal to or greater than the fair market value of the Mortgaged Property on the foreclosure date.

(f) Lender may, at Lender's option, comply with these provisions in the manner permitted or required by Title 5, Section 51.002 of the Texas Property Code (relating to the sale of real estate) or by Chapter 9 of the Texas Business and Commerce Code (relating to the sale of collateral after default by a debtor), as those titles and chapters now exist or may be amended or succeeded in the future, or by any other present or future articles or enactments relating to same subject. Unless expressly excluded, the Mortgaged Property will include Rents collected before a foreclosure sale, but attributable to the period following the foreclosure sale, and Borrower will pay such Rents to the purchaser at such sale.

(g) At any such sale, all of the following will be true:

(i) Whether made under the power contained in this Instrument, Section 51.002 of the Texas Property Code, Chapter 9 of the Texas Business and Commerce Code, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it will not be necessary for Trustee to have physically present, or to have constructive possession of, the Mortgaged Property. Borrower will deliver to Trustee any portion of the Mortgaged Property not actually or constructively possessed by Trustee immediately upon demand by Trustee and the title to and right of possession of any such property will pass to the purchaser as completely as if the property had been actually present and delivered to the purchaser at the sale.

(ii) Each instrument of conveyance executed by Trustee will contain a general warranty of title, binding upon Borrower.

(iii) The recitals contained in any instrument of conveyance made by Trustee will conclusively establish the truth and accuracy of the matters recited in the Instrument, including nonpayment of the Indebtedness and the advertisement and conduct of the sale in the manner provided in this

Instrument and otherwise by law and the appointment of any successor Trustee.

(iv) All prerequisites to the validity of the sale will be conclusively presumed to have been satisfied.

(v) The receipt of Trustee or of such other party or officer making the sale will be sufficient to discharge to the purchaser or purchasers for such purchaser(s)' purchase money, and no such purchaser or purchasers, or such purchaser(s)' assigns or personal representatives, will thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication of such purchase money.

(vi) To the fullest extent permitted by law, Borrower will be completely and irrevocably divested of all of Borrower's right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale will be a perpetual bar to any claim to all or any part of the property sold, both at law and in equity, against Borrower and against any person claiming by, through or under Borrower.

(vii) To the extent and under such circumstances as are permitted by law, Lender may be a purchaser at any such sale.

22. Release. Upon payment of the Indebtedness in full, Lender will release this Instrument. Borrower will pay Lender's reasonable costs incurred in releasing this Instrument.

23. Trustee.

(a) Trustee may resign by giving of notice of such resignation in writing to Lender. If Trustee will die, resign or become disqualified from acting under this Instrument or will fail or refuse to act in accordance with this Instrument when requested by Lender or if for any reason and without cause Lender will prefer to appoint a substitute trustee to act instead of the original Trustee named in this Instrument or any prior successor or substitute trustee, Lender will have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who will succeed to all the estate, rights, powers and duties of the original Trustee named in this Instrument. Such appointment may be executed by an authorized officer, agent or attorney-in-fact of Lender (whether acting pursuant to a power of attorney or otherwise), and such appointment will be conclusively presumed to be executed with authority and will be valid and sufficient without proof of any action by Lender.

(b) Any successor Trustee appointed pursuant to this Section will, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of the predecessor Trustee with like effect as if originally named

as Trustee in this Instrument; but, nevertheless, upon the written request of Lender or such successor Trustee, the Trustee ceasing to act will execute and deliver an instrument transferring to such successor Trustee, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and will duly assign, transfer and deliver any of the property and monies held by the Trustee ceasing to act to the successor Trustee.

(c) Trustee may authorize one or more parties to act on Trustee's behalf to perform the ministerial functions required of Trustee under this Instrument, including the transmittal and posting of any notices.

(d) The Trustee shall not be liable for any error or judgment or act done by the Trustee or be otherwise responsible or accountable under any circumstances whatsoever other than her own gross negligence, willful misconduct or violation of law. The Trustee shall not be personally liable for any damages resulting from entry on the Mortgaged Property by the Trustee or anyone acting by virtue of the powers granted the Trustee under this Instrument, or for debts contracted or liability or damages incurred in the management or operation of the Mortgaged Property. The Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by her hereunder and believed by her in good faith to be genuine. The Trustee shall be entitled to reimbursement from Borrower for reasonable expenses incurred by her in the performance of the Trustee's duties under this Instrument and to reasonable compensation to be paid by Borrower for services rendered under this Instrument. Borrower will, from time to time, reimburse the Trustee for, save, and hold the Trustee harmless from and against any and all loss, cost, liability, damage and expense whatsoever incurred by her in the performance of the Trustee's duties other than those arising from her own gross negligence, willful misconduct or violation of law. THE INDEMNIFICATION PROVISIONS IN THIS SECTION SHALL BE ENFORCEABLE REGARDLESS OF WHETHER ANY PERSON (INCLUDING THE PERSON FROM WHOM INDEMNIFICATION IS SOUGHT) ALLEGES OR PROVES THE SOLE, CONCURRENT, CONTRIBUTORY OR COMPARATIVE NEGLIGENCE OF THE TRUSTEE, OR OTHER SOLE OR CONCURRENT STRICT LIABILITY IMPOSED ON THE PERSON SEEKING INDEMNIFICATION.

24. [intentionally deleted].

25. No Fiduciary Duty. Lender owes no fiduciary or other special duty to Borrower.

26. Fixture Filing. This Instrument is also a fixture filing under the Uniform Commercial Code of Texas.

27. Additional Provisions Regarding Assignment of Rents. Section 3 will not be construed to require a pro tanto or other reduction of the Indebtedness resulting from the assignment of Rents. If the provisions of Section 3 and the preceding sentence cause the assignment of

Rents in Section 3 to be deemed to be an assignment for additional security only, Lender will be entitled to all rights, benefits and remedies attendant to such collateral assignment. The assignment of Rents contained in Section 3 will terminate upon the release of this Instrument.

28. **Loan Charges**. Borrower and Lender intend at all times to comply with the laws of the State of Texas governing the maximum rate or amount of interest payable on or in connection with the Indebtedness (or applicable United States federal law to the extent that it permits Lender to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount payable under the Note, this Instrument or any other Loan Document, or contracted for, charged, taken, reserved or received with respect to the Indebtedness, or if acceleration of the maturity of the Indebtedness, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by any applicable law, then Borrower and Lender expressly intend that all excess amounts collected by Lender will be applied to reduce the unpaid principal balance of the Indebtedness (or, if the Indebtedness has been or would thereby be paid in full, will be refunded to Borrower), and the provisions of the Note, this Instrument and the other Loan Documents immediately will be deemed reformed and the amounts thereafter collectible under the Loan Documents reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under the Loan Documents. The right to accelerate the maturity of the Indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of the Indebtedness will, to the extent permitted by any applicable law, be amortized, prorated, allocated and spread throughout the full term of the Indebtedness until payment in full so that the rate or amount of interest on account of the Indebtedness does not exceed the applicable usury ceiling. Notwithstanding any provision contained in the Note, this Instrument or any other Loan Document that permits the compounding of interest, including any provision by which any accrued interest is added to the principal amount of the Indebtedness, the total amount of interest that Borrower is obligated to pay and Lender is entitled to receive with respect to the Indebtedness will not exceed the amount calculated on a simple (i.e., noncompounded) interest basis at the maximum rate on principal amounts actually advanced to or for the account of Borrower, including all current and prior advances and any advances made pursuant to the Instrument or any other Loan Document (such as for the payment of impositions and similar expenses or costs).

29. **ENTIRE AGREEMENT. THIS INSTRUMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

30. <u>WAIVER OF TRIAL BY JURY.</u>

(a) BORROWER AND LENDER EACH COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS INSTRUMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY.

(b) BORROWER AND LENDER EACH WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

31. Notice of Additional Provisions Regarding Insurance. Any terms to the contrary contained in this Instrument notwithstanding, the following requirements are hereby imposed pursuant to Section 307.052 of the Texas Finance Code:

(a) BORROWER IS REQUIRED TO: (i) KEEP THE MORTGAGED PROPERTY INSURED AGAINST DAMAGE IN AN AMOUNT EQUAL TO THE INDEBTEDNESS, (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER, AND (iii) NAME THE LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF LOSS.

(b) IF BORROWER FAILS TO COMPLY WITH SUBSECTION (a) ABOVE, LENDER MAY, BUT WILL NOT BE OBLIGATED TO, OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE.

32. Construction Mortgage. This Instrument secures an obligation incurred for the construction of the Improvements on the Land and accordingly constitutes a "construction mortgage" under the provisions of Article 9 of the Uniform Commercial Code.

33. **No Merger of Estates**.

(a) If Borrower acquires the Fee Estate, there will be no merger between the Fee Estate and the Leasehold Estate unless all Persons, including Lender, having an interest in the Ground Lease consent in writing to the merger.

(b) Simultaneously with Borrower's acquisition of the Fee Estate, the lien of this Instrument will automatically, without the necessity of any further conveyance, continue to cover the Fee Estate and will be and remain prior to the Lien of any mortgage, deed of trust or other Lien placed on the Fee Estate after the date of this

Instrument. Promptly after Borrower's acquisition of the Fee Estate, Borrower, at its sole cost and expense, including payment of Lender's Attorneys' Fees and Costs and out-of-pocket disbursements, will execute and deliver all documents and instruments necessary to subject the Fee Estate to the lien of this Instrument or to confirm and ratify such lien, and must provide to Lender a title insurance policy insuring the lien of this Instrument as a second lien on the Fee Estate and the Leasehold Estate, as applicable.

(c) If Lender acquires the Fee Estate and the Leasehold Estate (whether pursuant to the provisions of the Ground Lease, by foreclosure of this Instrument or otherwise), the Fee Estate and the Leasehold Estate will not merge as a result of such acquisition and will remain separate and distinct for all purposes after such acquisition unless and until Lender elects to merge the Fee Estate and the Leasehold Estate.

34. **Ground Lessor Joinder**.

(a) By its execution and delivery of this Instrument, Ground Lessor joins in this Instrument with the same intent and consequence as if Ground Lessor were originally a party to this Instrument, for the purpose of imposing the lien of this Instrument on the Fee Estate, and acknowledging the agreements, covenants and obligations set forth in this Instrument are applicable to Ground Lessor, including those set forth in Sections 2, 3, 4, 6, 7(a), 10 – 13, 15 – 17 and 20 of this Instrument. All leasehold mortgagee protection provisions set forth in the Ground Lease, and all other provisions inuring to the benefit of leasehold mortgagees or their successors or assigns contained in the Ground Lease, and any representations, warranties and certifications set forth in the Ground Lessor Estoppel Certificate delivered by Ground Lessor in connection with the Project Loan, are incorporated into this Instrument by reference and are restated and confirmed by Ground Lessor for the benefit of Lender.

(b) Ground Lessor represents to Lender that it has the power, authority and right to execute this Instrument as an accommodation grantor, and to deed, grant, convey and assign to, as applicable, Lender or Trustee, in trust, a security interest in Ground Lessor's right, title and interest in the Mortgaged Property pursuant to the terms of this Instrument and to keep and observe all of the terms of this Instrument to be performed by Ground Lessor under this Instrument. Ground Lessor further represents that Ground Lessor possesses an unencumbered fee simple absolute estate in the Land and that it owns the Land and, to the extent not owned in fee by Borrower, the Improvements, free and clear of all liens, encumbrances and charges except for those shown on the Schedule of Title Exceptions. Ground Lessor will forever warrant, defend and preserve the title, validity and priority of the lien of this Instrument and defend the same to Lender against the claims of all persons. Ground Lessor agrees that Ground Lessor will not, without the prior written consent of Lender, cause or agree to a transfer of or all or any part of the Mortgaged Property or any interest in the Mortgaged Property, or permit a transfer of all or any portion of the Mortgaged Property.

(c) Ground Lessor acknowledges all of the following:

(i) Neither Lender nor Initial Funding Lender have made any representations or warranties to Ground Lessor with respect to the creditworthiness of Borrower or the prospects of repayment of the Indebtedness.

(ii) Ground Lessor assumes full responsibility for keeping informed with respect to Borrower's business operations, if any, and financial condition to the extent Ground Lessor wishes to do so.

(iii) Neither Lender nor Initial Funding Lender will have any duty to disclose or report to Ground Lessor any information now or later known to Lender or Initial Funding Lender with respect to Borrower, including any information relating to any of Borrower's business operations or financial condition.

(d) At any time after Ground Lessor receives notice of an Event of Default under any of the Financing Documents from Lender, Ground Lessor has the right (but will not be obligated) to make any payment, perform any obligation and take any other action that Borrower would have the right to pay, perform or take under this Instrument which Ground Lessor deems necessary or desirable to cure the Event of Default.

(e) Ground Lessor acknowledges and agrees that, upon the occurrence of an Event of Default, Lender or Trustee (if applicable) may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower, Ground Lessor, and in and to the Mortgaged Property, including the Land, to the fullest extent under the terms of this Instrument, the Continuing Disbursement Agreement, and the other Financing Documents.

(f) Any indebtedness of Borrower to Ground Lessor now or later existing (including claims under the Ground Lease or any rights to subrogation Ground Lessor may have as a result of this Instrument or any action taken by Lender under this Instrument), together with any interest thereon, will be, and such indebtedness is, hereby deferred, postponed and subordinated to the prior payment in full of the Indebtedness.

(g) Ground Lessor acknowledges that Lender may provide to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, ownership, purchase, participation or securitization of the Funding Loan, including any of rating agency, any entity maintaining databases on the underwriting and performance of commercial mortgage loans, as well as governmental regulatory agencies having regulatory authority over Lender, any and all information which Lender now has or may hereafter acquire relating to the Project Loan and the Mortgaged Property, including the Ground Lessor, as Lender determines necessary or desirable, and that such information may be included in

any disclosure document and also may be included in any filing with the Securities and Exchange Commission pursuant to the Securities Act or the Securities Exchange Act. To the fullest extent permitted under applicable law, Ground Lessor irrevocably waives all rights, if any, to prohibit such disclosure, including any right of privacy.

(h) Ground Lessor has no personal liability for the repayment of the Indebtedness or for the performance of any of Borrower's or Ground Lessor's obligations under the Financing Documents, and Ground Lessor's liability under the Financing Documents is expressly limited to the Mortgaged Property. However, nothing in this Instrument limits the liability or obligations of Ground Lessor as landlord under the Ground Lease.

[Signature pages follow]

IN WITNESS WHEREOF, Borrower has signed and delivered this Instrument or has caused this Instrument to be signed and delivered by its duly authorized representative to be effective as of the date first set forth above.

BORROWER:

Murdeaux Rehab Development, LP,
a Texas limited partnership

By: [INSERT]

ACKNOWLEDGMENT

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the ___ day of [INSERT], by [INSERT], on behalf of said limited partnership.

_____
Notary Public, State of _____

IN WITNESS WHEREOF, Ground Lessor has signed and delivered this Instrument or has caused this Instrument to be signed and delivered by its duly authorized representative to be effective as of the date first set forth above.

GROUND LESSOR:

[INSERT]

By: [INSERT]

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the ___ day of [INSERT], by [INSERT], on behalf of said [INSERT].

_____
Notary Public, State of _____

EXHIBIT A

DESCRIPTION OF THE LAND

[INSERT]

AFTER RECORDING
RETURN TO:

Andrew Prihoda
Bracewell LLP
111 Congress Avenue
Austin, Texas 78701

ASSIGNMENT OF SECURITY INSTRUMENT

This Assignment of Security Instrument ("Assignment") is dated as of [_____] 1, 2026 from the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (the "Assignor"), to WILMINGTON TRUST, NATIONAL ASSOCIATION, as Fiscal Agent (the "Assignee") under the Funding Loan Agreement (the "Funding Loan Agreement") dated as of [_____] 1, 2026, among the Assignor as Governmental Lender, the Assignee as Fiscal Agent and International Bank of Commerce, a Texas state banking corporation ("Funding Lender") as Initial Funding Lender. Capitalized terms used but not defined herein shall have the meanings given to them in the Funding Loan Agreement.

RECITALS

MURDEAUX REHAB DEVELOPMENT, LP, a Texas limited partnership (the "Owner"), as Borrower, has:

(i) entered into with the Assignor and the Assignee a Project Loan Agreement dated as of [_____] 1, 2026 (as amended or supplemented, the "Project Loan Agreement"), evidencing indebtedness in the aggregate principal amount of $[PRINCIPAL] (the "Project Loan");

(ii) executed and delivered to the Assignor the Project Note dated [the Delivery Date] (as amended or supplemented, the "Project Note") in the principal amount of $[PRINCIPAL] and made to the order of the Assignor as Payee, further evidencing the Project Loan; and

(iii) executed and delivered to the Assignor the [Leasehold Multifamily Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing] dated to be effective as of [the Delivery Date] made to a mortgage trustee for the benefit of the Assignor, securing the Project Note, and to be recorded in the Deed Records of Dallas County, Texas, and relating to the real estate described in **Exhibit A** hereto (the "Deed of Trust").

Assignor obtained the funds to make the Project Loan with the proceeds of a separate loan in the aggregate principal amount of $[PRINCIPAL] (the "Funding Loan" and together with the Project Loan, the "Loans").

The documents identified in (i), (ii) and (iii) above, together with any and all other documents executed by Owner to or for the benefit of Assignor evidencing or securing the Loans and all financing and continuation statements to perfect the liens and security interests granted thereby, are collectively referred to herein as the "Deed of Trust Documents."

In consideration of Funding Lender making the Funding Loan, the Assignor desires to assign and transfer to the Assignee all its right, title and interest in and to the Deed of Trust Documents, excluding the Unassigned Rights (as defined in the Funding Loan Agreement), and the Assignee desires to acquire

Assignor's right, title and interest as aforesaid under the Deed of Trust Documents in accordance with the terms hereof. The Assignee is joining in the execution of this Assignment in order to evidence its acceptance hereof.

The Owner is joining in the execution of this Assignment in order to evidence its consent hereto and in order to agree that the Deed of Trust Documents shall be effective to secure the obligations of the Owner to the Assignee as more fully set forth therein and herein.

AGREEMENT

For and in consideration of the premises, the sum of $10.00, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Definitions. All words and phrases defined in the Funding Loan Agreement have the same meanings in this Assignment, which definitions are incorporated herein by reference, unless a different definition is set forth in this Assignment.

Section 2. Assignment. The Assignor sells, assigns and sets over and transfers to the Assignee all the right, title and interest of the Assignor in, to and under the Deed of Trust Documents, excluding any Unassigned Rights, and Assignee accepts such assignment and assumes Assignor's obligations under the Deed of Trust Documents. This Assignment is made and shall be without recourse, warranty or representation of the Assignor.

Section 3. Miscellaneous. In case any one or more of the provisions contained in this Assignment are invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not be affected or impaired thereby.

This Assignment may be executed in any number of counterparts, each executed counterpart constituting an original, but all counterparts together constituting only one instrument.

It is the intention of the parties hereto that this Assignment and the rights and obligations of the parties hereunder shall be governed, construed and enforced in accordance with the laws of the State of Texas, without reference to the conflicts of laws principles of the State of Texas.

(SIGNATURE PAGES FOLLOW)

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Security Instrument as of the date first above written.

ASSIGNOR

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Governmental Lender

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on , 2026, by James B. "Beau" Eccles, Secretary to the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, on behalf of said agency.

_____
Notary Public Signature

My Commission expires:_____

(Personalized Seal)

ASSIGNEE

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Fiscal Agent

By:_____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2026, by _____, _____ of Wilmington Trust, National Association, a national banking association, on behalf of said banking association.

_____
Notary Public Signature

My Commission expires:_____

(Personalized Seal)

The undersigned, being the Owner referred to in the foregoing Assignment of Security Instrument, hereby acknowledges receipt and acceptance thereof and consents and agrees to the assignment made therein and to the terms and provisions thereof.

MURDEAUX REHAB DEVELOPMENT, LP,
a Texas limited partnership

By: Murdeaux Rehab Development GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2026, by _____, _____of _____, the _____ of Murdeaux Rehab Development GP, LLC, a Texas limited liability company, the general partner of Murdeaux Rehab Development, LP, a Texas limited partnership, on behalf of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public, State of _____

Notary's Name (Printed):_____

Notary Seal:

EXHIBIT A

LEGAL DESCRIPTION [*Note: subject to update*]

BEING a tract of land situated in the Jessie Elam Survey, Abstract 444, in the City of Dallas, Dallas County, Texas, and being all of Lot 1, Block N/6264, of SPHINX AT MURDEAUX, an Addition to the City of Dallas, Dallas County, Texas, according to the map or plat thereof recorded In Volume 2003211, Page 611, of the Map Records of Dallas County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 5/8" iron rod found for the common East corner of Lots 1 and 2 of said Sphinx at Murdeaux, same being on the West line of Murdeaux Lane (a 60' dedicated public R.O.W.);

THENCE South 07° 53' 00" West, along said East line of Lot 1 and along the West line of said Murdeaux Lane, a distance of 128.30 feet to a 5/8" iron rod set for corner in the North right of way line of Olusta Drive (a 60' dedicated public R.O.W.), same also being at the beginning of a non-tangent curve to the left having a central angle of 04° 00' 47", a radius of 483.42 feet and a chord which bears North 89° 39' 25" West - 33.85 feet;

THENCE continuing along the curving East line of Lot 1, an arc distance of 33.86 feet to a 5/8" iron rod set for an inner ell corner;

THENCE South 02° 10' 42" East, departing the North line of said Olusta Drive and continuing along the East line of said Lot 1 and, a distance of 199.23 feet to a 3/8" iron rod found for corner, same being a Northerly corner of Woodland City Addition, 2nd Section, an addition to the City of Dallas, as recorded in Volume 478, Page 2343, Plat Records, Dallas County, Texas, same also being at the beginning of a non-tangent curve to the left having a central angle of 37° 22' 37", a radius of 988.32 feet and a chord which bears South 64° 11' 21" West - 633.36 feet;

THENCE continuing along the curving South line of Lot 1 and along the North line of said Woodland City Addition, an arc distance of 644.73 feet to a 5/8" iron rod set for corner, same being at the beginning of a reverse curve to the right having a central angle of 31° 45' 07", a radius of 301.02 feet and a chord which bears South 61° 22' 53" West - 164.69 feet;

THENCE continuing along the curving South line of Lot 1 and along the North line of said Woodland City Addition, an arc distance of 166.82 feet to a 5/8" iron rod found for corner;

THENCE South 77° 15' 32" West, continuing along the common line, a distance of 109.06 feet to a 5/8" iron rod found for corner;

THENCE South 11° 43' 53" East, along the South line of said Lot 1 and the North line of said Woodland City Addition, a distance of 138.62 feet to a 1/2" iron rod found for corner, same being in the Northerly right of way line of Ridgewick Drive (a 50' dedicated public R.O.W.);

THENCE South 77° 22' 48" West, continuing along the South line of said Lot 1 with the North line of said Ridgewick Drive, a distance of 173.91 feet to a 5/8" iron rod found for corner, same being in the West line of Schepps Parkway (a 50' dedicated public R.O.W.);

THENCE South 11° 42' 29" East, departing said North line of Ridgewick Drive and along the South line of said Lot 1, with the West line of said Schepps Parkway, a distance of 24.92 feet to a 5/8" iron rod found for corner, same being the Northeast corner of a tract of land conveyed to the City of Dallas under the Park-Exempt 1968, now known as Woodland Springs Park;

THENCE South 77° 43' 57" West, departing said Schepps Parkway and said Woodland City Addition, and along the common line of said Lot 1 and said Woodland Springs Park, a distance of 322.10 to a point for corner, same being situated in the meanders of Elam Creek;

THENCE departing the North line of said Woodland Springs Park and continuing along the West line of said Lot 1 with the meanders of Elam Creek, same also being the East line of a tract of land conveyed to YMCA of Metropolitan Dallas by deed recorded in Volume 99250, Page 3116, Deed Records of Dallas County, Texas the following:

North 00° 25' 46" East, a distance of 773.73 feet to a corner;

South 88° 39' 29" East, a distance of 256.26 feet to a corner;

North 37° 44' 45" East, a distance of 377.54 feet to a corner;

THENCE South 89° 51' 01" East, departing said Elam Creek and continuing along the North line of said Lot 1 with the South line of said YMCA tract, a distance of 270.46 feet to a 5/8" iron rod set for corner, same being the most Westerly Southwest corner of Sphinx at Murdeaux, Lot 2, as recorded in Volume 2003091, Page 13302, Deed Records of Dallas County, Texas;

THENCE South 37° 06' 29" East, along said Lot 1 with the South line of said Lot 2, a distance of 66.99 feet to a 5/8" iron rod set for corner, same being at the beginning of a curve to the left having a central angle of 65° 30' 49", a radius of 178.70 feet and a chord which bears South 69° 51' 53" East - 193.38 feet;

THENCE continuing along the curving North line of Lot 1 and along the South line of said Lot 2, an arc distance of 204.33 feet to a 5/8" iron rod set for corner, same being at the beginning of a reverse curve to the right having a central angle of 09° 12' 34", a radius of 1337.50 feet and a chord which bears North 81° 58' 59" East - 214.75 feet;

THENCE continuing along the curving North line of Lot 1 and along the South line of said Lot 2, an arc distance of 214.98 feet to a 5/8" iron rod set for corner, same being at the beginning of a tangent curve to the right having a central angle of 10° 57' 36", a radius of 618.30 feet and a chord which bears South 87° 55' 57" East - 118.09 feet;

THENCE continuing along the curving North line of Lot 1 and along the South line of said Lot 2, an arc distance of 118.27 feet to the POINT OF BEGINNING and containing 785,673 square feet or 18.04 acres of land, more or less.

TAX EXEMPTION CERTIFICATE AND AGREEMENT

Dated as of

[Dated Date]

among

Texas Department of Housing and Community Affairs,
as Governmental Lender

and

Wilmington Trust, National Association,
as Fiscal Agent

and

Murdeaux Rehab Development, LP,
as Borrower

regarding

$[5,000,000]
Texas Department of Housing and Community Affairs
Multifamily Housing Governmental Note
(Murdeaux Villas)
Series 2026

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TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this "Agreement") dated as of [Dated Date], but effective as of the Delivery Date (as defined in the Funding Loan Agreement described below) is among the **Texas Department of Housing and Community Affairs** (together with its successors and assigns, the "Governmental Lender"), a public and official agency of the State (as defined herein), **Wilmington Trust, National Association**, a national banking association organized and existing under the laws of the United States of America, as Fiscal Agent under the hereinafter defined Funding Loan Agreement (together with any successor Fiscal Agent under the Funding Loan Agreement described below and their respective successors and assigns, the "Fiscal Agent"), and **Murdeaux Rehab Development, LP**, a Texas limited partnership (together with its permitted successors and assigns, the "Borrower") and is entered into in connection with the issuance of the $[5,000,000] Texas Department of Housing Community Affairs Multifamily Housing Governmental Note (Murdeaux Villas) Series 2026 (the "Governmental Note"). The representations of facts and circumstances and the covenants of the Governmental Lender made herein are made in part for purposes of fulfilling the requirements set forth in section 1.148-2(b)(2) of the Regulations (as defined herein).

RECITALS

WHEREAS, the Governing Board of the Governmental Lender has determined to authorize the issuance of the Governmental Note pursuant to and in accordance with the terms of an Funding Loan Agreement (as defined herein) by and among the Initial Funding Lender (as defined herein), the Governmental Lender and the Fiscal Agent for the purpose of obtaining funds to finance the Project (as defined herein), all under and in accordance with the Constitution and laws of the State (as defined herein); and

WHEREAS, the Governmental Lender desires to use the Proceeds (as defined herein) of the Governmental Note to fund a mortgage loan to the Borrower (i.e., the Project Loan, as defined herein) upon the terms and conditions set forth in the Project Loan Agreement (as defined herein) in order to finance Costs of the Project (as defined herein); and

WHEREAS, the Governmental Lender and the Borrower desire that interest on the Governmental Note be excludable from gross income for federal income tax purposes under the Code (as defined herein); and

WHEREAS, the purpose of executing this Agreement is to set forth various facts, certifications, covenants, representations, and warranties regarding the Governmental Note and the Project and to establish the expectations of the Governmental Lender, the Borrower, and the Fiscal Agent as to future events regarding the Governmental Note, the Project, and the use and investment of Proceeds of the Governmental Note.

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby certify, covenant, represent, and agree on behalf of the Governmental Lender, the Borrower, and the Fiscal Agent (but not in their individual capacities), respectively, as follows:

1. Definitions. Each capitalized term used in this Agreement has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Agreement or in Exhibits to this Agreement and for all purposes hereof has the meaning or is in the amount therein specified. All capitalized terms used but not defined herein, to the extent that such terms are defined in the Funding Loan Agreement, the Project Loan Agreement, or the Regulatory Agreement for all purposes hereof have the meanings therein specified. All such terms defined in the Code or Regulations that are not defined herein will for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

"***Administration Fund***" means the "Administration Fund" established pursuant to the Funding Loan Agreement.

"***Bond Counsel***" means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially shall mean Bracewell LLP.

"***Bond Year***" means each one-year period that ends on the day selected by the Borrower in a certificate provided to the Governmental Lender and the Fiscal Agent. The first and last bond years may be short periods. If no day is selected by the Borrower before the earlier of the final maturity date of the Governmental Note or the date that is five years after the Issue Date of the Governmental Note, a bond year will end on each anniversary of the Issue Date of the Governmental Note and on the final maturity date of the Governmental Note.

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

"***Computation Date***" means each Installment Computation Date and the Final Computation Date.

"***Costs of Issuance***" means costs to the extent incurred in connection with, and allocable to, the issuance of an 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.

"***Cost of Issuance Fund***" means the "Cost of Issuance Fund" established pursuant to the Funding Loan Agreement.

"***Costs of the Project***" has the meaning set forth in the Funding Loan Agreement.

"***Favorable Opinion of Bond Counsel***" means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Governmental Note under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Governmental Note or other customary exceptions acceptable to the recipient thereof).

"***Fee Owner***" means [_____].

"***Final Computation Date***" means the date on which the final payment in full of the Governmental Note is made.

"***Financial Advisor***" means CSG Advisors Incorporated.

"***Form 8038***" means IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

"***Funding Loan Agreement***" means the Funding Loan Agreement by and among the Initial Funding Lender, the Governmental Lender and the Fiscal Agent, dated as of [Dated Date].

"***Gross Proceeds***" means any Proceeds and any Replacement Proceeds.

"***Initial Funding Lender***" means International Bank of Commerce.

"***Installment Computation Date***" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

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

"***IRS***" means the Internal Revenue Service.

"***Issue Date***" means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

"***Issue Price***" has the meaning ascribed to it in section 1.148-1(f) of the Regulations.

"***Loan Payment Fund***" means the "Loan Payment Fund" established pursuant to the Funding Loan Agreement.

"***Loan Prepayment Fund***" means the "Loan Prepayment Fund" established pursuant to the Funding Loan Agreement.

"***Median Gross Income for the Area***" means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of HUD, under

Section 8 of the Housing Act (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

"***Minor Portion***" means that portion of the Gross Proceeds of the Governmental Note that does not exceed in the aggregate $100,000.

"***Net Proceeds***" means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

"***Nonpurpose Investment***" means any "investment property," within the meaning of section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Governmental Note.

"***Official Intent Date***" means October 10, 2024.

"***Original Issue Discount***" means the excess of the Stated Redemption Price at Maturity over the Issue Price.

"***Original Issue Premium***" means the excess of the Issue Price over the Stated Redemption Price at Maturity.

"***Placed in Service***" has the meaning set forth in section 1.150-2(c) of the Regulations and means, with respect to a facility, the date on which, based on all the facts and circumstances, (a) the facility reaches a degree of completion that will permit its operation at substantially its design level, and (b) the facility is, in fact, in operation at such level.

"***Pre-Issuance Accrued Interest***" has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

"***Preliminary Expenditures***" are described in section 1.150-2(f)(2) of the Regulations and include architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation.

"***Proceeds***" has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

"***Project***" means an approximately 301-unit multifamily housing development known as Murdeaux Villas located at 125 S. Murdeaux Lane, Dallas, Dallas County, Texas 75217.

"***Project Loan***" means the loan of proceeds of the Governmental Note from the Governmental Lender to the Borrower pursuant to the terms of the Project Loan Agreement.

"***Project Loan Agreement***" means the Project Loan Agreement among the Governmental Lender, the Fiscal Agent, and the Borrower, dated as of [Dated Date].

"***Project Loan Fund***" means the "Project Loan Fund" established pursuant to the Funding Loan Agreement, with a "Project Account" and a "Borrower Equity Account" therein.

"***Qualified Administrative Costs***" are those costs of issuing, carrying or repaying the Governmental Note, and any underwriter's discount. Qualified Administrative Costs do not include the costs of issuing, carrying or repaying the Project Loan.

"***Qualified Investments***" has the meaning set forth in the Funding Loan Agreement.

"***Qualified Project Costs***" means Costs of the Project that meet the following requirements:

(a) The costs are chargeable to a capital account with respect to the Project for federal income tax purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Governmental Note during, and fees for a "qualified guarantee" (within the meaning of section 1.148-4 of the Regulations) attributable to the period of, the construction of the Project will constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs.

(b) If any portion of the Project is being constructed or rehabilitated by the Borrower or a Related Person to the Borrower (whether as a general contractor or a subcontractor), such costs include only (i) the actual out-of-pocket costs incurred by the Borrower or such Related Person in constructing or rehabilitating the Project (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Borrower or such Related Person (but excluding any profit component) and (iii) any overhead expenses incurred by the Borrower or such Related Person that are directly attributable to the work performed on the Project and do not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the construction of the Project or payments received by such Related Person due to early completion of the Project (or any portion thereof).

(c) The costs are not Costs of Issuance.

(d) (i) The costs were paid no earlier than 60 days prior to the Official Intent Date and (ii) the reimbursement allocation is made no later than 18 months after the later of (A) the date the expenditure was paid and (B) the date the Project is Placed in Service or abandoned, but in no event more than three years after the original expenditure is paid; provided that such limitations do not apply to any amount not in excess of $100,000 or to Preliminary Expenditures that do not exceed 20 percent of the Sale Proceeds of the Governmental Note.

"***Qualified Project Period***" means, with respect to the Project, the period beginning on the first day on which 10 percent of the Units are occupied and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied, (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Project is outstanding for federal income tax purposes or, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

"***Qualifying Tenant***" means a tenant whose Annual Income is 60 percent or less of Median Gross Income for the Area, as determined under sections 142(d)(2)(B) and (E) of the Code. If all the occupants of a Unit are students (as defined under section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under section 6013 of the Code, such occupants are not Qualifying Tenants, unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

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

"***Rebate Analyst***" means a Person that is (a) qualified and experienced in the calculation of rebate payments under section 148 of the Code, (b) chosen by the Borrower, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

"***Rebate Fund***" means the "Rebate Fund" established pursuant to the Funding Loan Agreement.

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

"***Regulatory Agreement***" means the Amended and Restated Regulatory and Land Use Restriction Agreement, among the Governmental Lender, the Fiscal Agent, and the Borrower, dated as of [Dated Date].

"***Related Party***" means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and, in reference to a person that is not a governmental unit or a 501(c)(3) organization, a Related Person.

"***Related Person***" has the meaning set forth in section 144(a)(3) of the Code. A person is a "Related Person" to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that "more than 50 percent" is substituted for "at least 80 percent" each place it appears therein).

"***Replacement Proceeds***" has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have

been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

"***Revenue Fund***" means the "Revenue Fund" established pursuant to the Funding Loan Agreement.

"***Sale Proceeds***" has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters' discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

"***State***" means the State of Texas.

"***Stated Redemption Price at Maturity***" means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

"***Substantial User***" has the meaning given to such term in section 1.103-11(b) of the Regulations, and generally includes any person (i) specifically for whom a facility, or part thereof, is constructed, reconstructed, or acquired or (ii) that (A) receives more than five percent of the total revenue derived by all users of such facility as gross revenue or (B) occupies more than five percent of the entire usable area of the facility.

"***Unit***" means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation; provided that, a residential accommodation will not fail to be treated as a "Unit" merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

"***Weighted Average Maturity***" means the sum of the products of the Issue Price and the number of years to maturity (taking into account mandatory redemptions) of an obligation, divided by the aggregate Sale Proceeds of such obligation.

"***Yield***" on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal, interest and fees for qualified guarantees to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments to be received on the investment produces an amount equal to all payments for the investment.

"***Yield Reduction Payments***" means amounts paid in accordance with section 1.148-5(c) of the Regulations that are treated as payments that reduce the Yield on an investment.

"***40-60 Test***" means the requirement set forth in section 142(d)(1)(B) of the Code providing that 40 percent or more of the Units in the Project be occupied by individuals whose income is 60 percent or less of the Median Gross Income for the Area.

2. Authorized Representatives.

(a) Governmental Lender. The undersigned representative of the Governmental Lender represents that such representative (i) is charged, along with others, with the responsibility for the Governmental Note and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Governmental Lender to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Governmental Lender personnel and consultants to the Governmental Lender, the undersigned representative of the Governmental Lender has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(b) Borrower. The undersigned representative of the Borrower represents that such representative (i) is a duly chosen, qualified and acting officer or other representative of the Borrower, which will be the owner of the Project and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Borrower to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Borrower personnel and consultants to the Borrower, the undersigned representative of the Borrower has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(c) Fiscal Agent. The undersigned representative of the Fiscal Agent represents that such representative is a duly chosen, qualified and acting officer or other representative of the Fiscal Agent and is authorized on behalf of the Fiscal Agent to execute and deliver this Agreement.

3. Reasonable Expectations. The Governmental Lender and the Borrower hereby affirm that the facts and estimates that are set forth in this Agreement are accurate and the expectations that are set forth in this Agreement are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. The Governmental Lender has also relied, to the extent appropriate, on (a) the Certificate of Initial Funding Lender attached hereto as Exhibit A and (b) the Certificate of Financial Advisor attached hereto as Exhibit B. The undersigned representatives of the Governmental Lender and the Borrower are aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of the representations set forth in such certificates.

4. Reliance on Borrower's Representations and Covenants. Except as otherwise indicated in this Agreement, the representations, expectations, certifications, covenants and warranties of the Governmental Lender concerning the use and investment of the Proceeds of the Governmental Note and certain other matters described in this Agreement are based solely upon representations, expectations, certifications, covenants and warranties of the Borrower, as set forth in this Agreement or in the Exhibits attached hereto. In relying upon such representations, expectations, certifications, covenants and warranties of the Borrower, the Governmental Lender has not made any independent investigations of the matters pertaining thereto. The Governmental Lender is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation, expectations, certifications, covenants and warranties of the Borrower made in this Agreement or in the Exhibits attached hereto.

5. Completeness of Borrower Information. The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the excludability from gross income for federal income tax purposes of the interest on the Governmental Note, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information for which Bond Counsel has not asked. After due investigation, there is no information not obtained, or any investigation or inspection not heretofore pursued, that would be relevant or material to the certifications set forth below.

6. General Requirements Relating to Issuance of the Governmental Note.

(a) Governmental Purpose. The Borrower has applied to the Governmental Lender and been approved for the Project Loan to be made from the Proceeds of the Governmental Note. The proceeds of the Project Loan (and, thus, the Proceeds of the Governmental Note) will be used to finance a portion of the Costs of the Project.

(b) Public Hearing and Approval. As required under section 147(f) of the Code, the Governmental Lender hosted public hearing on April 22, 2025, regarding the Governmental Note and the Project and for which there was reasonable public notice. The Attorney General of the State approved the issuance of the Governmental Note.

(c) Volume Cap. The Governmental Lender has received from the Texas Bond Review Board a reservation of State private activity bond volume cap in an amount no less than the aggregate principal amount of the Governmental Note (or if greater, the Issue Price of the Governmental Note) for the purpose of issuing the Governmental Note to finance the Project.

(d) Issue. There are no other obligations that (i) were sold at substantially the same time as the Governmental Note (i.e., less than 15 days apart), (ii) were sold pursuant

to the same plan of financing with the Governmental Note, and (iii) will be paid out of substantially the same source of funds as the Governmental Note.

(e) Form 8038. The Borrower has examined the completed Form 8038 with respect to the Governmental Note, including accompanying schedules and statements, and, to the best of the Borrower's knowledge and belief, the information in Parts IV and V, which was furnished by the Borrower, is true, correct, and complete. The Governmental Lender will cause Form 8038 with respect to the Governmental Note to be filed timely with the IRS.

(f) Substantial User. No person that was a Substantial User of the Project at any time during the five-year period before the Issue Date of the Bonds or any Related Person to such Substantial User will (i) receive (directly or indirectly) more than five percent of the Proceeds of the Bonds for such user's interest in the Project and (ii) will be a Substantial User of the Project at any time during the five-year period after the Issue Date of the Bonds.

(g) Program Covenant. Neither the Borrower nor any Related Party of the Borrower is, or will be, a party to any agreement, formal or informal, pursuant to which it will purchase any of the Bonds in an amount related to the amount of the Project Loan made to the Borrower unless the Borrower or such Related Party provides a Favorable Opinion of Bond Counsel to the Governmental Lender

(h) No Federal Guarantee. Neither the Governmental Lender nor the Borrower will take any action that would result in all or any portion of the Governmental Note being treated as federally guaranteed within the meaning of section 149(b)(2) of the Code.

(i) Borrower's EIN. The Borrower confirms that the Borrower's EIN is 85-1267108.

7. Sale Proceeds of the Governmental Note. The amount of Sale Proceeds received by the Governmental Lender from the sale of the Governmental Note is $[5,000,000], which represents the Stated Redemption Price at Maturity of the Governmental Note. The Sale Proceeds of the Governmental Note will be loaned to the Borrower and deposited as follows:

(a) The amount of $[_____] will be deposited in the Project Account of the Project Loan Fund and used to pay Project Costs. The aggregate amount of the Project Costs is anticipated to exceed such amount. Any Project Costs not financed out of Proceeds of the Governmental Note will be financed out of the Borrower's available funds.

(b) The amount of $[_____] will be deposited in the Costs of Issuance Fund and disbursed to pay Costs of Issuance on the Governmental Note.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Governmental Note.

9. Use of Proceeds of the Governmental Note.

(a) Qualified Project Costs. At least 95 percent of the Net Proceeds of the Governmental Note actually expended will be used to pay or reimburse Qualified Project Costs. Not more than five percent of the Net Proceeds of the Governmental Note will be expended for or allocated to Costs of the Project that are not Qualified Project Costs.

For purposes of this subparagraph (a) the Project includes only: (i) those portions of buildings included in the Project that are (A) separate and complete facilities for living, sleeping, eating, cooking and sanitation that will be used on other than a transient basis by one or more persons and that will be available on a regular basis for use by members of the general public and will be rented, or available for rental, on a continuous basis during the Qualified Project Period, and (B) facilities in building areas that are functionally related and subordinate thereto, such as centrally located machinery and equipment and common areas in a typical apartment building (but not including any health club facilities, except a facility that will be available only to tenants and their guests with no separate fee to be paid for the use of such facility); and (ii) land and other facilities that are properly allocable to such living facilities, such as parking areas and recreational areas for occupants of the living facilities.

Further, all of the allocable functionally related and subordinate land areas, facilities, and building areas taken into account in determining Qualified Project Costs under this subparagraph (a) are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) Additional Limitations.

(i) Costs of Issuance. Costs of Issuance in an amount of $[_____] are expected to be paid out of the Net Proceeds of the Governmental Note. The Costs of Issuance financed out of Net Proceeds of the Governmental Note will not exceed in the aggregate two percent of the Sale Proceeds of the Governmental Note (i.e., $[_____]). Costs of Issuance in excess of two percent of Sale Proceeds of the Governmental Note will be paid by the Borrower from sources other than Net Proceeds of the Governmental Note.

(ii) Capitalized Interest. No portion of the Net Proceeds of the Governmental Note is expected to be used to pay interest on the Governmental Note accruing prior to the Placed in Service Date of the Development. Net Proceeds of the Governmental Note will not be used to pay interest on the Governmental Lender Note accruing after the Placed in Service Date of the Project.

(iii) Acquisition of Existing Property. No portion of the Net Proceeds of the Governmental Note will be used to pay or reimburse the cost of acquiring any property or an interest therein unless the first use of such property is pursuant to such acquisition, except for land.

(iv) Limitation on Land Acquisition. No Net Proceeds of the Governmental Note will be used (directly or indirectly) to acquire land (or an interest therein) and no portion of the Net Proceeds of the Governmental Note will be used (directly or indirectly) for farming purposes.

(v) Prohibited Facilities. None of the Proceeds of the Governmental Note will be used to acquire, construct, or equip, and no portion of the Project will be, an airplane, a skybox or any other type of luxury box, a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises; provided that, any fitness room functionally related to and subordinate to the Project for use by tenants of the Project or their guest is not considered a health club facility for purposes of this subparagraph.

(vi) Payments to Related Persons. Any amount of Proceeds of the Governmental Note paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower will not exceed an arm's-length charge that is the amount that would be charged to a person other than the Borrower. Further, any amount of Proceeds of the Governmental Note paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower would be paid under the same circumstances by a person other than the Borrower to such affiliated person or entity. Notwithstanding the foregoing, in no event will amounts of Proceeds of the Governmental Note that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

(vii) No Working Capital. Except for an amount that does not exceed five percent of the Sale Proceeds of the Governmental Note (and that is directly related to the Project), the Proceeds of the Governmental Note will only be expended for (A) costs that would be chargeable to the capital account of the Project if the Governmental Lender's income were subject to federal income taxation; (B) interest on the Governmental Note in an amount that does not cause the aggregate amount of interest paid on the Governmental Note to exceed that amount of interest on the Governmental Note that is attributable to the period that commences on the Issue Date of the Governmental Note and ends on the later of (1) the date that is three years from the Issue Date of the Governmental Note or (2) the date that is one year after the date on which the Project is Placed in Service; and/or (C) fees for a qualified guarantee of the Governmental Note or payment for a qualified hedge on the Governmental Note.

(viii) No Pooling. The Proceeds of the Governmental Note are not being used to directly or indirectly make or finance loans to two or more ultimate unrelated borrowers.

(ix) Weighted Average Economic Life. The Weighted Average Maturity of the Governmental Note, as calculated by the Financial Advisor as set

forth in Exhibit B hereto, is [WAM] years. The weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Governmental Note is at least [WAM/1.2] years. Thus, the Weighted Average Maturity of the Governmental Note is not more than 120 percent of the weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Governmental Note. Such weighted average estimated economic life is determined in accordance with the following assumptions: (A) the weighted average is determined by taking into account the respective costs of each asset, excluding land; (B) the reasonably expected economic life of an asset is determined as of the later of (1) the Issue Date of the Governmental Note or (2) the date on which such asset is originally Placed in Service (or expected to be Placed in Service); and (C) the economic lives for the itemized assets are the useful lives that would have been used for depreciation purposes under section 167 of the Code prior to the enactment of the ACRS system under section 168 of the Code (i.e., the mid-point lives under the Class Life Asset Depreciation Range System of section 167(m) of the Code where applicable and the guideline lives under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures). The Borrower hereby covenants to not make any changes to the Project that would, at the time made, cause the remaining Weighted Average Maturity of the Governmental Note to be more than 120 percent of the remaining weighted average estimated economic life of the portion of the Project financed with Proceeds of the Governmental Note.

(c) Reimbursement. The Borrower expects that it will use Proceeds of the Governmental Note in the amount of approximately $[_____] to reimburse itself for expenditures paid prior to the Issue Date of the Governmental Note. Other than (i) an amount not greater than $100,000 and/or (ii) Preliminary Expenditures up to an amount not in excess of 20 percent of the Issue Price of the Governmental Note, no portion of the Proceeds of the Governmental Note will be disbursed to reimburse the Governmental Lender, the Borrower or any Related Person to the Borrower for any expenditures paid or incurred prior to the date that is 60 days before the Official Intent Date, which is the date on which the Governmental Lender adopted a resolution describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project and stating the Governmental Lender's reasonable expectation that expenditures for costs of the Project would be reimbursed with Proceeds of an obligation. Such resolution was not an official intent declared as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the Project. Neither the Governmental Lender nor the Borrower has engaged in a pattern of failure to reimburse actual original expenditures covered by official intents. Such reimbursed portion will be treated as spent for purposes of the "Funds—Project Loan Fund" subparagraph herein and the "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph herein.

(d) Allocations and Accounting. The Borrower will prepare a final allocation of the Proceeds of the Governmental Note to expenditures not later than 18 months after the later of the date the original expenditure is made or the date the Project is Placed in Service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Governmental Note or the retirement of the Governmental Note, if earlier;

provided that, if such allocation is made pursuant to a reimbursement expenditure described above, such reimbursement allocation will in no event be made later than the date that is three years after the date each such original expenditure is paid. The Borrower may redetermine the allocation of the Proceeds of the Governmental Note within the time frame set forth in the immediately preceding sentence, provided that the Borrower will notify the Governmental Lender and Bond Counsel of any such reallocation and provide such parties with documentation of such reallocation, including evidence that the Borrower, on the date the original expenditure was paid, had on hand sufficient such other sources to pay such expenditure. The Borrower hereby elects to consistently allocate the expenditure of Proceeds of the Governmental Note to Qualified Project Costs of the Project. No Proceeds of the Governmental Note will be allocated to any expenditures to which Proceeds of any other tax-exempt obligations have heretofore been allocated.

10. Issue Price. In accordance with section 1.148-1(f)(2)(iv) of the Regulations, the Governmental Lender hereby identifies in its books and records maintained for the Governmental Note the rule the Governmental Lender will use to determine the Issue Price the Governmental Note as the rule set forth in the second sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the price paid by the single buyer. Based on the representations set forth in Exhibit A hereto, the aggregate Issue Price of the Governmental Note is $[5,000,000]. The Issue Price of the Governmental Note represents the Stated Redemption Price at Maturity.

11. Yield on the Governmental Note. The Governmental Lender and the Borrower hereby represent, covenant and agree as follows:

(a) [The Yield on the Governmental Note is the discount rate that, when used in computing the present value as of the Issue Date of the Governmental Note, of all unconditionally payable payments of principal and interest on the Governmental Note, produces an amount equal to the present value, using the same discount rate, of the Issue Price of the Governmental Note plus any Pre-Issuance Accrued Interest as of the Issue Date of the Governmental Note.

(b) The Yield with respect to that portion of the Governmental Note, if any, subject to optional redemption is computed by treating such portion of the Governmental Note as retired at the Stated Redemption Price at Maturity because (i) the Governmental Lender has no present intention to redeem prior to maturity the portion of the Governmental Note that is subject to optional redemption; (ii) the Governmental Note are not subject to optional redemption at any time for a price less than the retirement price at final maturity plus accrued interest; (iii) the Governmental Lender has no present intention of exercising its right to optionally redeem the Governmental Note within five years of the Issue Date of the Governmental Note; (iv) no portion of the Governmental Note subject to optional redemption is issued at an Issue Price that exceeds the Stated Redemption Price at Maturity of such portion of the Governmental Note by more than one-fourth of one percent multiplied by the product of the Stated Redemption Price at Maturity of such portion of the Governmental Note and the number of complete years to the first optional redemption date for such portion of the Governmental Note; and (v) no portion of the Governmental Note

subject to optional redemption bears interest at a rate that increases during the term of the Governmental Note.]

(c) Neither the Governmental Lender nor the Borrower has entered into any hedging transaction with respect to the Governmental Note, and each covenants not to enter into a hedging transaction with respect to the Governmental Note unless there is first received a Favorable Opinion of Bond Counsel.

(d) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Governmental Note, calculated in the manner set forth above, is [Bond Yield] percent.

12. Yield on the Project Loan. The Governmental Lender and the Borrower hereby represent, covenant and agree as follows:

(a) The Project Loan is allocated to the Governmental Note. The Yield on the Project Loan is computed using the same compounding interval and financial conventions used to compute the Yield on the Governmental Note. For the purposes of this Agreement, the Yield on the Project Loan is the discount rate that, when used in computing the present value as of the Issue Date of the Governmental Note of all receipts with respect to the Project Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Project Loan as of the Issue Date of the Governmental Note. The aggregate payments made to the Borrower with respect to the Project Loan include no payments other than the "purchase price" of the Project Loan. The purchase price of the Project Loan is the amount loaned to the Borrower by the Governmental Lender on the Issue Date of the Governmental Note, i.e. $[5,000,000].

(b) The Project Loan is a purpose investment that the Governmental Lender intends to treat as a "program investment" within the meaning of section 1.148-1 of the Regulations, because it is part of a governmental program (i) that involves the origination or acquisition of purpose investments; (ii) in which at least 95 percent of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, organizations exempt from tax under section 501(c)(3) of the Code, persons who provide housing and related facilities, or any combination of the foregoing; (iii) in which at least 95 percent of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) in which the program documents prohibit any obligor on a purpose investment financed by the program or any "related party," within the meaning of section 1.150-1(b) of the Regulations, to that obligor from purchasing bonds of an issue that finance the program in an amount related to the amount of the purpose investment acquired from that obligor. The

Governmental Lender has not waived the right to treat the Project Loan as a program investment.

(c) The receipts from the Borrower with respect to the Project Loan include interest and principal payments with respect to the Project Loan and the Qualified Administrative Costs paid by the Borrower, and the Qualified Administrative Costs paid by the Borrower have been taken into account, as provided by section 1.148-5(e) of the Regulations, for purposes of computing the yield on the Project Loan. Because the Governmental Lender intends to treat the Project Loan as a "program investment" within the meaning of section 1.148-1 of the Regulations, the Qualified Administrative Costs do not include the costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Project Loan, which amounts are set forth in Exhibit C hereto.

(d) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Project Loan, calculated in the manner set forth above, is not expected to exceed the Yield on the Governmental Note by more than 1.5 percentage points.

13. Investment of Proceeds Pending Expenditure; No Arbitrage.

(a) Investment Proceeds. Amounts on deposit in the Loan Payment Fund and the Project Loan Fund may be comprised of Proceeds of the Governmental Note and amounts that are not Proceeds of the Governmental Note or any tax-exempt obligation. If Proceeds of the Governmental Note and amounts that are not Proceeds of the Governmental Note are commingled, the Borrower will take into account for purposes of its covenant to comply with the arbitrage and rebate requirements that Proceeds of the Governmental Note and amounts that are not Proceeds of the Governmental Note have been commingled as an investment. Investment Proceeds resulting from the investment of any Proceeds of the Governmental Note pending expenditure of such Proceeds for Costs of the Project will be used to pay Qualified Project Costs or, if not used to pay Qualified Project Costs, such amounts will be treated as "bad costs."

(b) Minor Portion and Yield Reduction Payments. All Gross Proceeds of the Governmental Note will be invested in accordance with the "Funds" paragraph herein. To the extent such amounts remain on hand following the periods set forth in the "Funds" paragraph herein or exceed the limits set forth in the "Funds" paragraph herein, such amounts will be invested at a restricted Yield as set forth in such paragraph; provided, however, that an amount not to exceed the Minor Portion may be invested at a Yield that is higher than the Yield on the Governmental Note and, provided further, that, if permitted by section 1.148-5(c) of the Regulations, the Yield restriction requirements may be satisfied by making Yield Reduction Payments to the federal government.

(c) Governmental Note Is Not A Hedge Bond. Not more than 50 percent of the Proceeds of the Governmental Note will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Further, at least 85 percent of the spendable Proceeds of the Governmental Note are reasonably expected to be used to carry

out the governmental purposes of the Governmental Note within the three-year period beginning on the Issue Date of the Governmental Note.

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Governmental Lender and the Borrower that the Gross Proceeds of the Governmental Note will not be used in a manner that would cause the Governmental Note to be "arbitrage bonds" within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Governmental Lender and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Funding Loan Agreement and the Project Loan Agreement, the Borrower will not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Project Loan Agreement or the note relating to the Project Loan, will not establish any segregated reserve or similar fund for such purpose and will not prepay any such amounts in advance of the redemption date of an equal principal amount of the Governmental Note, unless in each case there will have been delivered a Favorable Opinion of Bond Counsel. The Borrower will not, at any time prior to the final maturity of the Governmental Note, direct or permit the Fiscal Agent to invest Gross Proceeds of the Governmental Note in any investment (or to use Gross Proceeds of the Governmental Note to replace money so invested), if as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Governmental Note to stated maturity, except as permitted by section 148 of the Code. The Governmental Lender and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Fiscal Agent complies with all applicable requirements of section 148 of the Code relating to the Governmental Note and the interest thereon.

(e) Guaranteed Investment Contract. Proceeds of the Governmental Note may be deposited in a guaranteed investment contract (the "GIC"). If Proceeds of the Governmental Note are co-mingled as an investment in the GIC, the Borrower will take into account for purposes of its covenant to comply with the rebate requirement that proceeds of the Governmental Note and amounts that are not proceeds of the Governmental Note have been co-mingled as an investment in the GIC and will comply with the requirements of section 1.148-5(d)(6)(iii) of the Regulations.

14. Covenants of Fiscal Agent Relating to Investment of Proceeds. The Fiscal Agent will invest funds held under the Funding Loan Agreement in accordance with the respective terms of the Funding Loan Agreement and this Agreement, which covenant will extend throughout the term of the Governmental Note, to all funds and accounts created under the Funding Loan Agreement and this Agreement and all moneys on deposit to the credit of any fund or account.

Should the Governmental Lender or the Borrower deliver notice (in the manner required under the Funding Loan Agreement or the Project Loan Agreement, as applicable) to the Fiscal Agent (it being understood that neither the Governmental Lender nor the Borrower has an obligation to so deliver) or should the Fiscal Agent receive an opinion of Bond Counsel to the

effect that any proposed investment or other use of Proceeds of the Governmental Note would cause the Governmental Note to become "arbitrage bonds" within the meaning of section 148 of the Code, then the Fiscal Agent will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Governmental Note from becoming an "arbitrage bond."

The Governmental Lender and the Borrower agree that, in complying with the provisions set forth under this Agreement, the Fiscal Agent will be deemed to have complied with such provisions and will have no liability to the extent the Fiscal Agent materially follows the written directions of the Borrower or the Governmental Lender. The Fiscal Agent is not liable or responsible for monitoring compliance by the Borrower, the Governmental Lender or the Rebate Analyst with any of the requirements of section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof, it being acknowledged and agreed that the sole obligation of the Fiscal Agent in this regard is (i) to invest the moneys received by the Fiscal Agent pursuant to the written instructions of the Borrower or Governmental Lender in specific investments identified by the Borrower, or in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of the Funding Loan Agreement and this Agreement and (ii) to materially follow investment instructions as provided in the Funding Loan Agreement and this Agreement.

15. Compliance with Yield Reduction and Rebate Requirements; Rebate Fund.

(a) Covenant to Comply with Rebate Requirements. The Governmental Lender and the Borrower covenant to comply with the requirement that (i) if Gross Proceeds of the Governmental Note have been invested at a Yield that is "materially higher" than the Yield on the Bonds and Yield Reduction Payments are permitted under section 1.148-5(c)(3) of the Regulations, Yield Reduction Payments be made to the federal government and (ii) "rebatable arbitrage earnings" on the investment of the Gross Proceeds of the Governmental Note, within the meaning of section 148(f) of the Code, be rebated to the federal government.

(b) Rebate Fund. The Funding Loan Agreement established the Rebate Fund, which will be maintained and held in trust by the Fiscal Agent and which will be disbursed and applied only as herein authorized in this "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph. Notwithstanding anything herein to the contrary, all provisions of the Funding Loan Agreement relating to the general administration of the funds created thereunder will apply to the Rebate Fund, and the Fiscal Agent is afforded all the rights, protections and immunities otherwise accorded to it thereunder as if the provisions set forth in this "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph were set forth in the Funding Loan Agreement.

(c) Delivery of Documents and Money by Borrower on Computation Dates. The Borrower will deliver to the Fiscal Agent and the Governmental Lender, within 55 days after each Computation Date:

(i) (A) a statement, signed by an officer or other authorized representative of the Borrower, stating the Rebate Amount as of such Computation Date and the amount of any Yield Reduction Payments due, and (B) a copy of the report prepared by the Rebate Analyst in connection therewith;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90 percent of the Rebate Amount and Yield Reduction Payments due as of such Installment Computation Date, less any "previous rebate payments" (determined in accordance with section 1.148-3(f)(1) of the Regulations), made to the United States of America or (B) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount and Yield Reduction Payments due as of such Final Computation Date, less any "previous rebate payments" (determined in accordance with section 1.148-3(f)(1) of the Regulations) made to the United States of America; and

(iii) an IRS Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate ("Form 8038-T") properly signed and completed as of such Computation Date.

(d) Administration of Rebate Fund and Payment of Rebate.

(i) The Fiscal Agent will deposit or transfer to the credit of the Rebate Fund, pursuant to written direction from the Borrower, each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. Within five days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent will withdraw such funds from the Rebate Fund and pay such funds to the United States of America. The Fiscal Agent may conclusively rely on the written instructions of the Borrower with regard to any actions to be taken by it pursuant to this paragraph and will have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided herein, the Fiscal Agent will have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instructions related thereto.

(ii) Moneys and securities held by the Fiscal Agent in the Rebate Fund will not be deemed funds of the Governmental Note and are not pledged or otherwise subject to any security interest in favor of the owners of the Governmental Note to secure the Governmental Note or any other obligations.

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Fiscal Agent, at the written direction of the Borrower, in Qualified Investments, subject to the Code. The Fiscal Agent will sell and reduce to cash a sufficient amount of such Qualified Investments whenever the cash balance in the

Rebate Fund is insufficient for its purposes. In the absence of written direction from the Borrower, the Fiscal Agent will not be responsible or liable for keeping the moneys held as part of the Rebate Fund fully invested.

(iv) The Borrower will provide the Fiscal Agent and the Fiscal Agent will keep such records of the results of the computations made pursuant to this paragraph for a period of three years after the last Governmental Note and any tax-exempt obligations issued to refinance the Governmental Note is retired. The Fiscal Agent will keep and make available to the Governmental Lender and the Borrower such records concerning the investments of Gross Proceeds of the Governmental Note and the investments of earnings from those investments as may be requested by the Governmental Lender or the Borrower in order to enable the Borrower to make the computations required under section 148(f) of the Code.

(e) Correction of Underpayments. If the Borrower discovers or is notified as of any date that any amount required to be paid to the United States of America pursuant to this Agreement has not been paid as required or that any payment paid to the United States of America pursuant to this Agreement has failed to satisfy any requirement of section 148(f) of the Code or section 1.148-3 of the Regulations (whether or not such failure is due to any default by the Borrower, the Governmental Lender, or the Fiscal Agent), the Borrower will (i) deliver to the Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent to pay to the United States of America from the Rebate Fund (A) the Rebate Amount or Yield Reduction Payments due that the Borrower failed to pay, plus any interest specified in section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Fiscal Agent within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Fiscal Agent within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 100 percent penalty required by section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Fiscal Agent and the Governmental Lender a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Borrower will take such steps as are necessary to prevent the Governmental Note from becoming "arbitrage bonds" within the meaning of section 148 of the Code.

(f) Fees and Expenses. The Borrower agrees to pay all of the fees and expenses of Bond Counsel, the Rebate Analyst, and any other necessary consultant employed by the Borrower, the Fiscal Agent, or the Governmental Lender in connection with computing the Rebate Amount and the Yield Reduction Payments; provided that nothing herein will be construed as the Fiscal Agent being responsible for creating, preparing or reviewing any of the computations contemplated under this Agreement.

(g) Identification of Rebate Analyst. The initial Rebate Analyst for the Governmental Lender Note is [_____]. The contact information for the initial Rebate Analyst is:

Address: [_____]
Telephone: [_____]
E-mail: [_____]

If the Borrower determines to engage the services of a different Rebate Analyst, the Borrower will provide the name and contact information for such entity to the Governmental Lender within thirty days of engagement.

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

(i) Amounts Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Borrower will not be required to perform the obligations set forth in this "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Gross Proceeds of the Governmental Note have not been invested at a Yield that is "materially higher" than the Yield on the Governmental Note and therefore is not required to pay Yield Reduction Payments and/or (B) the Borrower has not earned any rebatable arbitrage and, therefore, is not subject to the rebate obligation set forth in section 148(f) of the Code. To the extent that the Borrower will not be required to perform such obligations, the Borrower will send written notice to the Fiscal Agent and the Governmental Lender within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Agreement requiring a payment to be made based on the Rebate Analyst's calculations showing a rebate being due, no payment will be made by the Fiscal Agent to the United States of America if the Borrower furnishes to the Governmental Lender and the Fiscal Agent a Favorable Opinion of Bond Counsel. In such event, the Borrower will be entitled to withdraw funds from the Rebate Fund to the extent provided in such Favorable Opinion of Bond Counsel.

(j) Fiscal Agent Reliance on Written Directions. The Governmental Lender and the Borrower agree that, in complying with the provisions set forth under this Agreement, the Fiscal Agent will be deemed to have complied with such provisions and will have no liability to the extent it materially follows the written directions of the Borrower, the Governmental Lender, or the Rebate Analyst.

16. Funds.

(a) Project Loan Fund. All of the Proceeds of the Governmental Note in the Project Account of the Project Loan Fund are expected to be invested and disbursed as described in the Funding Loan Agreement to pay Costs of the Project. The Borrower (i) reasonably expects to allocate at least 85 percent of the Net Proceeds of the Governmental Note to expenditures on capital projects of the Project prior to the date that is three years after the Issue Date of the Governmental Note, (ii) has incurred, or reasonably expects to incur within six months after the Issue Date of the Governmental Note, a binding obligation to a third party that is not subject to any contingencies within the control of the Borrower pursuant to which the Borrower is obligated to expend at least five percent of the Net Proceeds of the Governmental Note on capital projects of the Project, and (iii) reasonably expects that the acquisition, construction, and equipping of the Project will proceed with due diligence to completion and the Net Proceeds of the Governmental Note are reasonably expected to be expended on the Project with reasonable dispatch; therefore, all of such amounts may be invested without regard to Yield restriction. Any amounts not so expended prior to the applicable dates set forth in the preceding sentence will thereafter be invested at a Yield that is not "materially higher" than the Yield on the Governmental Note, except as set forth in the "Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments" subparagraph herein.

(b) Revenue Fund. Amounts on deposit in the Revenue Fund will be used for the purposes and in the order set forth in Section 4.03 of the Funding Loan Agreement. There is no assurance that amounts on deposit in the Revenue Fund will be available to pay debt service on the Governmental Note.

(c) Loan Payment Fund. Amounts on deposit in the Loan Payment Fund will be used for the purposes set forth in Section 4.04 of the Funding Loan Agreement. The Loan Payment Fund will be used primarily to achieve a proper matching of payments made pursuant to the Project Loan Agreement and debt service on the Governmental Note within each Bond Year. Any amounts in the Loan Payment Fund held for longer than 13 months will be invested in obligations the Yield on which is not "materially higher" than the Yield on the Governmental Note, except as set forth in the "Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments" subparagraph herein.

(d) Loan Prepayment Fund. Amounts on deposit in the Loan Prepayment Fund will be used for the purposes set forth in Section 4.05 of the Funding Loan Agreement. The Loan Prepayment Fund will be used to prepay all or a portion of the Governmental Note in accordance with Section 3.01 of the Funding Loan Agreement. Any amounts in the Loan Prepayment Fund will be used within 13 months of receipt of amounts in such account.

(e) Administration Fund. Amounts on deposit in the Administration Fund will be used for the purposes and in the order set forth in Section 4.06 of the Funding Loan

Agreement. There is no assurance that amounts on deposit in the Administration Fund will be available to pay debt service on the Governmental Note.

(f) Cost of Issuance Fund. Amounts on deposit in the Cost of Issuance Fund used for the purpose of paying Costs of Issuance, as set forth in Section 4.13 of the Funding Loan Agreement. Amounts remaining in the Cost of Issuance Fund after the payment of all Costs of Issuance, and in any event not later than six months following the Delivery Date of the Governmental Note, will be, to the extent such amounts represent amounts that are not Proceeds of the Governmental Note, transferred to the Borrower. There is no assurance that amounts on deposit in the Cost of Issuance Fund will be available to pay debt service on the Governmental Note.

(g) Rebate Fund. The Rebate Fund will be used in the event the Borrower is required to pay rebatable arbitrage earnings to the federal government, as described in the "Compliance with Rebate Requirements; Rebate Fund" paragraph above. Amounts on deposit in the Rebate Fund are not subject to the lien of the Funding Loan Agreement; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Governmental Note.

17. Replacement Proceeds. The Governmental Lender and the Borrower hereby represent as follows:

(a) No Sinking Funds. Other than the Loan Payment Fund and the Loan Prepayment Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Governmental Note.

(b) No Pledged Funds. Other than amounts in the Loan Payment Fund and the Loan Prepayment Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Governmental Note, or to a guarantor of the Governmental Note, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Governmental Note if the Governmental Lender encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Governmental Note.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Governmental Note because the Governmental Lender reasonably expects that the term of the Governmental Note will not be longer than is reasonably necessary for the governmental purpose of the Governmental Note. Furthermore, even if the Governmental Note were outstanding longer than necessary for the purpose of the Governmental Note, no Replacement Proceeds will arise because the Governmental Lender reasonably expects that no amounts will become available during the period that the Governmental Note remain outstanding longer than necessary based on the reasonable expectations of the Governmental Lender as to the amounts and timing of future revenues. The Governmental Note would be issued to achieve the governmental purpose of the

Governmental Note independent of any arbitrage benefit as evidenced by the expectation that the Governmental Note reasonably would have been issued if the interest on the Governmental Note were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate and that tax credits issued under section 42 of the Code would be available in connection therewith).

18. Not an Abusive Transaction. The Governmental Lender and the Borrower hereby represent as follows:

(a) General. A device has not been and will not be employed in connection with the issuance of the Governmental Note to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates. Furthermore, no action taken in connection with the Governmental Note is or will be an abusive arbitrage device by having the effect of (i) enabling the Governmental Lender or the Borrower to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Governmental Note over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Governmental Note are not invested in higher yielding investments over the term of the Governmental Note) and (ii) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Governmental Note, based on all the facts and circumstances. Specifically, (A) the primary purpose of each transaction undertaken in connection with the issuance of the Governmental Note is a bona fide governmental purpose; (B) each action taken in connection with the issuance of the Governmental Note would reasonably be taken to accomplish the governmental purposes of the Governmental Note if the interest on the Governmental Note were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Governmental Note); and (C) the Proceeds of the Governmental Note will not exceed by more than a Minor Portion the amount reasonably anticipated to be necessary to accomplish the governmental purposes of the Governmental Note and will in fact not be substantially in excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Governmental Note.

(b) No Sinking Fund. No portion of the Governmental Note has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Governmental Note.

(c) No Window. No portion of the Governmental Note has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Governmental Lender to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(d) No Disposition. No portion of the Project is reasonably expected to be disposed of while the Governmental Note are outstanding.

(e) No Overissuance. The Net Proceeds of the Governmental Note do not exceed the total amount necessary for the purposes of the Governmental Note. The issuance of the Governmental Note is necessary to achieve the 50% basis requirement of section 42 of the Code needed for the Borrower to receive low income housing tax credits, without which the Project could not be made available to low-income tenants.

19. The Project. The Borrower hereby represents and covenants as follows:

(a) The Project will be comprised of (i) Units, all of which will be rented to individuals or families for residential occupancy and none of which will be owner-occupied (other than any functionally related and subordinate Units used by management for the purpose of housing any reasonably required resident managers, security personnel or maintenance personnel for the Project) and (ii) facilities, all of which are functionally related and subordinate to the aforementioned Units (i.e., facilities that are of a size and character commensurate with the size and character of such Units). All Units are similarly constructed and offer fixtures of similar quality. All amenities that are part of the Project will be made available to all residential tenants and their guests on an equal basis, regardless of the rent charged for the Unit occupied by the residential tenant.

(b) There has been and will be no substantial deviation from the description and location of the Project and the Borrower, operator or manager set forth in the notice of hearing published with respect to the Governmental Note for purposes of satisfying the requirements of section 147(f) of the Code.

(c) The Project will be designed and equipped and will be owned, maintained and operated on a continuous basis in accordance with the Project Loan Agreement and the Regulatory Agreement. For purposes of this subparagraph, each of the enumerated types of facilities includes the interior furnishings of such facility (including the facility's plumbing, electrical and decorating costs) and the structural components required for the facility (including the facility's walls, ceilings and special enclosures). Each such enumerated type of facility includes only those normal components of the structure in which it is located, such as the structure's structural supports, to the extent that those components are required because of the facility. The recreational facilities, if any, included as part of the Project will be available only to residential tenants and their guests and no separate fee will be required for the use of such facilities.

(d) Except to the extent that any Unit is a single room occupancy unit under section 42 of the Code, each Unit will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. Specifically, each Unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, full-size refrigerator and sink, all of which are separate and distinct from the facilities included in other Units.

(e) The Project will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (i) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (ii) will be owned by the same person for federal income tax purposes, and (iii) will be financed pursuant to a common plan.

(f) Parking spaces included in the Project are functionally related and subordinate to the Units included in the Project in that they are no greater in number than is normally appropriate for a residential rental facility that is of the size of the Project. Only tenants, prospective tenants, guests of tenants, employees of the Borrower, and employees of the manager are expected to use these parking spaces.

(g) If the Project contains a clubhouse, exercise or similar recreational facility, such facility exists as a tenant amenity and may be used by any tenant free of any separate charge and will be constructed for the exclusive use of tenants of the Project and their guests. Such facility, if any, is of a character and size commensurate with the character and size of the Project and will not be open to the general public on a membership basis.

(h) The Project will not include any nonresidential or commercial space, including particularly, without limitation, any other space or facility not described in this paragraph.

(i) No continual or frequent skilled or unskilled nursing services will be available at the Project, although the tenants will be permitted to engage such services from providers that are not affiliated with the Borrower or the manager. Thus, neither the Borrower nor the manager, nor any Related Person to either the Borrower or the manager, will provide any assistance to any tenant in connection with his or her activities of daily living, other than concierge and valet services. The Project will not be licensed as a convalescent or nursing home, continuing care facility, personal care facility, special care facility or other assisted living facility under State law.

(j) On the Delivery Date, at least 50 percent of the Units in the Project are occupied.

20. Tenant Income Certifications. The Borrower hereby represents and covenants as follows:

(a) The Borrower will obtain and maintain tenant income certifications in a form that satisfies the requirements of section 1.103-8(b)(8) of the Regulations demonstrating that the 40-60 Test is met with respect to the occupied Units continuously throughout the Qualified Project Period. The Borrower expects that more than 10 percent of the Units in the Project will remain occupied throughout the rehabilitation of the Project and, as such, compliance with the 40-60 Test will not be required during the twelve-month "transition period" beginning on the Issue Date of the Governmental Note, as set forth in Revenue Procedure 2004-39, 2004 C.B. 49.

(b) The Borrower will ensure that each person who is intended to be a Qualifying Tenant will sign and deliver to the Borrower or a manager of the Project a tenant income certification in the form required by the Regulatory Agreement. In addition, the Borrower will ensure that such person will provide whatever other information, documents or certifications are deemed necessary to substantiate the tenant income certification.

(c) The Borrower will timely file, or take such actions as are necessary to cause any other person who is properly treated as the "operator" for purposes of section 142(d)(7) of the Code to file timely, the annual certifications described in section 142(d)(7) of the Code (currently, IRS Form 8703, Annual Certificate of Residential Rental Project).

(d) For a period of at least three years after the date the Governmental Note are retired, a tenant income certification in the form required by the Regulatory Agreement will at all times be maintained on file at the applicable location for the Project with respect to each Qualifying Tenant who resides or has resided in a Unit.

21. Form of Lease. The Borrower will ensure that the term of a lease of any Unit will be for a term of not less than six months, subject to the provision that any lease may be terminated if the tenant's physical condition no longer permits full-time residence in the Project; provided, however, that the form of lease to be utilized by the Borrower in renting any Units to a person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by such person to immediate eviction in accordance with applicable law for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the tenant income certification.

22. Change in Use. The Borrower acknowledges that any failure to satisfy the applicable requirements of sections 103 and 142 through 150, inclusive, of the Code, including the 40-60 Test, with respect to the Project will be treated as a change in use for purposes of section 150(b)(2) of the Code with the result that no deduction will be allowed for federal income tax purposes for interest paid by the Borrower with respect to the portion of the Project Loan that is allocable to Proceeds of the Governmental Note that accrues during the period beginning on the first day of the taxable year in which the Project fails to meet such requirements and ending on the date that the Project meets such requirements.

23. Cashflow Sufficiency. The Borrower reasonably expects that the cash flow from the Project on an annual basis (excluding cash generated from the investment of nonoperating funds or other investment funds maintained by the Borrower) will be sufficient to pay annual debt service on the Project Loan during each year. Accordingly, the Borrower expects that debt service on the Project Loan will not be paid, directly or indirectly, from non-operating or other investment funds maintained by the Borrower or any Related Person to the Borrower. Except for the funds described in the "Funds" paragraph above, the Borrower does not expect to create or establish, or otherwise set aside or dedicate, any fund or account that is expected to be used to pay principal of, or interest on, the Governmental Note or to be pledged, directly or indirectly, to the payment of principal of, or interest on, the Governmental Note. Investment Proceeds of the Bonds and

amounts earned from the investment of such Investment Proceeds will not be commingled with other receipts or revenues of the Borrower.

24. Post-Issuance Compliance Procedures. The Governmental Lender has implemented written post-issuance tax compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds are remediated according to the requirements under the Code and Regulations and to monitor the requirements of section 148 of the Code. A copy of the Governmental Lender's then-current post-issuance tax compliance procedures is and will be available on the Governmental Lender's website during the term of this Agreement. If the Governmental Lender's website is not available, a copy of the then-current post-issuance tax compliance procedures will be made available to the Borrower, upon request. The Borrower agrees to take such actions as required therein to be taken by the Borrower to maintain compliance with requirements in the Code. In the event that the terms of the Governmental Lender's post-issuance tax compliance procedures conflict with the terms of this Agreement, the terms of this Agreement will control.

25. Record Retention. The Borrower and the Fiscal Agent (to the extend the Fiscal Agent received such records in accordance with the terms of the Project Loan Documents) will retain or cause to be retained all pertinent and material records relating to any formal elections made for purposes of federal income tax law; the use of the Project; the investment, use and expenditure of the Proceeds of the Governmental Note; and the calculation of rebate in connection with the Governmental Note until three years after the Governmental Note, including any tax-exempt obligations issued to refinance the Governmental Note, are redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Governmental Lender to retrieve and reproduce such books and records in the event of an examination of the Governmental Note by the IRS.

26. Examination by IRS. The Borrower acknowledges that, in the event of an examination by the IRS of the excludability of interest on the Governmental Note from the gross income of the owners thereof for federal tax purposes, the Governmental Lender will likely be treated as the "taxpayer", and the Borrower agrees to respond in a commercially reasonable manner on behalf of, and at the direction of, the Governmental Lender (and in consultation with the Fiscal Agent, who will have the right to participate in all related proceedings (including tax court challenges and appeals)) to such examination and to pay the costs of the counsel selected by the Governmental Lender to provide a defense regarding the exclusion of the interest on the Governmental Note from the gross income of the owners thereof for federal income tax purposes. THE BORROWER WILL INDEMNIFY AND HOLD HARMLESS THE GOVERNMENTAL LENDER AND THE FISCAL AGENT AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE GOVERNMENTAL LENDER AND THE FISCAL AGENT (INCLUDING THE COST OF THE GOVERNMENTAL LENDER'S AND THE FISCAL AGENT'S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL

MISCONDUCT, BAD FAITH, OR FRAUD OF THE GOVERNMENTAL LENDER (WITH RESPECT TO INDEMNIFICATION OF THE GOVERNMENTAL LENDER) OR THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE FISCAL AGENT (WITH RESPECT TO INDEMNIFICATION OF THE FISCAL AGENT).

27. Term. The obligations of the Governmental Lender, the Borrower and the Fiscal Agent, under this Agreement will survive the defeasance and discharge of the Governmental Note for as long as such matters are relevant to the excludability from gross income of interest on the Governmental Note for federal income tax purposes. The indemnification provisions set forth in section 26 will survive the defeasance and discharge of the Governmental Note and/or resignation of the Fiscal Agent.

28. Amendments.

(a) To the extent any amendments to the Code or the Regulations, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Agreement, this Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as will be necessary to document such automatic amendment hereof.

(b) To the extent that the Code or the Regulations, or any amendments thereto, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Agreement, this Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Governmental Lender, the Fiscal Agent and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All reasonable costs, including fees and out-of-pocket expenses actually incurred by the Governmental Lender and the Fiscal Agent, in connection with an amendment to this Agreement will be paid by the Borrower and its successors in interest.

29. Remedies. The Governmental Lender, the Fiscal Agent, and the Borrower each hereby agrees that the remedies available under the terms of the Funding Loan Agreement and the Project Loan Agreement apply upon the occurrence of an Event of Default (as defined under the Funding Loan Agreement or the Project Loan Agreement, as applicable) resulting from an action or omission of an action by any party hereunder with respect to any provision of this Agreement.

30. Miscellaneous.

(a) Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such provision will not affect any of the remaining provisions hereof.

(b) Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

(c) Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto will be deemed given on the date on which the same will have been mailed by registered or certified mail, postage prepaid, addressed to such parties at the addresses set forth in the Funding Loan Agreement and the Project Loan Agreement, as applicable.

(d) Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement bind and inure to the benefit of the respective successors and assigns of the Governmental Lender, the Borrower, and the Fiscal Agent.

(e) Headings. The headings of this Agreement are inserted for convenience only and will not be deemed to constitute a part of this Agreement.

(f) Governing Law; Venue. This Agreement is governed by the laws of the State, without regard to the choice of law rules of the State. Venue for any action under this Agreement will lie within the district courts of the State, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

(g) Fiscal Agent. Every provision of this Agreement relating to the conduct of, or affecting the liability of, or affording protection to, the Fiscal Agent shall be expressly subject to the Funding Loan Agreement. Without limiting the foregoing, the Fiscal Agent will only act as specifically provided herein, subject to the express terms and conditions set forth in the Funding Loan Agreement.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Governmental Lender, the Borrower and the Fiscal Agent (but, as for the Fiscal Agent, it is only agreeing to sections 2(c), 14, 15, and 26 through 30) have caused this Agreement to be executed and delivered by duly authorized officers thereof as of Delivery Date.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, as Governmental Lender

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to the Board

MURDEAUX REHAB DEVELOPMENT, LP,
a Texas limited partnership

By: Murdeaux Rehab Development GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Name: _____
Title: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Fiscal Agent

By:_____
Name: _____
Title: _____

EXHIBIT A

CERTIFICATE OF INITIAL FUNDING LENDER

I, the undersigned authorized signatory of International Bank of Commerce (the "Initial Funding Lender"), make this certificate in connection with the Texas Department of Housing and Community Affairs Governmental Note (Murdeaux Villas) Series 2026 (the "Governmental Note"). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Agreement to which this Exhibit A is attached (the "Tax Exemption Agreement"). I hereby certify as follows as of the Issue Date of the Governmental Note:

1. I am the duly chosen, qualified and acting authorized signatory for the Initial Funding Lender; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Initial Funding Lender.

2. The Initial Funding Lender is not acting as an Underwriter with respect to the Governmental Note. The Initial Funding Lender has no present intention to sell, reoffer, or otherwise dispose of the Governmental Note (or any portion of the Governmental Note or any interest in the Governmental Note); provided, however, that Initial Funding Lender has the right to transfer the Governmental Note as provided in the Funding Loan Agreement. The Initial Funding Lender has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Governmental Note, and the Initial Funding Lender has not agreed with the Governmental Lender pursuant to a written agreement to sell the Governmental Note to persons other than the Initial Funding Lender or a Related Party to the Initial Funding Lender.

3. The Initial Funding Lender has purchased the Governmental Note from the Governmental Lender for an aggregate purchase price of $[5,000,000] (the "Issue Price"), which price includes no amounts representing interest accrued on the Governmental Note prior to the Issue Date of the Governmental Note.

4. For purposes of this Certificate of Initial Funding Lender, the following definitions apply:

(a) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(b) "Related Party" means any two or more persons who are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity

is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(c) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Governmental Lender (or with the lead underwriter to form an underwriting syndicate) to participate in any initial sale of the Governmental Note to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in any initial sale of the Governmental Note to the Public (including a member of a selling group or a party to a retail distribution agreement participating in any initial sale of the Governmental Note to the Public).

The Governmental Lender may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Governmental Note from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Governmental Note as excludable from gross income for federal income tax purposes and the preparation of the Form 8038; provided, however, that nothing herein represents our interpretation of any laws and, in particular, Regulations under section 148 of the Code.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Initial Funding Lender has been duly executed as of the Delivery Date.

INTERNATIONAL BANK OF COMMERCE, a Texas state banking corporation, as Initial Funding Lender

By: _____
Name: _____
Title: _____

Signature Page to Certificate of Initial Funding Lender

EXHIBIT C

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of CSG Advisors Incorporated (the "Financial Advisor"), make this certificate in connection with the $[5,000,000] Texas Department of Housing Community Affairs Multifamily Housing Governmental Note (Murdeaux Villas) Series 2026 (the "Governmental Note"). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Agreement to which this Exhibit B is attached (the "Tax Exemption Agreement"). I hereby certify as follows as of the Issue Date of the Governmental Note:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor.

2. The Issue Price plus any Pre-Issuance Interest on the Governmental Note, based on the representations of the International Bank of Commerce in the Certificate of Initial Funding Lender attached as Exhibit A to the Tax Exemption Agreement, is not more than $[5,000,000].

3. The Financial Advisor computed the Yield on the Governmental Note, based on the Issue Price and assuming monthly compounding, a fixed rate of interest of [____] percent per annum to the maturity date of [_____], to be [Bond Yield] percent and the Yield on the Loan to be [Loan Yield] percent. Accordingly, the Yield on the Loan does not exceed the Yield on the Governmental Note by more than 1.5 percentage points.

4. For purposes of determining the Yields in paragraph 3 above, the Financial Advisor has performed certain calculations relating to the Governmental Note and the Project Loan. Such calculations are attached hereto as Schedule I. The Financial Advisor hereby represents that such calculations are based on assumptions and methodologies provided by Bond Counsel and are in all material respects consistent with the assumptions and methodologies set forth in the "Yield on the Governmental Note" and "Yield on the Project Loan" paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Governmental Lender, which the Financial Advisor, based on its experience with similar transactions, has no reason to believe are not reasonable in light of the relevant facts and circumstances. To the best of the Financial Advisor's knowledge, as of the Issue Date of the Governmental Note, no fact or circumstance has come to the Financial Advisor's attention that conflicts with the assumptions, information and estimates described in the preceding sentence.

5. As shown in Schedule I attached hereto, the Financial Advisor computed the Weighted Average Maturity of the Governmental Note, calculated in accordance with the provisions of the Tax Exemption Agreement, to be [WAM] years.

6. The Financial Advisor represents that to the best of its knowledge as of the Issue Date of the Governmental Note, the statements set forth in paragraphs (a) through (c) of the "Not An Abusive Transaction" paragraph of the Tax Exemption Agreement are true.

The Governmental Lender may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Governmental Note from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Governmental Note as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Financial Advisor has been duly executed as of the Delivery Date.

CSG ADVISORS INCORPORATED

By:_____
Name:_____
Title:_____

SCHEDULE I

TO CERTIFICATE OF FINANCIAL ADVISOR

EXHIBIT D

SCHEDULE OF PROJECT LOAN COSTS

Paid Prior to Closing

Application Fee	$6,020

Annual Fees

Governmental Lender Administrative Fee (beginning May 1, 2026)	0.10% per annum of the aggregate principal amount of the Governmental Note outstanding
Governmental Lender Compliance Fee (beginning May 1, 2026)	$7,525

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1316 **Agenda Date:** 2/5/2026 **Agenda #:** 14.

Presentation, discussion, and possible action regarding a Material Amendment to the Land Use Restriction Agreement for The Heights at 8721 (HTC #20486)

RECOMMENDED ACTION

WHEREAS, The Heights at 8721 formerly known as Old Manor Senior (the Development) received a 4% Housing Tax Credit (HTC) award in 2020 for the new construction of 207 multifamily units, all of which are designated as low-income units, for the elderly, in Austin, Travis County;

WHEREAS, ECG Old Manor, LP (the Development Owner or Owner) represented at application and also executed a Land Use Restriction Agreement (LURA) reflecting a limitation for the elderly population;

WHEREAS, due to severe and ongoing occupancy challenges attributed largely to the elderly demographic restriction, the Development Owner requests to amend LURA to remove the current elderly restriction and instead allow for general occupancy for all ages with all committed incomes and rent limits remaining in place;

WHEREAS, 10 TAC §10.405(b)(2)(C) requires approval by the Board if there is a change to the Target Population; and

WHEREAS, the Development Owner has complied with the amendment requirements in 10 TAC §10.405(b), including holding a public hearing;

NOW, therefore, it is hereby.

RESOLVED, that the requested material LURA amendment for The Heights at 8721 is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

The Heights at 8721 formerly known as Old Manor Senior received a 4% Housing Tax Credit (HTC) award in 2020 for the construction of 207 multifamily units, in Austin, Travis County. All the units in the Development are low-income units, and the target population is the elderly. The Elderly Limitation requirement in the LURA is the following:

- As determined by the HUD Secretary, is specifically designed and operated to assist elderly persons as defined in and provided under any Federal, State, or local government programs; or
- Is intended for, and solely occupied by persons who are 62 or older; or
- Is intended and operated for occupancy by at least one person 55 years of age or older per Unit, where at least 80% of the total housing Units are occupied by at least one person who is 55 years of age or older; and adheres to policies and procedures which demonstrate an intent by Development Owner and manager to provide housing for persons 55 years of age or older.

The Development is required to lease 100% of the units to individuals and families whose incomes do not exceed 60% of the area median gross income.

Construction of the Development was completed in 2024, and the cost certification documentation for the Development has been submitted by the Owner and is currently under review by the Department.

In a letter as of October 21, 2025, C. Hunter Nelson, representative for the Owner, requests approval to modify the current elderly restriction to allow general occupancy for all ages. Mr. Nelson explained that the change is necessary due to the fact that, despite the project's high quality and low rents, lease-up has been significantly slower than anticipated, with current occupancy only at 62%. The underperformance and lack of traffic is something that the developer has not experienced in the more than 50 HTC properties that they have developed nationwide to date. The Owner indicated that, in response at the Development, they have implemented a range of targeted strategies to improve occupancy, including offering generous lease concessions, reducing rents well below the 60% AMI maximums, making staffing changes, and more. However, the property is failing to reach stabilization, and the Development continues to face severe and ongoing occupancy challenges attributed largely to the elderly demographic restriction. The amendment request letter further explains that the community would continue to house elderly residents, but population flexibility and access to a broader resident pool would allow the property to lease-up, stabilize and operate feasibly for decades to come. Without this consideration, the Owner fears the property is not financially or operationally feasible. While the construction lender has extended loan maturity to 2026, the anticipated financial cures are severe and not realistic. This, combined with the loss of equity due to a limitation on the Owner's ability to fully claim the tax credits, creates a catastrophic scenario for the Owner.

The amendment request included an updated Market Analysis from the Gill Group. The market study prepared by Samuel T. Gill in October 2025 evaluated market conditions for the property under both the elderly-restricted and a general occupancy scenario for consideration by the Department. The Market Analysis demonstrates that the subject property is fundamentally misaligned with demand under its current elderly restriction. The study indicates that the property does not meet the Department's base gross capture rate (GCR) threshold of 10%, which may be increased to 15% only in MSAs over one million population where the average

occupancy of stabilized affordable housing within a 20-minute drive time exceeds 92.5%. Senior properties within the 20-minute drive time average 83.5% occupancy, well below the 92.5% requirement, meaning the subject property cannot qualify for the elevated 15% allowance and must be measured against the 10% base threshold. Against this standard, the subject property's inclusive capture rate of 18% fails both the 10% and even the 15% tests. The study also indicates that there are 228 vacant senior units already competing in the market and reflects a penetration rate of 320.6% for this property based on only 109 income-eligible senior households. In short, the study indicates that the senior segment is oversupplied, structurally weak, and unable to support the subject.

By contrast, the family scenario in the Market Analysis meets all QAP requirements. Stabilized affordable properties within the 20-minute drive average 96.2% occupancy, thereby qualifying for the elevated 15% GCR. The subject property, if converted to general occupancy, would reflect an inclusive capture rate of 7.4% (simple 5.1%), comfortably below both the 10% base threshold and the 15% allowance.

The Development Owner held a public hearing at an offsite location on January 6, 2026, to discuss the proposed change to the designation from senior to general. Ten residents attended the hearing, and representatives of the Development Owner received feedback and answered questions regarding the change in residency requirements. Several comments of concern were made about the proposed switch, including about the level of security, management issues at the property, and lack of common area for children. In addition, the Department received written correspondence from several tenants expressing their opposition to this amendment.

Due to financial infeasibility and a potential for default on the financing and possible loss of LIHTC affordable units through foreclosure by the lender, staff recommends a conditional approval of the requested material amendment to the LURA for the Development. As a condition for this approval, the Department is recommending and the Owner has agreed to provide written notice to all households residing at the Development by March 31 2026, that there will be no penalty under their lease for terminating the lease early if the household provides the Owner by May 31, 2026, that they wish to terminate the lease early and providing an effective termination date because of the property switching from an Elderly Development to a General Development. Likewise, a notice will be provided to any household on the waiting list by March 31, 2026 that the Development is switching to a general development and that if the household notifies the Owner by May 31, 2026 that they wish to be taken off of the waiting list, any nonrefundable deposit or application fee will be refunded to the household.

ELMINGTON

October 21st, 2025

Hunter Nelson

Managing Member

ECG Manor SLP, LLC

1030 16th Ave S, Suite 500, Nashville, TN 37212

Mr. Rosalio Banuelos

Director of Multifamily Asset Management

Texas Development of Housing and Community Affairs

221 East 11th Street, Austin, TX 78701

Mr. Banuelos,

I am writing on behalf of Old Manor, LP, the partnership for Old Manor Senior (TDHCA #20486), which is now operating as "The Heights at 8721". This 207-unit new construction community, located at 8721 Eastern Heights Blvd, Austin, TX 78724, provides affordable housing for elderly residents (55+).

Despite the project's high quality and low rents, lease-up has been significantly slower than anticipated, with current occupancy only at 62%, and the property is failing to reach stabilization. For the sustainability of the community, **we respectfully request that TDHCA allow the removal of the elderly population restriction within the LURA so the property may also serve a general family population.** The community would continue to house elderly residents, but population flexibility and access to a broader resident pool would allow the property to lease-up, stabilize and operate feasibly for decades to come. Without this consideration, we fear the property is not financially or operationally feasible.

The underperformance and lack of traffic is something that Elmington hasn't experienced in the 50+LIHTC properties nationwide that we have developed to date. In response at Old Manor Senior, we have implemented a range of targeted strategies to improve occupancy, including offering generous lease concessions, reducing rents well below the 60% AMI maximums, making staffing changes, and more. The high vacancy rates at Old Manor Senior, largely driven by the senior-only occupancy restriction, reduces Net Operating Income, making it increasingly difficult to meet operating expenses, comply with loan obligations, and maintain financial stability. Additionally, sustained low occupancy places our LIHTCs at risk as non-compliance with lease-up requirements jeopardize our ability to fully claim the credits. These issues must be addressed promptly to ensure the development may continue to serve Austin's affordable housing needs.

In addition to our property specific data and observations, our portfolio-wide data from our Austin properties strongly reinforces that the age restriction at this community is the driving factor hindering lease-up. Our two comparable family-oriented communities in lease-up in Austin, Yager Flats and Capital View Flats, leased at a significantly faster pace.

Without removing the elderly restriction, Old Manor Senior is not sustainable. While the construction lender has extended loan maturity to 2026, the anticipated financial cures are severe and not realistic. This, combined with the loss of equity from reduced equity, creates a catastrophic scenario for ownership.

We are requesting TDHCA to support ownership submitting a Material Amendment Request to remove the elderly age restriction. Thank you.

Regards,



C. Hunter Nelson

Managing Member, ECG Manor SLP, LLC

President, Elmington Affordable, LLC

Updated Market Analysis

ECG Manor SLP, LLC engaged Gill Group to complete a market study of Old Manor Senior, aka The Heights at 8721 in Austin, Texas. The analysis, prepared by Samuel T. Gill in October 2025, was specifically intended to evaluate market conditions for the property under both an elderly-restricted and a general occupancy (family) scenario for consideration by TDHCA.

The Market Study demonstrates that the subject property is fundamentally misaligned with demand under its current elderly restriction. TDHCA's QAP (§11.302(i)(1)) establishes a base gross capture rate (GCR) threshold of 10%, which may be increased to 15% only in MSAs over one million population where the average occupancy of stabilized affordable housing within a 20-minute drive time exceeds 92.5% (§11.303(d)(10)(E)(iv)). Senior properties within the 20-minute drive average only 83.5% occupancy, well below the 92.5% requirement, meaning the subject cannot qualify for the elevated 15% allowance and must be measured against the 10% base threshold. Against this standard, the subject's inclusive capture rate of 18.0% fails both the 10% and even the 15% tests. This outcome is reinforced by 228 vacant senior units already competing in the market, the subject's own 59% vacancy at the time of the study (122 units), and a penetration rate of 320.6% based on only 109 income-eligible senior households. In short, the senior segment is oversupplied, structurally weak, and demonstrably unable to support the subject.

By contrast, the family scenario meets all QAP requirements. Stabilized affordable properties within the 20-minute drive average 96.2% occupancy, thereby qualifying for the elevated 15% GCR. The subject, if converted to general occupancy, would reflect an inclusive capture rate of 7.4% (simple 5.1%), comfortably below both the 10% base threshold and the 15% allowance. Penetration rates confirm the strength of the family market, with over 1,800 income-eligible renter households at 60% AMI compared to only 109 for seniors. Affordable family comparables report 8.3% vacancy versus 25.9% among senior comparables, highlighting the stability and depth of family demand.

The broader market data reinforces these conclusions. The study identifies a total of 552 surveyed senior units in the primary market area, with 143 of them vacant, reflecting a persistent vacancy rate of nearly 26%. Several senior communities—such as the Village at Fiskville (28% vacant), Sunday Village (30% vacant), and Village at Collinwood (24% vacant) – remain years after opening without achieving stabilization. Property managers report that concessions and rent adjustments have not meaningfully improved performance, suggesting the weakness is structural rather than cyclical. The subject's own 59% vacancy rate places it squarely within this broader trend, confirming that it is not an isolated issue. Conversely, family developments show markedly different outcomes. Among 1,058 surveyed affordable family units, only 85 are vacant, yielding a vacancy rate of 8.3% – less than one-third of the senior vacancy rate. Family properties like Residences at Decker (4% vacancy), Eagles Landing (2% vacancy), and Reserve at Springdale (5% vacancy) demonstrate durable demand and consistently stabilized operations. Moreover, when supply is compared to the eligible household base, the differences become starker: senior penetration exceeds 320%, signaling oversaturation, while family penetration is balanced against a large pool of over 1,800 income-qualified households at 60% AMI. These conditions validate the capture rate findings, showing that senior demand is fundamentally insufficient while family demand is strong, resilient, and capable of absorbing the subject's units in compliance with QAP thresholds.

The Market Study's conclusion is clear: as an elderly-restricted project, the subject fails TDHCA's QAP standards at every level – it does not qualify for the elevated 15% test due to weak senior occupancy, it materially exceeds the 10% base threshold with an 18.0% capture rate, and it suffers from excessive penetration relative to eligible households. As a family project, it passes both capture thresholds, demonstrates materially lower penetration, and aligns with a proven pattern of stabilized occupancy across comparable assets. The evidence is overwhelming that the senior restriction is proven inconsistent with the QAP framework and market realities, while conversion to family aligns the project with demand and ensures its long-term viability.

Property Occupancy Trends

Old Manor Senior has been experiencing persistent lease-up challenges since leasing efforts began in summer 2024. Of the 207 total units, only 129 are currently occupied, placing the property at just approximately 62% leased, with 38% of the units remaining vacant. The low occupancy rates are creating significant financial strain on the development.

This prolonged vacancy rate is having a significant negative impact on the property's operating income, resulting in substantial underperformance relative to our initial projections. The combination of low operating income and high expenses is causing Old Manor Senior to incur financial losses.

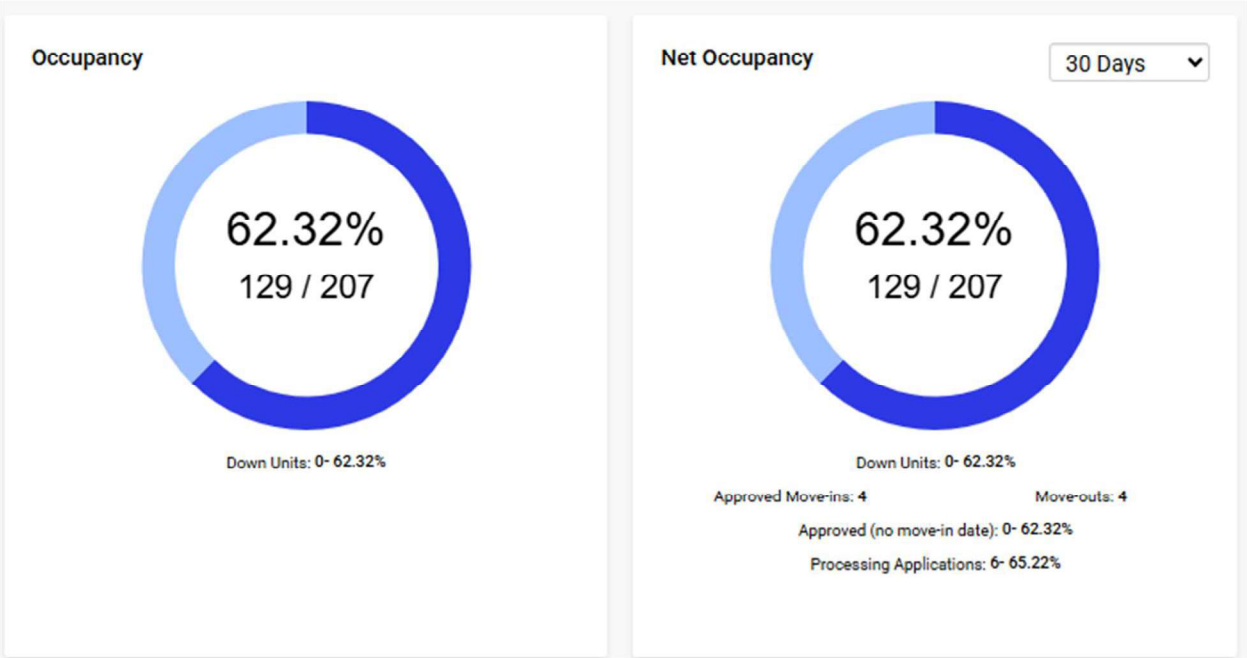
The low occupancy rates stand to have a significant effect on the project's financial sources. Our permanent debt financing is contingent upon Old Manor Senior achieving 90% occupancy for a consecutive 90 days, which isn't realistic based on current trends.

By contrast, our other affordable housing developments in the Austin market are performing notably better. Capital View Flats (21436) is currently 95% occupied and will convert in late 2025. Yager Flats (21435) has reached 99% occupancy and will convert in late 2025. Neither of these properties are subject to an elderly restriction.

Under the current guidelines of the Land Use Restriction Agreement (LURA), Old Manor Senior is permitted to lease up to 20% of its units, equating to 41 apartments, to individuals under the age of 55. At present, all these non-senior units are fully occupied, highlighting a strong and ongoing demand for affordable housing options for non-elderly residents in the area.

Given the strong demand we're seeing for non-age-restricted apartments in Old Manor Senior and our other communities, it's evident that the elderly restriction at Old Manor Senior is the primary barrier to achieving stabilization occupancy. The limited tenant pool created by this restriction is not aligned with the housing needs of this Austin submarket.

Removing the age restriction would allow Old Manor Senior to, not only help the property reach to financial feasibility, but to better meet the housing needs of the Travis County population.



Rental Rates

Due to persistently low occupancy at Old Manor Senior, we have significantly reduced our asking rents to remain competitive and attract qualified tenants. The property offers a mix of one- and two-bedroom units, all of which are restricted to 60% AMI prices per the LURA.

When lease-up began in 2024, we were unable to achieve max 60% LIHTC rents. Old Manor Senior's one-bedroom units were priced at $1,140 and two-bedroom units at $1,370. However, as leasing challenges continued, rental rates were gradually reduced to attempt to capture demand. By January 2025, pricing had dropped as low as $799 for one-bedroom

units and $999 for two-bedroom units. Despite the substantial price reduction, occupancy levels did not improve, indicating that the issue stems from the population rather than pricing. Today our current rent prices are $999 for one-bedroom units and $1,299 for two-bedroom units.

The fluctuation in our rent levels has had a negative impact on our revenue stream. The original pricing of our one- and two-bedroom units was structured to meet our debt service obligations. However, the rent variability driven by market conditions and occupancy constraints has caused our NOI to fall below the minimum debt service coverage ratio required by our financing agreements.

This decline in NOI presents a significant financial risk as it will create massive loan sizing adjustments and jeopardize loan compliance. Maintaining a healthy DSCR is essential not only for ongoing operations, but also for ensuring long-term financial stability.

Removing the senior-only restriction at Old Manor Senior would allow the property to align more closely with current market demand and increase leasing volumes. Expanding eligibility to the broader affordable housing population in Austin would increase occupancy, support a return to sustainable rental rates, and restore the property's financial stability. This change is essential to ensuring the long-term viability of the development and its continued ability to serve the affordable housing needs of the community.

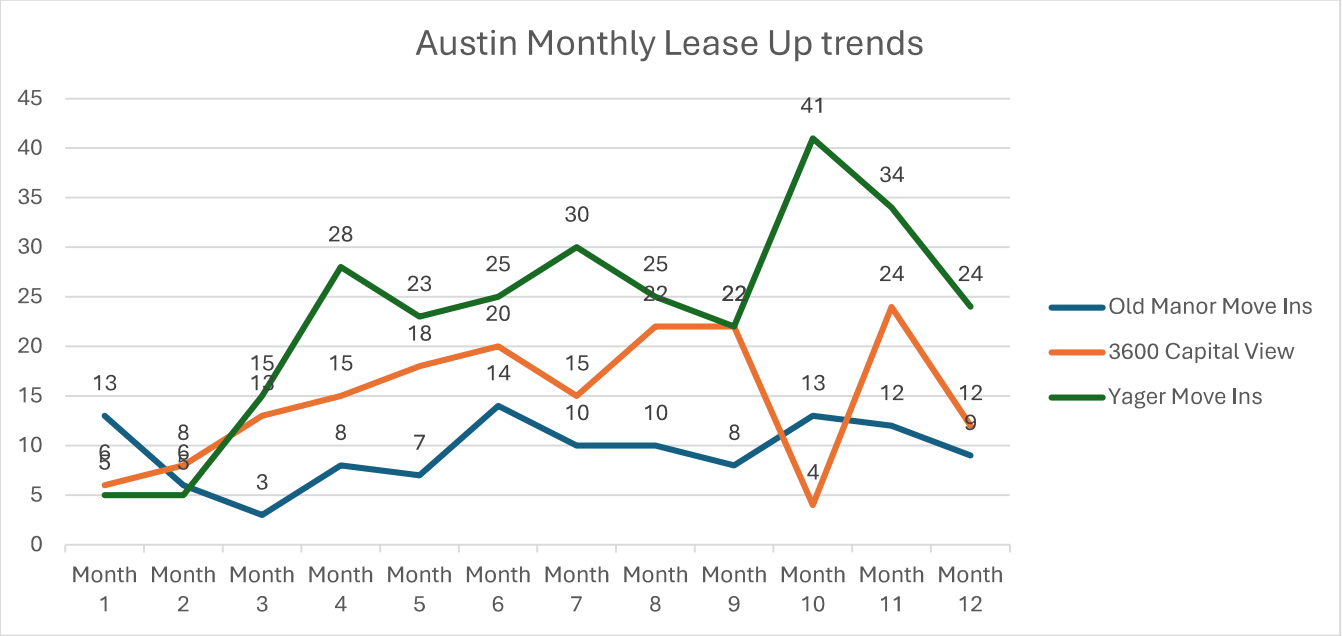
Absorption

Old Manor Senior has experienced consistently low leasing activity since opening. As of today, only 129 units are currently leased out of 207 total units. In both 2024 and 2025 to date, the property has averaged just 9 move-ins per month during its first 12 months. The property also exhibits consistent amounts of move outs per month. These two factors produce a move-in rate significantly below that of our other Austin developments.

By comparison, Yager Flats averaged 23 leases per month during its first year. Capital View Flats averaged 15 leases per month during its first year.

The disparity of move-ins per month is largely due to the senior restriction placed on Old Manor Senior. The limitation has significantly narrowed the eligible tenant pool, despite the strong demand for affordable housing in the area, demonstrated by our other affordable housing projects in Austin. It is imperative that we accelerate lease-up at the property.

By lifting the age restriction, Old Manor Senior would immediately generate greater traction from Austin's affordable housing community, increasing the number of move-ins per month. A higher number of move-ins per month would increase our occupancy rates, while allowing rental prices to return to a more sustainable level gradually over time. As a result, the overall financial health of the project will improve, allowing the development to effectively serve the community for years to come.



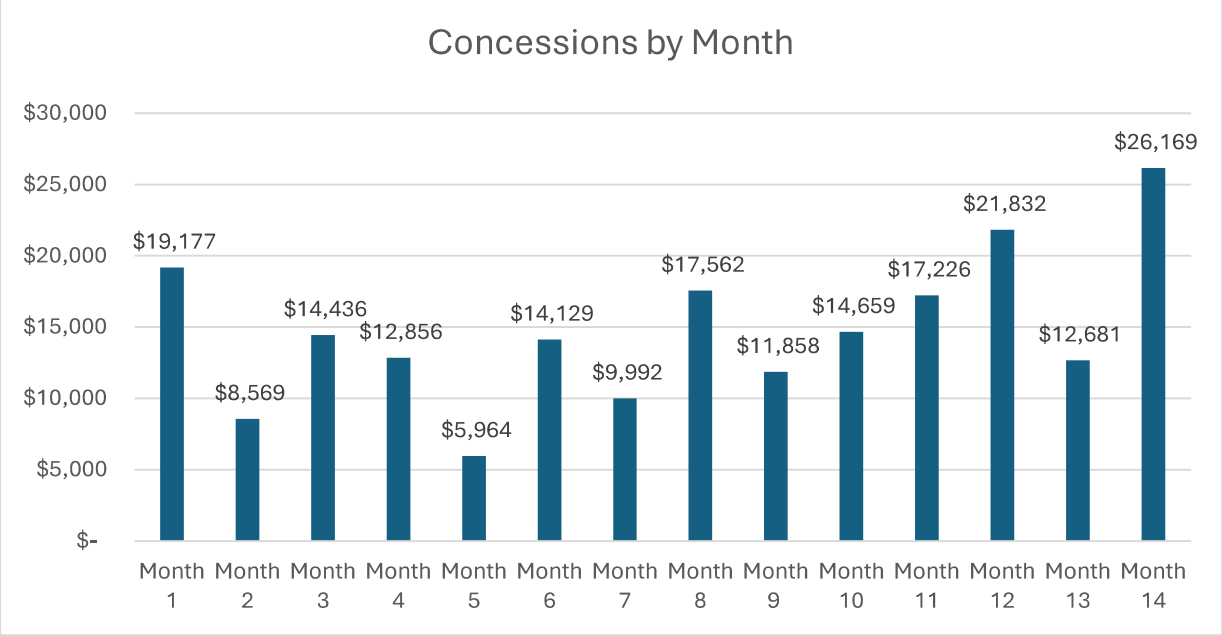
Concessions

Old Manor Senior's low move-ins by month have caused ownership to offer generous concessions on leases. The goal of offering these financial incentives is to attract new tenants quicker, helping to lease-up the vacant units.

Old Manor Senior's concessions began in 2024. We began offering 1-month free rent to attract new tenants. However, this was insufficient to attract new tenants. In the last year we have tripled the number of concessions we offer. New residents are now eligible for 3 months' free rent, totaling approximately $3,600 per new tenant. To date we have eclipsed $200,000 dollars in discounted rent concessions.

Our experience with previous developments has demonstrated that offering competitive lease concessions can effectively drive move-ins and support the development's occupancy goals. However, even with the concessions Old Manor Senior is just 62% occupied. The large concessions combined with low occupancy rates are putting massive amounts of financial challenges on the development. The elderly age restriction is significantly limiting the eligible tenant pool, thereby diminishing the impact of these incentives.

Removing the elderly restriction would enhance leasing performance and also enable ownership to gradually reduce concessions and setup the property for long-term financial sustainability.



Marketing Efforts

Elmington is dedicated to maximizing the potential of our properties through strategic and consistent marketing efforts. Our property management division, Elmington Property Management, develops customized marketing plans tailored to the unique needs of each developments' communities.

Our comprehensive marketing strategies include analyzing local market trends, identifying and targeting underrepresented demographic groups, engaging with local organizations, leveraging internet platforms, and more. To ensure effectiveness, Elmington Property Management conducts weekly performance reporting and periodic on-site visits to evaluate and adjust our marketing efforts as needed.

To address the current vacancy levels at Old Manor Senior, Elmington Property Management has implemented a comprehensive, multi-channel marketing strategy that integrates both digital and physical outreach efforts. This approach is designed to enhance property visibility, attract qualified leads, and improve leasing performance.

On the digital front, Elmington utilizes three key platforms: Conversion Logix, SOCI, and Maven AI. Conversion Logix manages our targeted online advertising campaigns across platforms such as Facebook, Instagram, and YouTube. These campaigns are performance-driven and track key metrics such as advertisement impressions and click-through rates. Last month, Facebook ad impressions increased by 21%, totaling 95,764 impressions with 1,296 user clicks. YouTube ad impressions rose by 27%, accompanied by a 3% click-through rate. We currently allocate approximately $4,800 per month to Conversion Logix to drive qualified internet traffic to the Old Manor Senior website.

SOCI is a lead generation and search optimization tool that helps us monitor and leverage keyword trends related to affordable housing. On average, this platform generates 950 leads per month. For instance, Elmington pays to be associated with high-value search terms such as "Affordable Apartments in Austin," allowing our property to appear prominently in relevant online searches. SOCI ensures that our content is aligned with

commonly used keywords, thereby enhancing our digital visibility and increasing the likelihood of engagement from prospective residents.

Maven AI supplements these efforts by providing valuable data on user behavior. The platform tracks phone calls made to the property, online direction requests, and map views. Over the past three months, Old Manor Senior has averaged 950 phone calls, 400 direction requests, and 575 map views per month. This data allows us to assess the effectiveness of our marketing campaigns from a behavioral standpoint and informs ongoing adjustments to our strategy.

In addition to digital marketing, Elmington has expanded its physical marketing efforts in response to elevated vacancy rates. We recently commissioned two billboards in strategically selected locations near the property to increase awareness. A direct mail campaign was also distributed to surrounding neighborhoods to capture local interest. On-site, we have installed new branded signage and large promotional banners to further enhance the property's visibility and curb appeal. These physical initiatives are intended to complement our digital outreach and generate increased traffic to Old Manor Senior.

Removing the age restriction at Old Manor Senior will significantly increase the effectiveness of our marketing efforts by broadening our target audience. This change would enable us to market the community to a wider segment of Austin's affordable housing population, expanding our outreach and allowing us to better serve individuals and families in need of rent-restricted housing.

Traffic

In preparation for this appeal, we conducted a review of our applicant denial data at Old Manor Senior to better understand the extent to which the current age restriction may be contributing to ongoing lease-up challenges.

Our internal data strongly suggests that the senior-only restriction is a significant barrier to occupancy at Old Manor Senior. Even without marketing to the general population, we are

receiving a steady stream of interest from non-senior applicants, highlighting a clear demand for affordable housing that our current restriction prevents us from meeting.

Lifting the age restriction would allow us to serve a broader segment of the community, making a more significant impact for the people of Austin. We are confident that opening the property to the full affordable housing population would result in far less denials and will contribute to long term tenant growth.

Conclusion

In conclusion, the evidence is clear and consistent that the current community is not meeting the affordable housing needs of Austin / Travis County and that the community is not financially sustainable. Under its current elderly restriction, Old Manor Senior fails both the base 10% and conditional 15% capture rate tests, faces chronic oversupply with senior comparables averaging only 83.5% occupancy, and is unable to stabilize despite deep concessions, marketing efforts, and management interventions. By contrast, the family scenario demonstrates compliance under all QAP standards, with an inclusive capture rate of 7.4%, strong market penetration, and comparables stabilized at 96% occupancy. Converting from elderly to a general population ensures the property aligns with actual market demand, restores financial viability, preserves financial compliance, and most importantly, activates much-needed affordable housing units for Austin citizens. For these reasons, we respectfully request TDHCA's support to remove the elderly restriction and allow Old Manor Senior to operate as a family LIHTC community.

Exhibit A: Old Manor Senior Images










2 BEDROOM | 2 BATH







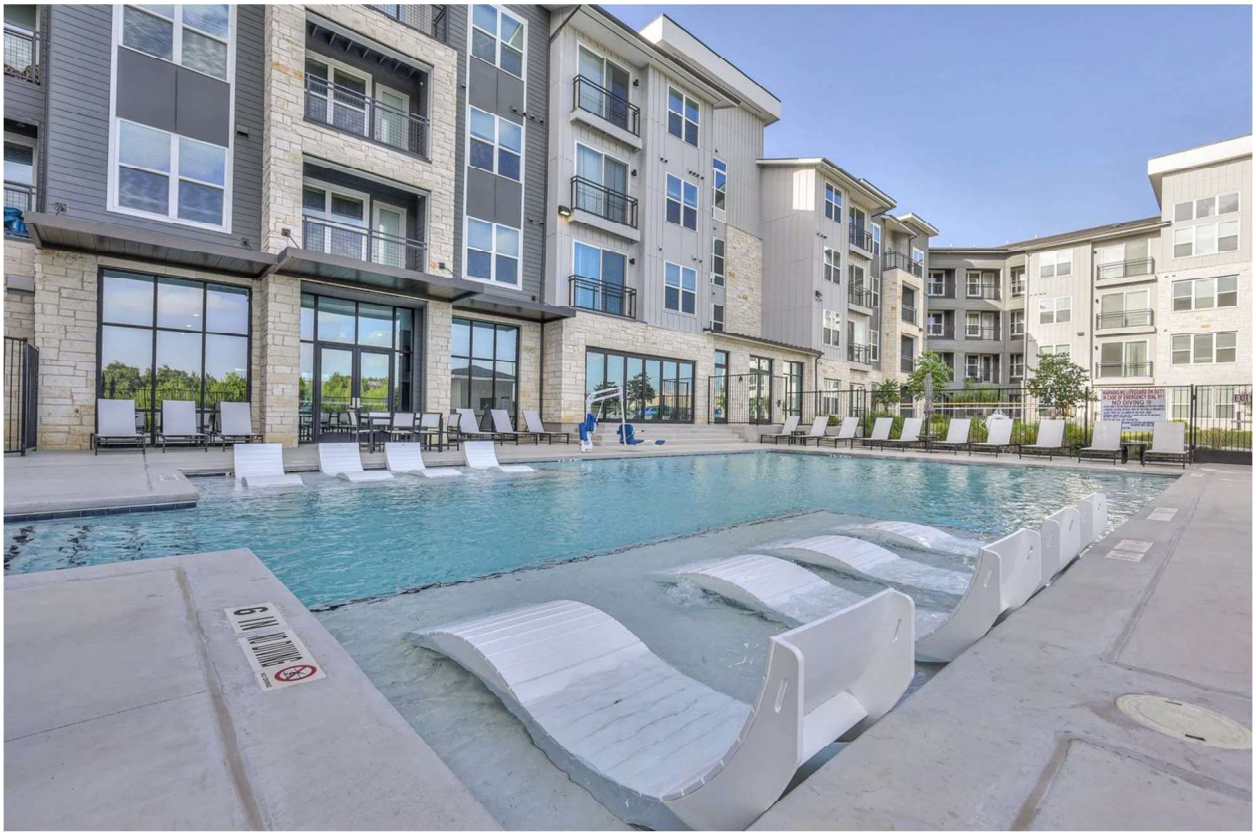

6 FT SHALLOW



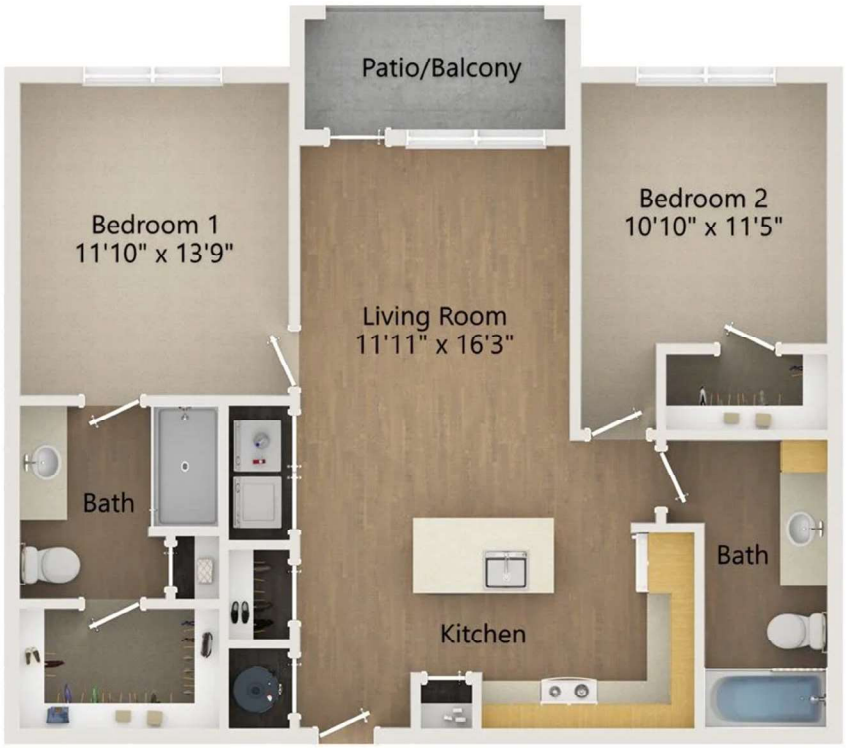




Exhibit B: Old Manor Senior Floor Plans






Patio/Balcony
Bedroom 1
11'10" x 13'9"
Bedroom 2
10'10" x 11'5"
Living Room
11'11" x 16'3"
Bath
Bath
Kitchen


Patio/Balcony
Bedroom 2
11'11" x 11'11"
Kitchen
Living Room
11'10" x 12'4"
Bath
Bedroom 1
11'7" x 12'10"
Bath

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1320 **Agenda Date:** 2/5/2026 **Agenda #:** 15.

Presentation, discussion, and possible action on the draft 2026 U.S. Department of Energy Weatherization Assistance Program state plan for public comment

RECOMMENDED ACTION

WHEREAS, the Energy Conservation in Existing Buildings Act of 1976 (42 USC §6851), as amended in Title II, Part 2 of the National Energy Conservation Policy Act allows U.S. Department of Energy (DOE) Weatherization Assistance Program (WAP) funds to be utilized to carry out a program of weatherization assistance for low-income persons;

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) develops and submits a State Plan to DOE each year to administer the WAP;

WHEREAS, because DOE has not yet issued the Department its Program Year (PY) 2026 allocation, the Department will utilize its allocation for PY 2025 DOE WAP funds in the development of this draft plan for planning purposes only; and

WHEREAS, upon approval, the attached draft 2026 DOE WAP State Plan (the Plan) will be made available for public comment;

NOW, therefore, it is hereby

RESOLVED, that the draft 2026 DOE WAP State Plan, in the form presented at this meeting, is hereby approved for public comment; and

FURTHER RESOLVED, that the final plan with consideration for public comment, corrections required by DOE, and technical corrections made by staff, along with award recommendations for the Subgrantees as indicated in Section IV.1 of the State Plan will be presented to the Board later this year, and will serve as a public hearing as required by 10 CFR §440.12(a).

BACKGROUND

DOE WAP funding provides for the installation of weatherization measures to increase energy efficiency of a home including caulking; weather-stripping; adding ceiling, wall, and floor insulation; patching holes in the building envelope; duct work; and repair or replacement of energy inefficient heating and cooling systems. Additionally, the funds allow Subgrantees to complete financial audits, household energy audits, outreach and engagement activities, and program administration. The funding also provides for state administration and state training and technical assistance activities.

The list of Subgrantees and estimated award amounts are included in the State Plan in Section IV.1, Subgrantees. This list of Subgrantees has not been through the Department's Previous Participation Review and the Board is not approving a list of awardees at this time. DOE has not yet provided the Department a funding allocation to use in the development of this draft Plan. When DOE adjusts the allocations based on a budget passed by Congress and signed by the President, the Department will also adjust its PY 2026 DOE WAP budget activities and Subgrantee awards accordingly in the DOE State Plan.

In addition to making the usual year-to-year updates to the Plan such as updating dates, updating key staff, updating required technical specifications, and aligning the Plan with updated DOE guidance, staff made the following substantive changes to the Plan:

1) Updated the Health and Safety Measure Matrix to reflect current costs and frequency of use; and
2) Increased the maximum amount of weatherization readiness funds that can be spent on a dwelling unit from $8,000 to $12,000. Each subgrantee receives an allotment of weatherization readiness funds which can be used by subgrantees to address structural and health and safety issues in a unit to make them eligible for weatherization as opposed to deferring units because they are outside the scope of weatherization.

Prior to the draft Plan being presented at this Board meeting, Department staff requested feedback on the Plan from its 21 weatherization subgrantees. Knowing they will have another opportunity to do so during the public comment period, the subgrantees did not provide feedback on the drafting of this Plan.

An announcement of the availability of the draft Plan and details regarding the timeframe to accept comments from the public and the public hearing will be posted on the Department's website no later than February 9, 2026, and published in the *Texas Register* on February 20, 2026. The period to accept comments from the public regarding the Plan will be open from February 20, 2026, through March 17, 2026, at 5:00 p.m. CST. Written comments concerning the Plan may be submitted to the Texas Department of Housing and Community Affairs, Community Affairs Division, P.O. Box 13941, Austin, TX 78711-3941, or by email to gavin.reid@tdhca.texas.gov. Comments are due no later than 5:00 p.m. CST on March 17, 2026.

The Department will also conduct a virtual public hearing for the Plan at 10 a.m. CST on March 11, 2026, through GoTo Webinar. Meeting details are:

- March 11, 2026, from 10 a.m. - 11 a.m. CST
  - To Register and attend via GoTo Webinar, use this link: <https://attendee.gotowebinar.com/register/1463956204124560981>
  - To call in, listen only, use this telephone # and Audio Access Code: (415) 930-5321, Audio Access Code: 560-609-482

Upon completion of the public comment period, staff will meet with the WAP Policy Advisory Council and modify the Plan, if appropriate, based on public comment. Staff will also include any changes required by federal guidance.

DOE regulations require a Weatherization Policy Advisory Council be designated in the Plan in order to provide

guidance and comment on the Plan. The Policy Advisory Council is composed of four individuals appointed by the Department. The Policy Advisory Council is scheduled to meet on March 18, 2026, after the public comment period.

The full text of the draft 2026 DOE WAP State Plan may be viewed at the Department's website under "Items Open for Public Comment" at <https://www.tdhca.texas.gov/tdhca-public-comment-center>. The public may also receive a copy of the draft 2026 DOE WAP State Plan by emailing Gavin Reid <mailto:gavin.reid@tdhca.texas.gov>.

OMB Number: 4040-0004
Expiration Date: 11/30/2025

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

1. Type of Submission:
- [ ] Preapplication
- [x] Application
- [ ] Changed/Corrected Application

2. Type of Application:
- [x] New
- [ ] Continuation
- [ ] Revision

If Revision, select appropriate letter(s)

Other (specify):

3. Date Received
05/01/2026

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:
DE-SE0001853

State Use Only:

6. Date Received by State: 03/16/2026

7. State Application Identifier: TX-W-200

8. APPLICANT INFORMATION:

a. Legal Name: Texas Department of Housing and Community Affairs

b. Employer/Taxpayer Identification Number (EIN/TIN):
742610542

c. UEI:
MNGDPFC1X5E4

d. Address:

Street 1: P.O. BOX 13941

Street 2:

City: Austin

County: TRAVIS County

State: TX

Province:

Country: U.S.A.

Zip / Postal Code: 787113941

e. Organizational Unit:

Department Name:
Texas Department of Housing and Community Affairs

Division Name:
Community Affairs Division

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr

First Name: Michael

Middle Name:

Last Name: DeYoung

Suffix:

Title: Community Affairs Division Director

Organizational Affiliation: Texas Dept. of Housing and Community Affairs

Telephone Number: 5124752125

Fax Number: 5124753935

Email: michael.deyoung@tdhca.state.tx.us

OMB Number: 4040-0004
Expiration Date: 11/30/2025

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

9. Type of Applicant:

A State Government

10. Name of Federal Agency:

U. S. Department of Energy

11. Catalog of Federal Domestic Assistance Number:

81.042

CFDA Title:

Weatherization Assistance Program

12. Funding Opportunity Number:

DE-WAP-0002026

Title:

2026 Weatherization Assistance Program (WAP) Funding

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Statewide

15. Descriptive Title of Applicant's Project:

Provide Statewide Weatherization Assistance for Low Income Persons in the State of TX

OMB Number: 4040-0004
Expiration Date: 11/30/2025

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

16.Congressional District Of:

a. Applicant: Texas Congressional District 25

b. Program/Project: TX-Statewide

Attach an additional list of Program/Project Congressional Districts if needed:

17. Proposed Project:

a. Start Date: 07/01/2026

b. End Date: 06/30/2027

18. Estimated Funding ($):

a. Federal	10,528,334.00
b. Applicant	0.00
c. State	0.00
d. Local	0.00
e. Other	0.00
f. Program Income	0.00
g. TOTAL	10,528,334.00

19. Is Application subject to Review By State Under Executive Order 12372 Process?:

[ ] a. This application was made available to the State under the Executive Order 12372 Process for review

[ ] b. Program is subject to E.O. 12372 but has not been selected by the State for review.

[X] c. Program is not covered by E.O. 12372

20. Is the applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation)

No

21. By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to**

[X] I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency

Authorized Representative:

Prefix: Mr

First Name: Bobby

Middle Name:

Last Name: Wilkinson

Suffix:

Title: Executive Director

Telephone Number: 5124753296

Fax Number:

Email: bobby.wilkinson@tdhca.state.tx.us

Signature of Authorized Representative: Signed Electronically

Date Signed: 05/01/2026

OMB Number: 4040-0006
Expiration Date: 06/30/2028

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No.	2. Program/Project Title
SE0001853	Weatherization Assistance Program

3. Name and Address	Texas Department of Housing and Community Affairs P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date	07/01/2026
		5. Completion Date	06/30/2027

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. DOE WAP Formula Funds	81.042	$ 0.00		$ 10,528,334.00		$ 10,528,334.00
2.						
3.						
4.						
5. TOTAL		$ 0.00	$ 0.00	$ 10,528,334.00	$ 0.00	$ 10,528,334.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total
	(1) GRANTEE ADMINISTRATION	(2) SUBGRANTEE ADMINISTRATION	(3) GRANTEE	(4) SUBGRANTEE T&TA	(5)
a. Personnel	$ 306,679.00	$ 0.00	$ 56,061.00	$ 0.00	$ 362,740.00
b. Fringe Benefits	$ 106,724.00	$ 0.00	$ 19,509.00	$ 0.00	$ 126,233.00
c. Travel	$ 0.00	$ 0.00	$ 31,320.00	$ 0.00	$ 31,320.00
d. Equipment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
e. Supplies	$ 4,461.00	$ 0.00	$ 554.00	$ 0.00	$ 5,015.00
f. Contract	$ 0.00	$ 897,696.00	$ 14,225.00	$ 725,000.00	$ 9,804,067.00
g. Construction	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
h. Other Direct Costs	$ 35,996.00	$ 0.00	$ 3,720.00	$ 0.00	$ 39,716.00
i. Total Direct Charges	$ 453,860.00	$ 897,696.00	$ 125,389.00	$ 725,000.00	$ 10,369,091.00
j. Indirect Costs	$ 134,632.00	$ 0.00	$ 24,611.00	$ 0.00	$ 159,243.00
k. Totals	$ 588,492.00	$ 897,696.00	$ 150,000.00	$ 725,000.00	$ 10,528,334.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Number: 4040-0006
Expiration Date: 06/30/2028

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. SE0001853	2. Program/Project Title Weatherization Assistance Program	
3. Name and Address	Texas Department of Housing and Community Affairs P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date 07/01/2026 5. Completion Date 06/30/2027

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. TOTAL		$ 0.00	$ 0.00	$ 10,528,334.00	$ 0.00	$ 10,528,334.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1) PROGRAM OPERATIONS	(2) HEALTH AND SAFETY	(3) LIABILITY INSURANCE	(4) FINANCIAL AUDITS	
a. Personnel	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 362,740.00
b. Fringe Benefits	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 126,233.00
c. Travel	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 31,320.00
d. Equipment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
e. Supplies	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 5,015.00
f. Contract	$ 6,124,717.00	$ 1,080,832.00	$ 127,797.00	$ 21,000.00	$ 9,804,067.00
g. Construction	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
h. Other Direct Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 39,716.00
i. Total Direct Charges	$ 6,124,717.00	$ 1,080,832.00	$ 127,797.00	$ 21,000.00	$ 10,369,091.00
j. Indirect Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 159,243.00
k. Totals	$ 6,124,717.00	$ 1,080,832.00	$ 127,797.00	$ 21,000.00	$ 10,528,334.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Number: 4040-0006
Expiration Date: 06/30/2028

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. SE0001853	2. Program/Project Title Weatherization Assistance Program	
3. Name and Address	Texas Department of Housing and Community Affairs P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date 07/01/2026 5. Completion Date 06/30/2027

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. TOTAL		$ 0.00	$ 0.00	$ 10,528,334.00	$ 0.00	$ 10,528,334.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1) Weatherization Readiness	(2)	(3)	(4)	
a. Personnel	$ 0.00				$ 362,740.00
b. Fringe Benefits	$ 0.00				$ 126,233.00
c. Travel	$ 0.00				$ 31,320.00
d. Equipment	$ 0.00				$ 0.00
e. Supplies	$ 0.00				$ 5,015.00
f. Contract	$ 812,800.00				$ 9,804,067.00
g. Construction	$ 0.00				$ 0.00
h. Other Direct Costs	$ 0.00				$ 39,716.00
i. Total Direct Charges	$ 812,800.00				$ 10,369,091.00
j. Indirect Costs	$ 0.00				$ 159,243.00
k. Totals	$ 812,800.00				$ 10,528,334.00
7. Program Income	$ 0.00				$ 0.00

U.S. Department of Energy

Weatherization Assistance Program (WAP)

BUDGET INFORMATION REMARKS

Grant Number: SE0001853, **State:** TX

Recipient: State of Texas

Remarks

As of the drafting of this Plan, DOE WAP is currently operating under a Continuing Resolution for Fiscal Year 2026. DOE is unable to issue TDHCA its allocation until a budget is passed by Congress and signed by the President. For planning purposes, TDHCA will use the budget for Fiscal year 2025 in this Plan. Once a budget is passed and signed by the President, DOE will issue the Department its allocation of DOE WAP funds and this budget will be updated to reflect the new allocation.

OMB Control No: 1910-5127
Expiration Date: 04/30/2027

U.S. Department of Energy

Weatherization Assistance Program (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

Grant Number: SE0001853, **State:** TX, **Program Year:** 2026

Recipient: State of Texas

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Alamo Area Council of Governments (San Antonio)	$809,309.00 62
BakerRipley (Houston)	$1,434,322.00 113
Brazos Valley Community Action Program (College Station)	$306,580.00 21
Combined Community Action, Inc. (Giddings)	$268,834.00 18
Community Action Committee of Victoria Texas (Victoria)	$242,781.00 16
Community Action Corporation of South Texas (Alice)	$1,210,940.00 95
Community Council of South Central Texas, Inc (Seguin)	$301,516.00 21
Concho Valley Community Action Agency (San Angelo)	$157,851.00 10
Dallas County Health & Human Services (Dallas)	$798,838.00 61
Economic Opportunities Advancement Corporation (Waco)	$248,986.00 17
El Paso Community Action Program, Project Bravo (El Paso)	$410,061.00 29
Fort Worth, City of (Fort Worth)	$514,716.00 38
Greater East Texas Community Action Program (Nacogdoches)	$805,327.00 61
Hill Country Community Action Association, Inc. (San Saba)	$277,270.00 19
Nueces County Community Action Agency (Corpus Christi)	$151,102.00 9
Panhandle Community Services (Amarillo)	$246,769.00 16
Rolling Plains Management Corporation (Crowell)	$335,532.00 23
South Plains Community Action Association, Inc. (Levelland)	$239,027.00 16
Texoma Council of Governments (Sherman)	$537,170.00 39
Travis County Health and Human Services and Veterans Services (Austin)	$289,351.00 20
West Texas Opportunities (Lamesa)	$203,560.00 13
Total:	**$9,789,842.00** **717**

OMB Control No: 1910-5127
Expiration Date: 04/30/2027

U.S. Department of Energy

Weatherization Assistance Program (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

Grant Number: SE0001853, **State:** TX, **Program Year:** 2026

Recipient: State of Texas

IV.2 WAP Production Schedule

Weatherization Plans	Units
Total Units (excluding reweatherized)	717
Reweatherized Units	0

Average Unit Costs, Units subject to DOE Project Rules		
VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)		
A	Total Vehicles & Equipment ($5,000 or more) Budget	$0.00
B	Total Units Weatherized	717
C	Total Units Reweatherized	0
D	Total Dwelling Units to be Weatherized and Reweatherized (B + C)	717
E	Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	$0.00
AVERAGE COST PER DWELLING UNIT (DOE RULES)		
F	Total Funds for Program Operations	$6,124,717.00
G	Total Dwelling Units to be Weatherized and Reweatherized (from line D)	717
H	Average Program Operations Costs per Unit (F divided by G)	$8,542.14
I	Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	$0.00
J	Total Average Cost per Dwelling (H plus I)	$8,542.14

IV.3 Energy Savings

Method used to calculate savings: ✓ WAP algorithm Other (describe below)

	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	717	29.3	21008
Prior Year Estimate	806	29.3	23616
Prior Year Actual	719	29.3	21067

Method used to calculate savings description: NA

IV.4 DOE-Funded Leveraging Activities

N/A

IV.5 Policy Advisory Council Members

Check if an existing state council or commision serves in this category and add name below

Combined Community Action Inc.	Type of organization: Non-profit (not a financial institution) Contact Name: Kelly Franke Phone: (979)540-2985 Email: KJFranke@ccaction.com
Greater East Texas Community Action Program	Type of organization: Non-profit (not a financial institution) Contact Name: Karen Swenson, Executive Director Phone: 9365642491 Email: kswenson@get-cap.org
Health and Human Services Commission	Type of organization: Unit of State Government Contact Name: Keely Lee Phone: 5126478824 Email: keely.lee@hhs.texas.gov
Ysleta Del Sur Pueblo-tigua Indian Reservation	Type of organization: Indian Tribe Contact Name: Albert Alvidrez Phone: 9158344925 Email: albert.alvidrez@tdhca.texas.gov

U.S. Department of Energy
Weatherization Assistance Program (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2026
Recipient: State of Texas

IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)

Date Held	Newspapers that publicized the hearings and the dates the notice ran
02/05/2026	TDHCA Board of Directors authorizes release of draft State Plan for public comment.
02/06/2026	Draft State Plan and notice of public hearing posted on the TDHCA website; public listserv announcement sent announcing availability of draft State Plan and public hearing details.
02/20/2026	Announcement of public hearing for draft State Plan published in Texas Register. Public comment period for draft State Plan begins.
03/11/2026	Public Hearing for the DOE State Plan. Conducted virtually.
03/17/2026	Comment period for the DOE State Plan ends at 5:00 pm (CST).
03/18/2026	WAPAC meeting regarding DOE State Plan.
04/09/2026	Final DOE State Plan and list of awardees to be presented at TDHCA Board of Directors meeting for approval. The meeting also serves as a Public Hearing.
05/01/2026	Final DOE State Plan submitted to DOE.

IV.7 Miscellaneous

Recipient Business Officer
Michael De Young
Michael.deyoung@tdhca.texas.gov
221 East 11th Street
Austin, Texas 78701
(512) 475-2125

Recipient Principal Investigator
Gavin Reid
gavin.reid@tdhca.texas.gov
221 East 11th Street
Austin, Texas 78701
(512) 936-7828

Policy Advisory Council
The Weatherization Assistance Program Policy Advisory Council (PAC) currently has four slots and is representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including weatherization and energy conservation problems. The PAC meets annually at the end of the public hearing period to discuss the DOE plan and comments received.

Two of the slots, filled by the PAC members from Combined Community Action and the Greater East Texas Community Action Program, represent the low-income, elderly, and disabled population. The third slot, filled by the PAC member from the Texas Health and Human Services Commission, represents the low-income, elderly and persons with disabilities. A fourth slot representing Native Americans is occupied by a member of the Ysleta Del Sur Pueblo-Tigua Indian Reservation.

Liability Insurance
The liability insurance separate line item includes pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for potential effects of many health and safety measures, such as lead disturbances and other pollution occurrence items. The Department strongly recommends the Subgrantees require their contractors to carry pollution occurrence insurance to avoid liability for any mistakes the contractors may make. Each Subgrantee should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

U.S. Department of Energy

Weatherization Assistance Program (WAP)

STATE PLAN / MASTER FILE WORKSHEET

Grant Number: SE0001853, **State:** TX, **Program Year:** 2026

Recipient: State of Texas

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

Eligibility for program assistance is determined under the Federal Poverty Income Guidelines and calculated as described in 10 TAC §6.4. TDHCA conforms to WPN 25-3.

Describe what household eligibility basis will be used in the Program

During the application process, households will be screened for DOE Weatherization benefits and determined eligible if their income is at or below 200% of the Federal Poverty Income Guidelines. Categorical eligibility exists when at least one person in the household receives assistance payments under Title IV or XVI of the Social Security Act at any time during the 12-month period preceding the determination of eligibility. An applicant is also categorically eligible if the applicant at the time of certification meets the Department of Housing and Urban Development (HUD) and the United States Department of Agriculture (USDA) criteria outlined within WPN 22-5, WPN 25-4, and WAP Memorandum 109. Application eligibility expires 12 months from certification of eligibility date if work on dwelling unit has not been initiated per 10 TAC §6.5(c).

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

The Welfare Reform Act, officially referred to as the Personal Responsibility and Work Opportunity Act of 1996, H.R. 3734, placed specific restrictions on the eligibility of aliens for "Federal means-tested public benefits" for a period of five years. As defined in a Federal Register notice dated August 26, 1997 (62 FR 45256) the Department of Health and Human Services (HHS) is interpreting "Federal means-tested public benefits" to include only those benefits provided under Federal means-tested, mandatory spending programs. HHS Information Memorandum LIHEAP-IM-25 dated August 28, 1997, states that all qualified aliens, regardless of when they entered the U.S., continue to be eligible to receive assistance and services under the Low-Income Home Energy Assistance Program (LIHEAP) if they meet other program requirements.

To ensure program continuity between LIHEAP and DOE Weatherization for all Subgrantees operating both programs, the DOE Weatherization Assistance Program will follow the interpretation as adopted by HHS. The Department uses the Systematic Alien Verification for Entitlements (SAVE) to determine whether an alien is qualified or unqualified for this program. The Department has provided training and will continue to provide training to Subgrantees who use the SAVE system to verify legal status.

The DOE and LIHEAP WAP are in compliance with LIHEAP-IM-99-10, issued June 15, 1999, which states that weatherization in a multifamily building is not a covered activity for status verification.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

TDHCA and subgrantees conform to WPN 25-3. Dwelling Units that can be weatherized include a house, stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. For DOE WAP, a Household is an individual or group of individuals, excluding unborn children, who are living together as one economic unit in a Dwelling Unit. A Household whose total combined annual income is at or below 200% of the Federal Poverty Income guidelines, or a Household who is Categorically Eligible, as described in V.1.1 above, is considered to be eligible. It is the subgrantee's responsibility to establish Dwelling Unit ownership through collected documentation at time of application and determine applicant income eligibility according to 10 TAC §6.4 (Income Determination) and 10 TAC §6.406 (Subrecipients Requirements for Establishing Household Eligibility and Priority Criteria).

For multifamily/shelter applications, it is a subgrantee requirement to apply the additional eligibility requirements for multifamily dwelling units and shelters according to 10 TAC §6.414 (Eligibility for Multifamily Dwelling Units and Shelters) as well as apply categorical eligibility requirements according to WPN 22-5, WPN 24-5, and WAP Memorandum 109.

Subgrantees maintain a client file for each unit weatherized, including documented proof that the Dwelling Unit is an eligible Dwelling Unit as defined above. The Department verifies that subgrantees have taken the proper steps to ensure that weatherized units are eligible and review the documentation during their annual monitoring reviews.

Describe Reweatherization compliance

Texas permits reweatherization of a unit if 15 years have passed from the unit's previous weatherization completion date in accordance with the Consolidated Appropriations Act of 2021 stated below. Otherwise, a unit may only be re-weatherized if such dwelling unit has been damaged by fire, flood, or an act of God and repair of the damage to weatherization materials is not paid for by insurance, per 10 CFR §440.18(f)(2)(ii).

Language from the Consolidated Appropriations Act of 2021:

AMENDING RE-WEATHERIZATION DATE. Paragraph (2) of section 415(c) of the Energy Conservation and Production Act (42 U.S.C. 6865(c)) is amended to read as follows:

(2) Dwelling units weatherized (including dwelling units partially weatherized) under this part, or under other Federal programs (in this paragraph referred to as 'previous weatherization'), may not receive further financial assistance for weatherization under this part until the date that is 15 years after the date such previous weatherization was completed. This paragraph does not preclude dwelling units that have received previous weatherization from receiving assistance and services (including the provision of information and education to assist with energy management and evaluation of the effectiveness of installed weatherization materials) other than weatherization under this part or under other Federal programs, or from receiving non-Federal assistance for weatherization.''

Previously Weatherized Home Tracking Procedure

Previously weatherized homes and their completion dates are recorded and tracked in the TDHCA Community Affairs Contract System's Previously Weatherized Database by subgrantees and verified by TDHCA through monitoring.

Describe what structures are eligible for weatherization

10 TAC §6.2 and §6.403 includes the following definitions which describe structures eligible for weatherization:

Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. (This is the same as the definition for Dwelling Unit in 10 CFR §440.3 Definitions)

Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit.

Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit.

Shelter--A Dwelling Unit or Units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

Single Family Dwelling Unit--A structure containing no more than one Dwelling Unit.

Buildings with more than one Dwelling Unit under one roof must follow 10 TAC §6.414, Eligibility for Multifamily Dwelling Units and Shelters.

TDHCA and subgrantees adhere to the requirements and restrictions of historic preservation and Section 106 of the National Historic Preservation Act through its DOE executed Programmatic Agreement, executed on October 5, 2020, and valid through December 31, 2030.

Subgrantees must ensure that all weatherization activities are allowable.

Describe how Rental Units/Multifamily Buildings will be addressed

In accordance with 10 CFR §440.22(b)(3), the Department requires that Subgrantees keep on file procedures that address protection of renters' rights, to ensure:

- Written permission of the building owner or his agent is obtained before commencing work.
- Cash/in-kind contribution from building owner when feasible.

- Benefits of the services accrued primarily to the low-income tenants residing in such units.
- For 12 months, the household will not be subjected to rent increases (unless those increases are demonstrably related to other matters other than the weatherization work performed).
    - There are adequate procedures whereby the Grantee can receive tenant complaints and owners can appeal, should rental increases occur.
- No undue or excessive enhancement shall occur to the value of the Dwelling Unit

The Department will abide by 10 CFR §440.22 to ensure that not less than 66% of the eligible building units (50% for duplexes and four-unit buildings, and certain eligible types of large multifamily buildings) are dwelling units occupied by low-income households, or will become occupied by low-income households, within 180 days under a Federal, State or local government program for rehabilitating the building or making similar improvements. "Certain eligible types of large multifamily buildings" are those buildings for which an investment of DOE funds would result in a significant energy-efficiency improvement because of the upgrades to equipment, energy systems, common space, or the building shell. "Significant energy improvement" is based on specific criteria for the building and must be assessed using existing conditions to determine the threshold to achieve significant energy improvements.

WPN 22-5, WPN 25-4 and WAP Memorandum 109 provide guidance on the review and verification required for HUD and USDA. Assessments and client file documentation for rental units and multifamily units are also detailed in the Multifamily Weatherization Best Practice posted on the Department's website at: https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance

In order to weatherize large multifamily buildings containing 25 or more dwelling units or those with shared central heating (e.g., boilers) and/or shared cooling plants (e.g., cooling tower that use water as the coolant) regardless of the number of dwelling units, Subgrantees must obtain prior written approval through the Department (TDHCA). When necessary, the Department will seek DOE approval.

Subgrantees must submit to the Department a request for approval to weatherize large multifamily buildings. Request for permission must include evidence of significant energy savings because of upgrades to equipment, energy systems, common space, or the building shell. A significant energy savings is defined as having an SIR of 1.0 or greater in the energy audit.

Describe the deferral Process

Deferral of a Dwelling Unit can occur when a Dwelling Unit has certain occupant issues or dwelling characteristics that are beyond the scope of the weatherization program. Deferred Dwelling Units cannot receive weatherization services. Subgrantees will track their unit deferrals using the "TDHCA Deferrals Classification Guide and Tracker Form" located on the Department website. Alternatively, subgrantees may choose to use an internal tracking system with the same functionality as the department adopted form. A Dwelling Unit shall not be weatherized when there is a potentially harmful situation that may adversely affect the occupants or the Subgrantee's weatherization crew and staff, or when a Dwelling Unit is found to have structural concerns that render the Dwelling Unit unable to benefit from weatherization. The Subgrantee must declare their intent to defer weatherization on an eligible unit on the assessment form. The assessment form must include the client's name and address, dates of the assessment, and the date on which the client was informed of the issue in writing. A written notice is required to be given to the client and must include a clear description of the issue(s) causing deferral, conditions under which weatherization could continue, the responsibility of all parties involved, any rights or options the client has (e.g., appeals process), and the process by which the client may re-apply upon requalification for weatherization. A copy of the notice must be signed by the Subgrantee and placed in the client application file while documenting the date it was sent/provided to the client. Only after the issue has been corrected to the satisfaction of the Subgrantee shall weatherization work begin. Subgrantees shall maintain a deferral tracking list which documents all deferrals and their status within the respective service area.

If structural concerns or health and safety issues identified (which would be exacerbated by any weatherization work performed) on an individual unit cannot be abated within program rules or within the allowable WAP limits, the unit exceeds the scope of this program.

Crewmembers or contractors who work on a unit that could or should be a deferral or walk-away, do so at their own risk.

Weatherization Readiness Funds (WRF)

WRFs are to be used by Subgrantees in addressing structural and health and safety issues to reduce the number of deferred homes that require other services which are outside the scope of weatherization, before weatherization measures can be installed. WRFs are distributed to the 21 Subgrantees per the distribution formula in §6.404. Households will be prioritized according to 10 TAC §6.406(c) wherein Subgrantees must establish a written procedure to serve Households that have a Vulnerable Population household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subgrantee must maintain documentation of the use of the criteria.

The maximum amount of WRFs to be used per home is $12,000. The $12,000 maximum shall not be exceeded without prior approval from the Department. WRFs will be tracked for each dwelling unit and at a minimum capture measures/repairs and associated costs as well as the information listed below:

-Avoided Deferrals - the # of dwelling units made weatherization ready with WRF, and for each building or unit;

-Year Built;

-Housing Type (site-built single family, manufactured housing, multifamily);

-Nature of repairs needed which prohibited weatherization;

-WRF expenditure per unit and building; and

-Leveraged fund expenditure per unit and building (i.e., LIHEAP, HUD, non-federal, etc. braided with WRF to make a building weatherization ready)

The Department's Subrecipient Monitoring Division will monitor these funds as part of the Grantee's annual monitoring of Subgrantees, ensuring the WRFs are expended according to the policy written by the subgrantee.

Examples of repairs can include: roof repair, wall repair (exterior or interior), ceiling repair, floor repair, foundation or subspace repair, exterior drainage repair, plumbing repairs, electrical repairs, clean-up beyond scope of weatherization.

WRFs are allowed to be utilized on both annual formula funded and BIL funded weatherization projects. All WRF expenditures must be compliant with WPN 24-9 or a later adopted version. WRFs must ultimately be expended by the end of the final year in a grant cycle. Subgrantees typically complete WRF repairs prior to retrofit work, but it is acceptable for subgrantees to complete WRF repairs concurrently with retrofit work.

A reasonable amount of time for a particular project to be completed using WRFs is approximately 90 days.

V.1.3 Definition of Children

Definition of children (below age): **19**

V.1.4 Approach to Tribal Organizations

Recommend tribal organization(s) be treated as local applicant?
If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

The 70th Texas Legislature created the Native American Restitutionary Program (Oil Overcharge Restitutionary Act, Texas Government Code, Chapter 2305) for the purposes of providing oil overcharge restitution to Texas Native Americans. In the Texas WAP, the Native-American Indian population is treated and served in the same manner as other applicants. Low income members of a Tribe will receive benefits equivalent to the assistance provided to other low income persons within Texas.

V.2 Selection of Areas to Be Served

The Texas WAP is available to eligible low-income households in all 254 counties of the state. Subgrantees are held responsible for all intake, eligibility, and weatherization activities. If the Subgrantee's performance record is satisfactory according to both state and federal regulations, then the Department may offer to renew the contract if the Subgrantee so desires. The Department's award committee may decline to recommend an award or place conditions on an award based upon its previous participation review as outlined in 10 TAC §1.302.

New or additional DOE Subgrantees for counties that become unserved by the DOE WAP will be selected according to DOE regulations found in 10 CFR§440.15 and 10 TAC §1.302. If the Department determines it is necessary to permanently reassign a service area to a new organization, the entity will be chosen in accordance with 10 CFR §440.15 and 10 TAC §1.411. A new or additional Subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a Department-funded Weatherization Assistance Program. All counties are served by 21 Subgrantees. To ensure there is not a break in weatherization services provided in any county during the subgrantee selection process, a transition plan is developed by the Department and an existing subgrantee, along with the new subgrantee (once selected), to continuously provide weatherization services in the area. For further details on the reassignment of a service area, see V.8.1 Overview and Organizations.

The Department may deobligate all or part of the funds provided under this contract as outlined in 10 TAC §6.405 and 10 TAC §1.411. A Subgrantee's failure to expend the funds provided under this State plan in a timely manner may also result in the Subgrantee's ineligibility to receive additional funding during

the program year.

Formula Distribution
The Department updates the budget allocation proportion by county and Subgrantee based on poverty income, elderly poverty, median household income (from the most recent decennial U.S. Census data), and climate data (from the National Climatic Data Center, Climate Normals), as outlined in 10 TAC §6.404.

The Department allocates funds to Subgrantees by applying a formula based upon the DOE allocation for program year; or if the allocation amount is not known, based on an assumption of level funding from the previous program year. Once the allocation amount is known, the formula is re-run. The allocation formulas reflect the most recent decennial U.S. Census data. If any carryover funds are available, they will be distributed by allocation formula and used to increase the number of units to be weatherized. The Department will adjust guidance to reflect the adjusted average expenditure limit per unit for the program year.

The fund allocations for individual service areas are determined by a 5-factor distribution formula as outlined in 10 TAC §6.404:
(1) Number of non-elderly poverty households per county;
(2) Number of elderly poverty households per county;
(3) Median income variance per county;
(4) Inverse poverty household density ratio per county; and
(5) County Weather Factor (Heating/Cooling Degree days per county) as a portion of State County Weather.

V.3 Priorities

The Department will ensure by contract that its Subgrantees give priority to weatherizing dwellings owned or occupied by low-income persons who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Applicants from these groups must be placed at the top of a Subgrantee's waiting list. The Department ensures that Subgrantees give proper attention to these requirements through monitoring/evaluation of the Subgrantee.

Definitions:

High Energy Burden--A Household whose energy burden exceeds 11% of their Gross Annual Income, determined by dividing a Household's annual home energy costs by the Household's Gross Annual Income.

High Energy Consumption--A Household that is billed more than $1000 annually for related fuel costs for heating and cooling their Dwelling Unit.

The Department trains the network of Subgrantees on the hierarchy of priorities and requires that any Subgrantees utilizing priorities other than the five listed in 10 CFR 440.16(b) do so in a manner that ensures no additional subgrantee priorities preempt the five listed in regulation. Any other additional categories shall be used as a tiebreaker once priority has been established, respectively.

V.4 Climatic Conditions

The climatic conditions for the State of Texas are imbedded in the algorithms of the Weatherization Assistant (WA) energy audit software developed by the Oak Ridge National Laboratory for the Department of Energy. As part of the energy audit modeling, the Department requires the Subgrantee network to select the nearest weather station to the dwelling units. The Weather files imbedded in the WA contains data of Heating and Cooling degree days for each weather station.

As described in the report prepared by the Pacific Northwest National Laboratory for the Department of Energy, the state of Texas has several IECC climate zones. https://www.energy.gov/sites/prod/files/2015/10/f27/ba_climate_region_guide_7.3.pdf

These climate zones are used as an aid in helping Subgrantees to identify the appropriate climate designation for the counties in which they are providing WAP services. In addition to prescribing appropriate mechanical equipment (example of climate specific measures would be evaporative cooling which may be prescribed in the Hot Dry climate of Texas and not in the Mixed Humid part of Texas) the IRC prescriptive thermal envelope of measures are different. The

climate zones found in Texas are as follows:

1. Hot-Humid

A hot-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation and where one or both of the following occur:

- A 67°F (19.5°C) or higher wet bulb temperature for 3,000 or more hours during the warmest six consecutive months of the year; or
- A 73°F (23°C) or higher wet bulb temperature for 1,500 or more hours during the warmest six consecutive months of the year.

IRC Prescriptive Thermal Envelope Measures:

Zone 2A		**Zone 3A**
Ceiling	R 38	R38
Windows	U 0.40	U 0.35
Walls	R13	R13 + 5
Floors	R13	R19
SHGC	0.25	0.25

2. Hot-Dry

A hot-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation and where the monthly average outdoor temperature remains above 45°F (7°C) throughout the year.

IRC Prescriptive Thermal Envelope Measures:

Zone 3B	
Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.25

3. Mixed-Humid

A mixed-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (65°F basis) or fewer, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 3A	
Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.25

4. Mixed-Dry

A mixed-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (50°F basis) or less, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 4	
Ceiling	R49
Windows	U 0.35

Walls	R13 + 5
Floors	R19
SHGC	0.40

In addition to the 2015 IRC adopted by the State of Texas, several individual cities have adopted amendments to the code. The adoption and amendments to the 2015 IRC impact the WA energy audits in that cities are required to evaluate user defined measures to meet the codes adopted by each individual city.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

Technical Guides and Materials
All technical guides (for all single family, mobile home, and multifamily buildings) and materials meet the specifications, objectives and desired outcomes outlined in the Standard Work Specifications (SWS). Provided below is an electronic link to all the current, DOE approved field guides and/or standards for single family, mobile homes, and multifamily buildings as well as all other relevant program guidance materials. These materials are available to all Subgrantees and contractors at any time.

https://www.tdhca.texas.gov/sites/default/files/community-affairs/wap/docs/21-SWS-TX-FieldGuide.pdf

The department has multiple WAP Cheat Sheets and Q&A documents that are always available to the network. They contain multiple references and are based upon sound building science principles. They have proved highly effective in multiple ways: increased compliance, improved understanding on how to assess and proceed, increased consistency across the Network, and reduced the number of calls for repetitive issues.

Materials and Work Standards

The following will be included in all Subgrantee contracts and subcontracts:

A. Subgrantee shall weatherize eligible dwelling units using only weatherization materials which meet or exceed the standards prescribed by DOE in Appendix A of 10 CFR Part 440, Standard Work Specifications (SWS), and added approved materials noted in WPN 23-6.

B. All weatherization measures installed shall meet or exceed the standards prescribed by DOE in WPN 22-4 regarding Standard Work Specifications, as detailed in the Department's Standard Work Specifications. All Subgrantee agreements and vendor contracts contain language which clearly documents the SWS specifications for work quality outlined in WPN 22-4, Section 2. A signed contract shall confirm that the organization understands and agrees to these expectations.

C. All weatherization work must be performed in accordance to the DOE approved energy audit procedures, 10 CFR Part 440 Appendix A, SWS, State of Texas adopted International Residential Code (or that of jurisdictions authorized by State law to adopt later editions).

D. Subgrantees are responsible for reviewing online NEPA and Historic Preservation PowerPoint trainings at www.energy.gov/node/4816816 prior to initiating projects and contacting NEPA with any questions at GONEPA@ee.doe.gov.

The Department is exploring the potential benefits of allocating/diverting WAP funds for a rooftop solar pilot program. This matter is preliminary and, if it occurs, will follow the guidance provided in WPN 23-6.

Field guide types approval dates

Single-Family: 6/8/2021
Manufactured Housing: 6/8/2021
Multi-Family:

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family

Audit Name: Other (specify)
NEAT: On October 20, 2020, DOE approved June 2, 2021 to June 2, 2026.
Approval Date: 6/2/2021

Audit Procedure: Manufactured Housing
Audit Name: Other (specify)
MHEA: On October 20, 2020, DOE approved June 2, 2021 to June 2, 2026.
Approval Date: 6/2/2021

Audit Procedure: Multi-Family
Audit Name:
Approval Date:

Comments

Because less than 20% of TDHCA's reported completed units are multifamily dwelling units, TDHCA does not have a DOE approved multifamily energy audit tool/procedure. The approach taken by TDHCA to ensure eligible occupants of multifamily dwellings receive appropriate, cost-effective weatherization services is described in V.1.2 "Describe how Rental Units/Multifamily Unit Buildings will be Addressed", above.

On October 20, 2020, TDHCA received DOE approval for the State of Texas Energy Audit Procedures (i.e., the National Energy Audit Tool (NEAT) and Manufactured Home Energy Audit (MHEA) for Site-Built Single Family, Manufactured, and Small Multifamily Housing for the WAP, effective June 2, 2021 and expiring June 2, 2026. Additionally, TDHCA received approval to utilize Refrigerators and General Heat Waste Measures (i.e., Low Faucet aerators (1.0 gpm or less), Furnace/Air Conditioner Filters, Hot Water Tank and Pipe Insulation) which were not listed in 10 CFR Part 440 Appendix A. TDHCA had already received approval on July 1, 2016 to utilize LEDs which were not listed in 10 CFR Part 440 Appendix A.

To comply with the requirement outlined in WAP Memorandum 113, TDHCA notified Oakridge National Laboratories (ORNL) and the DOE Project Officer and received approval to transition to Weatherization Assistant (WAweb) on July 1, 2024.

On July 22, 2022, TDHCA received DOE approval to use the DOE Priority Lists for the Hot and Moderate Climate Zones. The Priority Lists, along with complete Priority List policies and procedures, are available on the Department website. The Priority List(s), or the Energy Audit, are the two options available to Subgrantees to justify the weatherization measures installed in the dwelling units.

V.5.3 Final Inspection

The Department has provided Subgrantees with sufficient T&TA funding to obtain and/or maintain required QCI and MF-QCI certifications by an IREC certified training provider. The Department tracks Subgrantee compliance with unit inspection requirements of WPN 22-4.

The Department has five certified QCI staff who maintain their certifications, three of which conduct monitoring at the Grantee level (copies of QCI certifications are attached to the SF424). The Department annually requires all Subgrantees to report the following for determining the number of units that the Department will inspect for compliance at each agency:

Option 1 (at minimum 5% compliance final inspection required): The Subgrantee will NOT allow the QCI staff member (or third party QCI) who conducts the Final Inspection on any DOE funded/reported unit to perform any other aspect(s) associated with that same unit. E.g., Initial Assessment, NEAT Audit/Priority List, Work Order, etc.

Option 2 (10% compliance final inspection required): The Subgrantee will have a QCI staff member conduct the Final Inspection on every DOE funded/reported unit AND will also perform other aspect(s) associated with that same unit. E.g., Initial Assessment, NEAT Audit/Priority List, Work Order, etc.

NOTE: As scheduling permits, compliance will conduct 10% final inspections on completed units for Option 1 as well.

TDHCA surveys the WAP network annually to determine which option is appropriate for each Subgrantee while developing the monitoring schedule. Prior to conducting an onsite monitoring, the option will be verified to ensure an adequate number of units are inspected.

All units are inspected by a certified QCI. The inspecting QCI must not have performed weatherization work on the home prior to the final inspection. In addition to

final inspections, a completed QCI Final Inspection Certification Form is required. The form can be found at:

https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance

Subgrantees are required to follow work standards as per the SWS guidelines. This requirement is within Subgrantee contracts, and the SWS guide is posted on the Department's WAP Program Guidance Webpage at

https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance

All units are required to be in compliance with DOE/SWS guidelines and successfully pass a local QCI inspection which includes an assessment of the energy audit or priority list to confirm the accuracy of the field site data collection, energy audit software inputs (when applicable), and ensure that measures called for on the work order were appropriate and in accordance with TDHCA's energy audit/priority list procedures and protocols approved by DOE. If a local QCI fails to adequately inspect a unit to meet the most recent DOE/SWS guidelines, the Subgrantee would be out of compliance and reported to the TDHCA Compliance Department for the appropriate action. Any unit that fails to be brought into compliance with current DOE/SWS requirements and/or successfully pass a QCI inspection will require TDHCA to disallow the unit and associated costs. A report will be generated issuing the Subgrantee a finding(s) for the reason(s) of the disallowed cost. In severe or repetitive cases the local QCI will be reported to the certifying agency for further action. In less severe or isolated cases the local QCI would be provided individualized T&TA or a referral to the appropriate Comprehensive training provider.

V.6 Weatherization Analysis of Effectiveness

Pursuant to 10 TAC, Chapter 1, Subchapter C, §1.302, a review of a Subgrantee's compliance history in Department programs must be approved through the Department's Previous Participation Review and Approval Process (PPRAP) and provided to the Department's Board of Directors in order that the Board may consider the compliance history and make and document its award decisions with full knowledge of these matters. Prior to the award of DOE funds to any

Subgrantee, PPRAP reviews:

1. Deficiencies, Findings and Concerns identified during the last three years;

2. Any changes in debarment status;

3. Complaint history of the applicant; and

4. If the Subgrantee is subject to the requirement of an annual single audit, its Single Audit status, any findings noted in the Single Audit, and the recommendation of the Single Audit Committee.

The Compliance Division submits the results of the information noted above to the PPRAP. If the PPRAP finds that a Subgrantee has outstanding monitoring or Single Audit issues, their WAP award may be subject to conditions intended to avoid future noncompliance, and limit disallowed costs.

Additionally and in a separate process, T&TA staff are copied on all monitoring reports and/or a staff meeting is held for monitors to debrief T&TA staff after each visit. In those meetings, monitoring staff relay issues found related to the Subgrantee as well as overall trends identified. Following the monitoring report, T&TA staff provide an initial email to the Subgrantee to provide resources for identified issues. T&TA staff applies this debrief information when determining the needs for agency wide specific T&TA and to plan the training curriculum. When circumstances warrant, due to a high amount or degree of monitoring findings and concerns related to energy audit procedures, focused and intensive T&TA from a Weatherization Trainer will take place.

Further, Subgrantee performance is reviewed periodically and at the end of the program year. The Department tracks subgrantee performance over time by reviewing their monthly production and expenditure reports. Subgrantees are required to submit a Production Report on the 15th of each month. If staff determines that a benchmark is missed or a Subgrantee is falling behind on expenditure and/or production, a letter is issued from the Department and the subgrantee is required to submit a written Mitigation Action Plan according to 10 TAC §6.405.

Additionally, based upon monthly submitted production and expenditure reports, individualized T&TA is provided to ensure full expenditure and an adequate rate of production. T&TA staff analyze the reports submitted by subgrantees and provide T&TA when necessary. Such T&TA may include a course on production oriented management, proper reporting, procurement, and/or other relevant topics.

Analysis of reports includes the following:

- Number of homes completed;
- Number of applications pending;

- Number of homes in progress;
- Contract amount;
- Total funds expended;
- Balance of funds; and
- Special comments

The Department enforces the Deobligation/Reobligation of Awarded Funds rule as laid out in 10 TAC §6.405. While the Department's performance review process may not achieve full expenditure of funds each Program Year (e.g., PY 2017 due to Hurricane Harvey), the Department continuously assesses its processes and researches potential modifications in order to improve. For example, as mentioned previously, the Department oversees the performance and expenditure report and production schedule process and provides technical assistance to individual subgrantees who are on a pathway to non-expenditure of the full amount of their allocation.

V.7 Health and Safety

Attached to SF-424

V.8 Program Management

V.8.1 Overview and Organization

The Department is the state's lead agency responsible for affordable housing and community assistance programs. The Department annually administers funds derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

In 1991, the 72nd Texas Legislature created the Department. The Department's enabling legislation combined programs from the Texas Housing Agency, the Community Development Block Grant Program from the Texas Department of Commerce, and the Texas Department of Community Affairs.

On September 1, 1992, two programs were transferred to the Department from the Texas Department of Human Services: the Low Income Home Energy Assistance Program and the Emergency Nutrition and Temporary Emergency Relief Program. Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services Programs were transferred to the newly created Office of Rural Community Affairs. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA. As a state agency, the Department is under the authority of the Governor of the State of Texas.

The Department's services are offered through three program categories: Single Family Programs, Multifamily Finance Production, and Community Affairs, which administers the WAP.

The Department subcontracts with a network of Subgrantees that provide WAP services. The network is comprised of community action agencies (CAAs), regional Councils of Government (COGs), and organizations in the other public or private nonprofit entity category.

All network Subgrantees are provided a draft copy of the yearly weatherization state plan and a notice of the state public hearing. The public and all Subgrantees are invited and encouraged to participate in the public comment process.

Historically, the regular weatherization program year ran from April through March. Starting PY 2015, the weatherization program year has run from July through June.

The Department will continue to administer the program through Subgrantees in accordance with 10 CFR §440.15 provisions and State regulations. If existing Subgrantees are successfully administering the Program, the Department will offer to renew the contract if the Subgrantee so desires and if grant funds are available. When the Department determines that an organization is not administering the program satisfactorily, it may take the following action:

-Correction of the problem(s) with training or technical assistance;
-Reassignment of the service area (or service area portion) to another existing Subgrantee; or,
-Solicitation or selection of a new or additional Subgrantee in accordance with 10 CFR §440.15 provisions.

A new or additional Subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a DOE Weatherization Assistance Program.

Consolidation/downsizing: Any downsizing will occur through normal attrition through a Subgrantee's determination that it can no longer administer the program efficiently/effectively, or through the Department's determination that a Subgrantee can no longer administer the program efficiently/effectively.

Reassignment of service areas for just cause: In the event that a service area can no longer be served by a Subgrantee, the Department reserves the right to reassign service areas. If it appears necessary to permanently reassign the service area, a new Subgrantee may be chosen in an open, competitive solicitation process in accordance with 10 CFR §440.15. The solicitation process begins with authorization by the Department's Governing Board to release a Request for Applications (RFA). The RFA packet includes a narrative portion describing the application and selection procedure, submission instructions, eligibility requirements, evaluation process, required certifications and attachments as well as the scoring items. Scoring items are based on Prior Experience, Prior Performance, Audit Findings, Disallowed Costs, Prior WAP Expenditures, Board Governance, and an applicant's Proposed Service Plan. Once applications are received, Department staff review and score the applications to determine the highest scorer. The applicant with the highest score undergoes a Previous Participation Review and is then approved by the Board for an Award and Contract.

V.8.2 Administrative Expenditure Limits

The Department may keep up to 7.5% of its grant funds for state administration. An additional 7.5% will be distributed for local WAP field operations under contract. Contract funds are intended for local administration, liability insurance coverage, local fiscal audit, materials, labor, program support and health and safety measures. To help ensure that Subgrantees comply with the full and proper use of all the contract funds, written definitions are provided to Subgrantees on budget categories as deemed necessary. The Department has elected to provide the maximum allowable funds for Subgrantee administration to Subgrantees receiving less than $350,000, so it has not included procedures for deciding which Subgrantees will receive additional funds. This decision is based on the following factors:

- Subgrantees often have to rely on other programs for WAP outreach and other administrative support;
- Subgrantees have had to adjust budgeting to keep pace with cost-of-living increases -- staff salaries, fringe benefits, rent, postage, travel, etc.;
- The State of Texas is 877 miles from Northern to Southern tips, 834 miles from Eastern to Western tips, and is comprised of a total of 266,807 square miles. The extra geography that Subgrantees have to cover to serve all the area's clients equitably requires additional staff, staff time, postage and phone costs, and vehicle wear and maintenance. (Source of Mileage Data: Texas Department of Transportation);
- Salaries, space, utilities, telephone, and similar costs associated with program support personnel should be charged to program support; and
- The increasing cost of maintaining appropriate qualified staff is challenging.

For Subgrantees receiving over $350,000, the administrative allowance will be at least 7.5% of each subgrant. For Subgrantees receiving less than $350,000, the administrative allowance may be increased up to an additional 5% for each subgrant.

V.8.3 Monitoring Activities

The Department will monitor the Weatherization Assistance Program (WAP), in accordance with WPN 24-4, with the Monitoring staff included in the budget. Subgrantee is defined as an organization with whom the Department contracts and provides WAP funds, including a statewide or regional WAP provider(s). Names and credentials of Department staff dedicated to monitoring DOE activities are:

- Robert Moore – 15+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Energy Auditor, Lead certified, OSHA 30 and attended DOE sponsored conferences.
- Ben Rose – 13+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Energy Auditor and Lead certified.
- Robert Kunze - 14+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Building Analyst Technician, BPI Energy Auditor, Lead certified, OSHA 10, EPA 608, and attended DOE sponsored conferences.

All staff listed above conduct fiscal/administrative and inspection monitoring activities and are paid for out of the T&TA (40%) budget category.

Compliance Subrecipient Monitoring is staffed with 10 additional monitors not dedicated to weatherization. All of these qualified monitors may be tasked with fiscal and programmatic activities through funds provided by this State plan.

The Department will attempt to monitor each of the DOE Subgrantees during the program period. Many of the DOE Subgrantees also receive funds through the Department of Health and Human Services Community Service Block Grant, Low Income Home Energy Assistance Program, Housing and Urban

Development HOME Program and Housing and Urban Development Emergency Solutions Grant Program. Whenever possible, all programs that are funded by the Department will be monitored during one visit to the Subgrantee; this may result in a monitoring outside of the regular DOE contract period.

(See Tentative Monitoring Schedule attached to SF-424)

The Department understands DOE's expectation and will conduct at least one on-site visit annually to each Subrecipient for technical and fiscal/administrative monitoring.

Financial and Administrative monitoring will include, at minimum, a review of the Subgrantee's General Ledgers and policies and procedures (including procurement) as well as support documentation for reported expenditures. These documents will be reviewed to ensure compliance with DOE, Department and other applicable rules and regulations. The Department will monitor for eligibility through sampled client file reviews. Through sampled unit inspections, Department staff will monitor for installed measures that are allowable and meet or exceed DOE requirements. The Department will review whether charged measures were installed properly and determine compliance with health and safety procedures, client eligibility, energy audit procedures, client education procedures and compliance with the SWS.

The Department will inspect 5-10% of all completed weatherized units. In order to achieve the 5-10% inspection rate and comply with the requirements of WPN 24-4, the Department is requesting that Subgrantees with a QCI on staff do not have that staff member involved with the weatherized unit prior to final inspection. The Department defines prior involvement as performing the audit, creating the work order or performing any weatherization work on the weatherized unit. The Department has created a QCI Final Inspection Form for Subgrantees which will allow TDHCA to determine if a QCI employed by the Subgrantee had prior involvement with that unit. The Department will review each sampled QCI final inspection document to ensure compliance with the requirement to inspect 5% and will increase the required inspections if necessary.

The Department recognizes that there may be a need to perform additional unit inspections towards the end of the contract period to comply with the requirements of WPN 22-4 if there were not enough units available to sample during the full monitoring review.

More frequent monitoring visits (Fiscal/Administrative and/or Technical) may be conducted for Subgrantees with significant identified risk.

Monitors will complete evaluation instruments to determine a Subgrantee's compliance. The instruments cover Financial and Administrative requirements, health and safety procedures, client eligibility, energy audit procedures, client education procedures, and compliance with the SWS. Compliance Monitors also review the hard copy of the NEAT or MHEA audit which is required to be in the client file to assure that the scope of the work was directed by the audit. Monitors scan documents as support if findings are noted. TDHCA monitors inventory with dedicated review procedures and an inventory testing tool.

The following list provides additional monitoring details that may occur during the monitoring review:

- Monitors may request copies of fiscal records/support documentation and perform a desk review to gauge the fiscal condition of the Subgrantee prior to onsite monitoring.
- As needed, monitors may perform a desk review of records requested but not provided during the onsite review and records requested to clarify issues identified during the onsite monitoring visit. The Department recognizes the requirement to issue the monitoring letter within 30 days of the review. The Department does not consider the review complete until receipt of information needed to ascertain compliance. Monitoring letters will be issued within 30 days of receipt of all necessary information.
- Monitors may test that weatherization activities including but not limited to: energy audits, energy conservation measures, incidental repair measures and health and safety measures are only performed by properly trained Retrofit Installer/Technicians, Crew Leaders, and Energy Auditors that have received comprehensive training (not necessarily certification) that is aligned with DOE's Job Task Analysis for the position in which the weatherization worker is employed.
- Subrecipient failure to provide/maintain support documentation sufficient enough to support activities will result in a recordkeeping finding in accordance with 2 CFR Part 200 and Texas Administrative Code §1.409 Record Retention requirements.

The Department will issue monitoring reports within 30 days of completion of the review. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction. On a case by case basis, the Department may grant an extension to respond to the report if there is good cause and the request is made during the corrective action period. The Department will review each response and determine if the Subgrantee has resolved the compliance issue. If the Department determines the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) until the compliance issue is resolved. In certain circumstances, the Department may "close" a compliance issue when there remains no additional actions that can be taken to resolve the issue. At the conclusion of this process, any unresolved compliance issues will be reported to DOE, as will any noncompliance that appears in two consecutive monitoring reports. Instances of suspected fraud, waste, or program abuse will be reported immediately to DOE and the Texas State Auditors Office.

The Department will review the annual Single Audits of each Subgrantee agency. The Department requires each Subgrantee to complete an Audit Certification

form within 60 days of the end of the entity's fiscal year. This is used to determine if a Single Audit is required. All single audits must be uploaded to the Federal Clearinghouse within nine months of the Subgrantee's fiscal year end or within 30 days of completion. Upon receipt of the Single Audit, a review is completed to determine if the packet submitted is complete and all opinions are provided. If the audit contains findings for Department issued funds, they are reviewed and discussed by the Director of Internal Audit, the Director of Subrecipient Monitoring, the Director for Community Affairs and staff to determine the appropriate steps to ensure the entity addresses the concerns identified in the audit report or management letter. The Department issues correspondence to the entity, identifying what the entity must address, what support documentation is needed and the corrective action measures that must be performed. The entity is provided a time frame to complete the corrective action and to respond to the correspondence.

The Department's Compliance Monitor(s) keep abreast of the required timeframe for the entity to complete the corrective action and to provide the response. When the response is received, the Department reviews the documentation to determine if the corrective action requirements have been met and whether or not to refer the matter to the Department's Enforcement Committee in accordance with Department rules and standard operating procedures. During the next monitoring visit to the entity, the Department will determine if the selection of expenditures or materials reviewed reflect compliance with the respective requirement.

If it is determined that the Subgrantee is not able to administer the weatherization program, the Department will follow the requirements in 10 TAC §2.202 Contract Closeout.

Compliance Subrecipient Monitoring (CMSM) is tasked with monitoring monies passed-through to subrecipients as documented in the Annual Monitoring Plan, Monitoring Procedures, Single Audit SOP and PPR SOP. Short narratives for fiscal review, single audit and previous participation are as follows:

Disbursements - Expenditures are sampled from the subrecipients general ledger and tested against the requirements of Texas Grant Management Standards, Texas Administrative Code and 2 CFR Part 200.

Procurement - Procured contracts are sampled and tested against the requirements of Texas Grant Management Standards, Texas Administrative Code and 2 CFR Part 200. The subrecipient general ledger is reviewed for aggregate expenditures that may warrant procurement.

Reconciliations - Expenditures recorded in the subrecipient's general ledger are reviewed and reconciled to reported Monthly Expenditure Reports.

Single Audit – Subrecipients are required to submit an Audit Certification Form (ACF) within 2 months of the entities' fiscal year end. The ACF is a legal certification indicating if an entity has expended to the federal single audit (SA) threshold of $1,000,000. If the federal SA threshold is met or exceeded, subrecipients are required to upload a 2 CFR Part 200 compliant single audit to the Federal Audit Clearinghouse (FAC) within 9 months of the entity's fiscal year end and notify the Department once the audit has been accepted by the FAC. The Department's Subrecipient Monitoring Administrator tracks ACF and SA compliance in a Microsoft Access database. Audits are reviewed by the administrator. If findings are identified, the materiality of the findings to Department passed-through funding is assessed by the Director of Subrecipient Monitoring, the Deputy Director of Program Controls and Oversight, the Department's legal counsel, the Director of Internal Audit and any program directors of funds passed-through for that fiscal period. If the findings are material to Department funding, a management decision letter with required follow-up is issued. Failure by the subrecipient to comply with ACF or SA requirements; or failure to adequately address management decision follow-up may impact the entity's ability to receive further funding through the Department's Previous Participation Review and Approval Process.

Previous Participation – It is the policy of the Compliance Division (CD) and the Compliance Administration Section (CMAD) to conduct a Previous Participation Review (Review) of Administrators, Sub-recipients, Affiliated Parties, Persons, Entities, and Responsible Parties to minimize the risks associated with providing Texas Department of Housing and Community Affairs' (Department) awards or assistance to non-performing Development Owners, Sub-Recipients, Non-Profits, and For-Profit Organizations. The Department's funds will not be awarded, or assistance provided, without the completion of a Review, as identified in the Texas Administrative Code, Title 10, Chapter 1, Subchapter C. Subrecipient Monitoring checks compliance status for Single Family and Community Affairs applicants as well as single audit compliance. Results are provided during previous participation review in order to inform any Compliance recommendations to the PPRAP.

Virtual Monitoring Overview

In light of the continued health concerns surrounding Coronavirus (COVID-19) and to promote the safety of our citizens, the Department developed a virtual monitoring inspection plan and received approval from DOE to move forward with virtual inspections according to the virtual monitoring inspection plan. While the Department has returned to onsite monitoring visits, the Department requests to retain approval for the virtual monitoring inspection plan if needed. DOE-approval will be sought prior to the re-implementation of virtual monitoring and that periodic re-evaluations of the necessity and collaboration with DOE will occur during the usage of virtual monitoring.

Virtual (video) monitoring inspections, being similar to on-site inspections, will be performed to minimize contact and exposure. This type of monitoring encompasses current comprehensive desk review procedures of all digitized client file documentation from intake to the final Subgrantee inspection as well as review of fiscal support documentation. During the desk review continued focus will include eligibility, complete whole house assessment leading to audit measures and needed health and safety measures. Any issue(s) identified will be noted on monitoring report for further follow-up and verification during the

remote virtual (video) inspection.

Identified discrepancies, serious and/or questionable health and safety concerns will trigger intensified corrective action or possible onsite examination and confirmation.

Virtual Unit Inspection Technical Monitoring Procedures

Continue utilizing Texas State Plan Monitoring Process inserting virtual unit inspections in lieu of onsite physical inspections.

1. TDHCA issues Subgrantee Technical Monitoring Review Notification Letter.

2. TDHCA communicates with Subgrantee selecting specific weatherized unit to be reviewed.

3. Subgrantee submits selected specific weatherized units client file documentation, final inspection pictures and video recording through TDHCA secure file transfer system.

4. Comprehensive client file desk review completed.

a. Performed with evaluation instruments to determine a Subgrantee's compliance, with all questions or concerns noted.

5. Virtual Unit Inspection Technical Monitoring

a. Standard final Subgrantee QCI inspections to be completed and videoed

b. Schedule virtual instruction training with each Subgrantee to ensure understanding of required photographic and video records of final inspection.

c. Conducted by QCI certified TDHCA Staff for units completed and reported.

d. Requires Subgrantee's final inspection video recording, pictures and documentation.

e. TDHCA Monitor reviews video for completion and SWS and IRC compliance.

1. If video contains required inspection support, no additional visit is necessary.

2. If video doesn't adequately address all applicable QCI requirements, then TDHCA requests/schedules an additional Subgrantee visit as a final inspection, that would be interactive (smart phone face time, zoom, etc.) for measures testing missed in the original video.

f. Video begins at the street view and continue around entire unit allowing clear observation of all exterior surfaces.

g. Continued tour of the unit's interior allowing survey of general condition.

1. Close-up (zoomed) view of specific areas of work performed and compared against work scope, SWS, and Texas Administrative Code (TAC) standards.

h. Subgrantee videos diagnostic testing set up, staff performing tests and final test results.

i. Required items to be provided by Subgrantee:

- Blower Door
- CAZ Testing (if applicable)
- ZPD Documentation
- Exhaust Flow
- Pressure Pans (if applicable)
- Installed Measures
- Duct Blaster (if applicable)

j. Compliance Monitor develops summary notes on testing processes and final test results based on Standard Work Specifications, DOE approved Field Guide, current Weatherization Program Notices, and Texas Administrative Code.

k. Subgrantee required to address any identified Health and Safety issues immediately with appropriate notice to the affected household and to the Department.

l. Subgrantee afforded the opportunity to address any additional non H&S identified issues prior to required monitoring review report release.

6. DEPARTMENT ISSUED MONITORING REPORT

a. The Department will issue monitoring reports within 30 days of completion of the review.

b. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction.

c. The Department will review each response and determine if the Subgrantee has resolved the compliance issue.

d. If the Department determines the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) within 30 days. Failure to resolve findings may result in disallowed costs.

**TDHCA will seek approval prior to the implementation of virtual monitoring and that periodic re-evaluation of necessity and coloration with DOE will occur during the usage of virtual monitoring. **

V.8.4 Training and Technical Assistance Approach and Activities

(Also see TTA Plan attached to SF-424)

TDHCA ensures all provided trainings are in compliance with the Quality Work Specification and provides Subgrantees with sufficient T&TA funding to:

- Obtain and/or maintain required certifications such as: QCI, Energy Auditor, Lead Safe Renovator, Lead Safe Worker, OSHA 10/30, etc.
- Receive Comprehensive training on a regular basis for occupation-specific training to train on curriculum aligned with the topics within the job task analyses (JTAs). All Comprehensive trainings are administered either by or in cooperation with IREC accredited facilities.
- Receive Specific training to address single-issue, short-term training to address technical skills/knowledge gaps, attend conference trainings, or attend trainings not aligned with a Home Energy Professional (HEP) job task analyses (JTAs). Specific trainings are conducted by Department training and technical staff or a Department approved designee with the exception of training conferences.
- When applicable, Subgrantees are given the opportunity to utilize T&TA funds to conduct in-house training by their current staff with their new/applicable staff. TDHCA T&TA staff will review and provide potential approval, on a case-by-case basis, for the training activities based on applicable parameters for the desired in-house training. Examples of potential parameters to be considered: qualification/certification of staff leading/conducting the training, expenditure rates, lack of monitoring findings/concerns, estimated timeline, estimated T&TA expenditures, etc.
- In October 2025, the Department implemented a learning management system (LMS) available to the Subgrantee network, with extensive WAP content, sourced through Everblue, an IREC accredited training provider. Video content covers building science principles, common WAP topics, JTAs, and WAP badges. The intent of the LMS is to have consumable and actionable content available to the Subgrantee network at all times, accessible from anywhere with internet access.

Training needs are determined and based upon the following:

- Individual Subgrantee Training Needs Assessments (TNA)
  - TDHCA implemented a requirement that requires each Subgrantee to complete DOE's WAP T&TA Planning & Reporting Template to identify each Subgrantee's specific training needs. The initial report is required to be submitted within sixty (60) days of the contract execution and is reviewed by TDHCA training staff to ensure each Subgrantee is planning to receive training in needed areas. Throughout the contract terms TDHCA staff monitor for training expenditures to ensure Subgrantee is obtaining needed trainings. Upon the completion of the contract a final version is required to be submitted to document and support training assistance received.
- Grant Requirements or as directed by DOE monitoring or audit reports.
- Subgrantee Request. The Department has an online request system named Wufoo, with a T&TA menu list, or section for the Subgrantee to make a specific request or ask specific questions. The Department will contact the requestor and customize training to meet the need. https://tdhca.wufoo.com/forms/request-for-ca- program-assistance/
  - In addition, submitted questions or requests are reviewed for creating Best Practices/FAQs or to identify topics for regional trainings, workshops, webinars or individualized training.
- Monitoring Reports. The Department's compliance team shares monitoring issues with the training team. The training team will initially provide resources and guides to address any findings, and follow up with T&TA as required.
- Subgrantee expenditure performance
  - TDHCA utilizes an online contract system to collect expenditure and performance data from Subgrantees and compares that data to a production tool at minimum on the third, fifth, and seventh program reporting deadline as identified within 10 TAC §6.405.

- Trends across the network are addressed in regional trainings, workshops, webinars or quarterly webinar calls with the network.
- Management Request. Management may make a specific request and dictate the type of training needed.

- Grantee identified needs
  - Areas of special focus are as follows:
    - Quality work through initial assessments
    - Accurate Energy Audit Modeling
    - Accurate implementation of DOE-Approved Priority List
    - Verifying applicable completed work meeting minimum Standard Work Specification (SWS) requirements.

The Department has five certified EA/QCI staff who monitor and/or train weatherization Subgrantees on quality weatherization work, proper diagnostics, documentation, and compliance. The Department continues to provide T&TA to assist Subgrantees in preparing for and obtaining required certifications. The Department created an online Web page dedicated to Quality Work Plan requirements that contains guidance and resources.

https://www.tdhca.texas.gov/weatherization-assistance-program-quality-work-plan

NOTE: IREC approved training providers sometimes partner with local Subgrantees to provide Comprehensive training courses in Texas including MFQCI and Energy Auditor.

Comprehensive Training:

Comprehensive trainings are defined as occupation–specific trainings which is part of an overall curriculum aligned with the topics within the given JTA being trained and will be administered by or in cooperation with accredited IREC training providers credentialed for the JTA being taught. Additionally, all required certification testing will be conducted by BPI certified proctors.

The current focus for Comprehensive training will include the following:

- Ensuring all twenty-one (21) Subgrantees have staff (or subcontractors as applicable) certified and trained in the profession in which the worker is employed.
  - Employment categories include: Energy Auditor (EA), Quality Control Inspector (QCI), Retrofit Installer (RI) and Crew Leader (CL).
  - As a prerequisite to BPI advanced certifications, TDHCA recommends successful training and completion of an appropriate BPI core certification such as Building Analyst Technician and Building Analyst Professional.
- Ensuring all twenty-one (21) Subgrantees continue to receive Comprehensive training on a regular basis for occupation-specific topics within the prospective job task analyses (JTAs) the worker is employed.
- Ensuring all twenty-one (21) Subgrantees receive Priority List related training to address any identified monitoring concerns with the implemented DOE Approved Priority List.
- Ensuring all twenty-one (21) Subgrantees receive Energy Audit Weatherization Assistant (WAweb) Modeling or Assessment related training to address identified monitoring concerns.

In compliance with Section 2 of WPN 22-4, the Department will perform a training needs assessment (TNA) to ensure comprehensive training for each category listed above is planned for and that required certifications are maintained as applicable. Whereas it is the responsibility of the Department to provide funds for training through or in conjunction with IREC training providers, it is the responsibility of the Subgrantee to ensure training is completed by staff and/or subcontractors. Subgrantees are responsible, when applicable, for securing a retention agreement to promote continued employment with the WAP program for a defined period, ensuring that T&TA funds are used effectively and maximized. The Department will monitor Subgrantee training plan progress and track credentials. Weatherization staff that do not meet the requirements outlined within WPN 22-4 may not function unsupervised until training and/or certification requirements are met.

Specific Training:

Specific trainings are defined as training for single-issue, short-term training to address technical skills or knowledge gaps. Conference trainings and any training not aligned with a Home Energy Professional JTA are included in this category. Specific training will be provided by Department training and technical assistance staff or a designee with the exception of training conferences. With experience as Subgrantee Program Managers, State Program Officers, Trainers, and Compliance Monitors, the staff has experience in Subgrantee monitoring, unit assessments, audits, materials installation, inspections, and the training and technical assistance that support each. The staff consists of:

- Kevin Glienke - 16+ years in WAP as a monitor/trainer, BPI Building Analyst Professional, BPI QCI, BPI EA, and attended DOE and TACAA sponsored conferences.
- Evan Brown - 11+ years of WAP experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, BPI IDL, OSHA 30 & 10 certified, Lead certified, and attended DOE and TACAA sponsored conferences.
- Robert Moore – 15+ years of weatherization experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, Lead certified, OSHA 30 and attended DOE and TACAA sponsored conferences.
- Ben Rose – 13+ years of weatherization experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, Lead

certified, and attended DOE and TACAA sponsored conferences.

- Robert Kunze - 14+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Energy Auditor, BPI Building Analyst Technician, BPI Building Analyst Professional, Lead certified, OSHA 10, EPA 608, and attended DOE sponsored conferences.

The focus for Specific trainings will include the following:

- New manager training
  - New manager training is required within three months of being hired and may be requested through the online training request system. Training includes a broad overview of the program history, applicable rules, reporting requirements, and available resources.
- Monitoring report based training
  - Another form of specific trainings are trainings that arise out of necessity due to monitoring issues. Subgrantees are monitored as described in V.8.3 Monitoring Activities of this Plan and results of those monitoring visits are shared with T&TA staff. Any issues as a result of a monitoring visit are analyzed by T&TA staff to determine how best to train the Subgrantee to resolve the issue(s).
  - While the majority of monitoring issues are addressed through the Comprehensive training approach, T&TA staff often provide short-term training to address technical skills or knowledge gaps through the Specific approach. Additionally, T&TA staff help Subgrantees review their monitoring report to develop a training plan and to identify Comprehensive training(s) needs. After Comprehensive training(s) are performed a follow-up is performed by T&TA staff to ensure comprehension. If necessary, T&TA staff provide one on one assistance to ensure the issue(s) are fully addressed/resolved.
- One-on-one technical assistance request for WAP Subgrantees.
  - T&TA staff are available daily to answer specific T&TA requests, discuss/provide options for encountered scenarios, help locate applicable program guidance, etc.
  - Grantee/subgrantee knowledge and understanding of virtual platforms has increased capacity in this area tremendously.
- Administrative/Fiscal Technical Assistance & Training.
  - To assist subgrantees address monitoring findings or concerns in the area of fiscal and cost allocation, the Department contracts with a fiscal consultant with expertise in financial systems and cost allocation.
  - To provide targeted in-depth technical assistance and training services in a variety of areas to include risk management, financial systems, budgeting, internal controls, process mapping, compliance with federal and state requirements, operations, outreach, systems analysis, strategic planning, procurement and weatherization production, the Department contracts with a Training & Technical Assistance provider to address subgrantee monitoring findings, concerns and areas of needed improvement.
- Quarterly Network Calls
  - Quarterly Network Webinar Call will cover topics based upon need and identified areas of concern. Topics typically include:
    - Program Requirements and Updates
    - Expenditures/Production
    - Monitoring Concerns
    - Technical Issues
    - Health & Safety Concerns
    - Upcoming Training Dates
    - Resources
- WAP E-Newsletter
  - A WAP newsletter will be emailed to the network on an as needed basis (i.e., as information becomes available) to provide WAP related information to the network (e.g., program and technical requirements, updates, training opportunities).

For formal specific trainings requested by the Subgrantee, a report will be produced indicating Subgrantee staff present, materials and documents presented to the Subgrantee, and expected outcomes.

Ramifications for Noncompliance with Training Requirements

Ramifications for noncompliance with Comprehensive training and/or Specific training can contain condition(s) which the noncompliant Subgrantee must comply with in order to receive funding. Conditions can be minor (e.g., submittal of a credential to the Department) or severe (e.g., closely supervised final QCIs by Department training staff to determine quality of weatherization measures installed).

Subgrantee Evaluation of Training Activities

Subgrantees will be given the opportunity to provide feedback through online training evaluations. These evaluations are reviewed to make improvements to future T&TA. Training staff will conduct periodic surveys to solicit input from Subgrantees and will evaluate pass rates for certification testing. In order to evaluate compliance with the Quality Work Specifications and the efficacy of its training activities, the training staff will review a Subgrantee's training activities at least annually and compare those to the Subgrantee's monitoring reports. Department staff evaluate T&TA activities through ongoing review of Subgrantees' projected training plans and monthly monitoring of T&TA expenditure rates. Staff work directly with subgrantees to identify appropriate training opportunities for all WAP field staff based on completed certifications at each agency. To support continued skill development, Subgrantees are provided access to a learning management platform that includes all available BPI courses for refresher training at any time. When projected T&TA plans are not progressing as expected, Department staff require participation in targeted training as part of a required action identified in the Subgrantee's

monitoring report to ensure compliance with program requirements and effective use of T&TA funds.

Client Education

The Department requires Subgrantees to provide client education to each client. Subgrantees are required to provide (at a minimum) educational materials in verbal and written format. Client education may include written and verbal education, energy savings materials, and instructions for equipment operation and/or maintenance.

Percent of overall trainings

Comprehensive Trainings:	60.0
Specific Trainings:	40.0

Breakdown of T&TA training budget

Percent of budget allocated to Auditor/QCI trainings:	50.0
Percent of budget allocated to Crew/Installer trainings:	30.0
Percent of budget allocated to Management/Financial trainings:	20.0

V.9 Energy Crisis and Disaster Plan

At this time, no DOE funding will be utilized for Disaster Recovery activities.

Weatherization Grantee Health and Safety (H&S) Plan- *Optional Template*

Texas Department of Housing and Community Affairs

1.0 – General Information

Additional information that does not fit neatly in one of the other sections of this document.

Allowable Department of Energy (DOE) related health and safety (H&S) actions and expenditures are those necessary to maintain the physical well-being of both the occupants and/or weatherization workers where:

- Costs are reasonable as determined by The Department of Energy (DOE) in accordance with this approved Plan;
- The actions must be taken to effectively perform weatherization; or
- The actions are necessary as a result of weatherization work.

This plan will provide guidance to the Texas Weatherization Network. Health and Safety issues will be identified by Program Assessors during the initial assessment. Weatherization Crews (either subcontracted or in house) will perform the task(s) identified in the initial assessment and listed in the work order(s). Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks.

This health and safety plan is taken from a DOE approved template. Much of the text in this template is DOE prescribed boilerplate language and may not always apply to activities described in TDHCA's DOE plan.

2.0 – Budgeting

Grantees are encouraged to budget H&S costs as a separate category and, thereby, exclude such costs from the Average Cost Per Unit (ACPU) cost limitation. This separate category also allows these costs to be isolated from energy efficiency costs in program evaluations. H&S costs that are budgeted and reported under the Program Operations category rather than the H&S category, the related H&S costs must be included in the calculation of the ACPU and cost-justified through the Grantee's Department of Energy (DOE)-approved energy audit tool.

Select which option used below.

Separate H&S Budget ☑	Contained in Program Operations ☐

3.0 – H&S Expenditure Limits

Pursuant to 10 CFR 440.16(h), Grantees must establish H&S expenditure limits for their Program and provide justification for those limits by explaining the basis and related historical H&S expenditures. DOE acknowledges that it may be necessary for Grantees to deviate from historical expenditures when certain circumstances arise (e.g., funding source changes).

10 CFR 440.16(h)(2) dictates that these limits must be expressed as a percentage of the ACPU. To calculate this percentage, use the following formula:

$$Total\ Average\ H\&S\ Cost\ per\ Unit = \frac{H\&S\ budget\ amount}{Program\ Operations\ budget\ amount}$$

For example, if the ACPU is $5,000 and a Grantee's Program expends an average of $750 per dwelling on energy-related H&S measures, the Total Average H&S Cost per Unit would equal 15 percent. DOE acknowledges that this percentage may vary significantly between Grantees due to different geographical areas and depending upon the availability of other funding sources, resource availability, etc. Low percentages should include a statement of what other funding supports H&S costs, while larger percentages will require greater justification and relevant historical support.

15 percent is not a maximum limit on H&S expenditures. DOE will conduct a secondary level of review on H&S Plans with a Grantee request of more than 15 percent of Program Operations used for H&S purposes. ***DOE strongly encourages using the table below in developing justification for the requested H&S budget amount.*** *In accordance with 10 CFR 440.18(d)(15), these funds are to be expended by the Program in direct weatherization activities, "of which is necessary before, or because of, installation of weatherization materials." This same section of the regulation excludes the H&S costs from the ACPU limitation if H&S costs are budgeted separately.*

DOE recommends reviewing recent budget requests and compare those to actual H&S expenditures to see if previous budget estimates have been accurate. The resulting Total Average H&S Cost per Unit multiplied by the Grantee's production estimate in the Annual File should correlate to the H&S budget amount listed in the Grantee's annual plan.

H&S expenditure limits and justification explaining the basis for setting the limits.

A thorough review of historical H&S expenditure data along with network provided feedback to aid in the completion of the H&S Measures Matrix is analyzed annually to determine the H&S expenditure limit requested.
Cost Controls: The Department has built-in contract and reporting validations that do not allow any Subgrantee to report or request over the allowable H&S %. The validations are built into the budgeting system from a total overall statewide % as well. Furthermore, unless current/historical expenditure data support an increase and the increase is approved by DOE, TDHCA will limit H&S expenditures to the DOE identified 15% of Program Operations as identified within WPN 22-7.

Utilizing the spreadsheet embedded below, provide a full list of H&S measures using historical data from your program, including average cost, and frequency rate. If installing more than a single instance of one measure in a unit (e.g. multiple CO alarms), Grantees may aggregate costs so that frequency does not exceed 100%, or enter a justification into the measure column, which explains why that measure has a frequency rate of over 100%. The spreadsheet will auto calculate your expected Total Average H&S Cost per Unit.

Instructions: Double-click icon directly below to open, view and edit Measure Matrix Spreadsheet. Complete the spreadsheet by entering the required information. To save, close the spreadsheet and it will save to this document.

Measure Matrix Final.xlsx

4.0 – Incidental Repair Measures

Any measures that could potentially be identified as H&S, but the Grantee chooses to instead identify and treat those measures as incidental repair measures (IRMs), must be implemented consistently throughout the Grantee's weatherization program. The measure must fit the regulatory definition of an IRM and be cost justified along with the associated energy conservation measure and/or package of measures. 10 CFR 440.3 defines Incidental Repairs as, "those repairs necessary for the effective performance or preservation of weatherization materials."

H&S measures identified and treated as IRMs within your Program.

N/A-TDHCA strives to limit IRMs and H&S measures when feasible in an effort to maintain program focus/intent of energy efficiency.

5.0 – Occupant Pre-Existing or Potential Health Conditions and Hazard Identification and Notification Form(s)

Grantees must develop a written policy that includes, at a minimum, the following documentation relating to H&S Plan implementation and maintain signed copies in each client file. Each notification must include the occupant(s) (and landlord if applicable) name and address, be signed and dated by the occupant (and landlord if applicable) indicating that they understand and have been informed of their rights and options and signed by the Subgrantee personnel collecting the information.
Required topics are:

- ***Occupant Pre-existing or Potential Health Condition Screening***
  - *Provides documentation that allows occupant(s) to self-report known or suspected health concerns as part of initial application for weatherization, during the energy audit, or other part of the weatherization process as specified. Must minimally contain the following:*
    - *Any known risks associated with the measures and materials being installed*
    - *Subgrantee point of contact information for occupant(s)*
    - *Date of screening*
- ***Hazard Identification Notification***
  - *Provides documentation that the occupant and landlord (if applicable), have been informed of any potential hazards identified during the energy audit or intake process. Must minimally contain the following:*
    - *Date(s) of the energy audit/assessment and when the occupant(s) (and landlord, if applicable) was informed of a potential H&S issue*
    - *A clear description of the problem, including any testing results*
    - *A statement indicating if, or when weatherization could continue*

Radon Informed Consent Form

- *Provides documentation that the occupant(s) (and landlord if applicable) have been informed of any potential hazards associated with radon in weatherized dwellings. The form must minimally contain the following:*
  - *An explanation on the potential small risk of increasing radon levels when building tightness is improved. This is based on the results of the Buildings Assessment of Radon Reduction Interventions with Energy retrofits Expansion Study (The BEX Study)*
  - *A list of precautionary measures WAP will install based on EPA Healthy Indoor Environment Protocols.*
  - *Some of the benefits of Weatherization including energy savings, energy cost savings, improved home comfort, and increased safety.*

Procedure for soliciting occupants' health and safety concerns related to components of their homes

A Signed Health & Safety Requirements Form has been developed by the Department to aid Subgrantees with screening occupants for known or suspected health concerns and to identify H&S concerns related to components of their homes. Obtained information

must be taken into consideration when determining the units work scope to ensure occupant safety. The Signed Health & Safety Requirements Form is located on the Department's website under "Weatherization Assistance Program (WAP) Program Guidance" at https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance and clicking on "Program Forms
The Signed Health & Safety Requirements Form aligns with DOE's template form to ensure clients are informed of any potential hazards associated with radon in weatherized dwellings.

Procedure for determining whether occupants suffer from health conditions which may be negatively impacted by the act of weatherizing their dwelling

Subgrantee must discuss information obtained from the Signed Health & Safety Requirements Form with clients and identify potential measures being considered for installation to determine if any measures could have an effect on the occupant's health. Precautions taken to avoid client health and/or safety should be well documented in the client file.

Procedure for addressing potential health concerns including pre-existing health conditions when they are identified

Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks. In cases where an occupant's health is fragile, or an occupant has been identified to have a health condition, and/or the crew work activities would themselves constitute a health and/or safety hazard, the occupant(s) at risk shall be required to leave during the performance of the work activities. In cases where specific weatherization material(s) present an occupant health concern, crews/contractors may substitute a comparable alternative material that meets DOE specifications. If no safe alternative material meeting DOE standards is available, Subgrantees should receive case by case guidance from Department training staff. Precautions taken to avoid client health and/or safety should be well documented in the client file.

Location where forms have been uploaded/submitted

Separate attachment to SF424 ☑	Separate attachment to H&S Plan ☐

6.0 – Health and Safety Categories

For each of the following H&S categories identified by DOE in the following tables, follow the directions below.

- Any section that is "Required" below must be explicitly detailed in the H&S Plan regardless of funding source used. If the Grantee checks the box for "Concurrence with DOE Guidance" the contents of the box may be left as it exists or reference the section/location within Grantee Policy and Procedure manual that contains language or insert Grantee specific language. If the "Alternative Guidance" box is checked, the Grantee must provide that alternative guidance in the box.
  - If a Grantee is proposing an alternative action/allowability for a "Required" item, the alternative requires comprehensive explanation of how it meets the intent of the DOE program notice.
  - If a "Required" item/category will not be addressed with any funding source and will always result in deferral, the H&S Plan must state that.
- Any section that is "Allowable" below must be detailed only if DOE WAP funds are used to implement the measures. If the Grantee uses DOE funds for any "Allowable" activities from the Table of Issues then they must be described here in detail, including defining "minor", "major", "limited", "case-by-case", and "at-risk" if the term is applied. If you only check the box "Allowed with Alternative Funds" then no additional information is required.
- Any section that is "Prohibited" below may not be addressed with DOE WAP H&S funds and does not need to be specifically addressed in the H&S Plan. The Grantee simply needs to check the "Concur with DOE guidance" box and indicate if the condition will result in deferral/referral.
- The Grantee H&S Plan may address additional H&S hazards specific to their program that are not included in the Table of Issues. If a Grantee chooses to include additional measures as DOE WAP funded H&S costs, the H&S Plan must include details pertaining to the measures allowed, testing required, and client education for these specific hazards.

- All required “Testing/Inspection” related items must be documented in the client file to verify completion and results.

6.1 – Air-Conditioning, Heating Systems, and Combustion Appliances

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Replace, repair, or install primary heating systems when existing primary heating systems are unsafe, inoperable, or nonexistent. No home may be left without a safe primary heating system after weatherization where climate conditions require heating (i.e., all climate zones except zone 1 as defined by ASHRAE). If unable to meet this requirement, deferral is required.
- No DOE-funded weatherization work is permitted if the completed dwelling unit will be heated with an unvented combustion space heater as the primary heat source. The primary heat source must be replaced with a vented unit prior to or by weatherization. The replacement unit must be sized to heat the entire dwelling unit.
- Unsafe secondary units, including space heaters, must be repaired, or removed and disposed of, or deferral is required. Secondary unvented space heaters are considered unsafe if they:
  - are not listed and labeled as meeting ANSI Z21.11.2;
  - have an input rating of more than 40,000 BTU/hour;
  - are in a bedroom and have an input rating of more than 10,000 BTU/hour;
  - are in a bathroom and have an input rating of more than 6,000 BTU/hour;
  - are operating in an unsafe manner (e.g., high carbon monoxide (CO) readings, too close to combustible materials, lack sufficient combustion air volume);
  - or are not permitted by the Authority Having Jurisdiction (AHJ).
- DOE WAP Grantees must comply with the Manufactured Home Construction and Safety Standards which mandates that:
  - All fuel-burning appliances in manufactured homes except ranges, ovens, illuminating appliances, clothes dryers, solid fuel-burning fireplaces and solid fuel-burning stoves, must be installed to provide for the complete separation of the combustion system from the interior atmosphere of the manufactured home (i.e., to draw their combustion air from outside), and be vented to outside the dwelling.
  - All appliances installed by or left in place after weatherization in manufactured homes must meet these standards, including secondary heating sources. If an occupant will not allow the removal of an unsafe combustion appliance from the home, deferral is required.
  - Repair or replace combustion gas venting to ensure proper combustion gas venting to outside the dwelling for all combustion appliances, including but not limited to gas dryers and refrigerators, furnaces, vented space heaters, and water heaters.
- If weatherization installs an appliance that is vented into a masonry chimney, the chimney must be lined in compliance with the International Fuel Gas Code (IFGC) or local AHJ if more stringent.
- Install adequate combustion air for all combustion appliances left after weatherization.
- If permits are required for heating/cooling system work, they must be secured and are a program operation cost if the installation is an ECM or may be included in the H&S cost if installed as a H&S measure.
- If unsafe conditions relating to existing combustion appliances require remediation to safely perform weatherization and cannot be remedied by repair or tuning, replacement is an allowable H&S measure unless prevented by other guidance herein.
- Documentation justifying the replacement with a cost comparison between replacement and repair must be maintained in the client file.

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Replace, repair, or install primary air conditioning in homes where current occupants meet Grantee's definition of "at-risk"
  - TDHCA's defines an "at-risk" as a household containing at least one member that would meet the definition of Vulnerable Populations. Vulnerable Populations are elderly persons (60 or older), persons with a disability, and households with a child at or below the age of five.
- Repair or removal of primary and secondary solid fuel heating appliances.
- Replacement of unsafe primary solid fuel heating appliances.

Prohibited Actions
Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for replacement or installation of secondary heat sources is prohibited.

Required Testing/Inspection	
Concur with DOE Guidance ☑	Alternative Guidance ☐

- Verify that primary heating systems are present, operable, and performing correctly.
- Conduct combustion appliance testing and visual inspection of all combustion appliances and their related venting.
- Depressurization and spillage testing is required for all Category 1 appliances pre- and post-weatherization and before leaving the home on any day when work has been done that could affect draft (e.g., air or duct sealing, adding exhaust ventilation).
- CO testing is required for all combustion appliances, regardless of venting type.
- Verify proper clearances for all combustion venting types
- Visually inspect the entirety of solid fuel-fired appliance installations (e.g., wood stoves, coal stoves, pellet stoves, fireplaces) including the venting system to ensure it adheres to the applicable code or local authority having jurisdiction. Appliances must be inspected pre- and post-weatherization.
- Conduct pre- and post- weatherization worst case CAZ depressurization testing in spaces having a fireplace or woodstove. Since there is no consensus method for verifying safe operation of fireplaces and woodstoves, Grantees can propose testing policies and limits. If the Grantee does not propose a policy and fireplaces or woodstoves are left operational, the vent must meet national or local codes, or the home cannot be weatherized.
- Safety inspections related to space heaters, fireplaces, and woodstoves must include, but not be limited to, verification of adequate floor protection, and code-compliant clearances to walls and other combustible materials.

Grantee Combustion Testing Action Levels

TDHCA has adopted **ANSI/BPI-1200-S-2017** combustion testing standards and action levels with the following exception:

- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted **International Residential Code** (**IRC)** Range Top Burner CO threshold. Current threshold is ***25ppm as measured (per burner)***.

All combustion testing processes must meet the requirements detailed in ANSI/BPI-1200-S-2017 standards.

Depressurization and Spillage assessment action levels shall be based on the following criteria:

- Spillage assessed at 2 minutes of main burner operation for warm vent applications and domestic water heaters *(utilize appropriate action outlined in TABLE D.1.A)*
- Spillage assessed at 5 minutes of main burner operation for cold vent except domestic water heaters *(utilize appropriate action outlined in TABLE D.1.A)*

TABLE D.1.A ACTION LEVELS FOR SPILLAGE IN COMBUSTION APPLIANCES
The following actions shall be taken when spillage occurs under the specific circumstances detailed below.

TEST RESULT	ACTION REQUIRED
Greatest CAZ depressurization occurs with the air handler on*	Conduct further analysis of the distribution system to determine if leaky ducts or other HVAC-induced imbalances are the cause of the spillage. If so, recommend distribution system repairs that will reduce or eliminate the CAZ depressurization.
Greatest CAZ depressurization occurs with door to CAZ closed, but is alleviated when door to CAZ is open*	Recommend measures to improve air transfer between the CAZ and the core of the house
The cause of spillage has been traced to excessive exhaust** independent of CAZ door position, air handler, or a problem with the flue†	Verify that sufficient combustion air is available per *ANSI Z223.1/NFPA 54* for gas-fired appliances and *NFPA 31* for oil-fired appliances or recommend verification by a qualified professional and/or Recommend further evaluation/service by a qualified professional to address the venting/combustion air issues

*In the case where both spillage and excessive CO are present, in addition to the specific recommendations above, recommend that the appliance be shut down until it can be serviced by a qualified professional.
** Refers to exhaust caused by mechanical ventilation and/or other means of exfiltration.
†When a recommendation to replace atmospherically-vented combustion equipment inside the pressure boundary is made, and when cost-effective, recommend replacement with direct-vented, or power-vented equipment (or non-combustion equipment, such as a heat pump), which is ENERGY STAR®-labeled.

Ambient CO and Lower Explosive Limit (LEL) assessment action levels shall be based on the following criteria:

- Ambient CO and LEL shall be monitored at all times while in the work enviroment utilizing a designated ambient monitor.
    - If the monitor indicates an ambient CO level of 70 ppm or greater, the auditor shall immediately terminate the inspection and notify the homeowner/occupant of the need for all building occupants to evacuate the building. The auditor shall immediately leave the building and the appropriate emergency services shall be notified from outside the home.
    - If the monitor indicates an ambient CO reading in the range of 36 ppm to 69 ppm, the auditor shall advise the homeowner/occupant that elevated levels of ambient CO have been detected. Windows and doors shall be opened. The auditor shall recommend that all possible sources of CO be turned off immediately. Where it appears that the source of CO is a permanently installed appliance, the auditor shall recommend that the appliance be turned off, and the homeowner/occupant shall be advised to contact a qualified professional.
    - If the monitor indicates an ambient CO reading in the range of 9 ppm to 35 ppm, the auditor shall advise the homeowner/occupant that CO has been detected and recommend that all possible sources of CO be checked, and windows and doors opened. Where it appears that the source of CO is a permanently installed appliance, the homeowner/occupant shall be advised to contact a qualified professional.

- If any measured concentrations of combustible fuel gas exceed 10% of the LEL, the auditor shall inform the homeowner/occupants of the unsafe condition and advise evacuation of the home. The auditor shall leave the home, and the appropriate emergency services and fuel gas providers shall be notified from outside the home.

CO measurement result action levels shall be based on the following criteria:

- CO measured at 5 minutes of main burner operation;
- CO level at or below threshold in ***Section 7.9.5, Table 1*** for the appliance being tested is ACCEPTABLE ***(utilize appropriate action outlined in TABLE D.1.B);***
- CO level exceeding threshold in ***Section 7.9.5, Table 1*** for the appliance being tested is UNACCEPTABLE ***(utilize appropriate action outlined in TABLE D.1.B)*; and**
- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted IRC Range Top Burner CO threshold. ***(utilize appropriate action outlined in TABLE D.1.B),***
  - Current **IRC Range Top Burner CO threshold** is ***25ppm as measured (per burner)***.

7.9.5 Table 1: CO Thresholds for Fossil Fuel-Fired Combustion Appliances

Table 1
CO Thresholds for Fossil-Fuel Fired Combustion Appliances

Appliance	Threshold Limit
Central Furnace (all categories)	400 ppm air free[4]
Boiler	400 ppm air free
Floor Furnace	400 ppm air free
Gravity Furnace	400 ppm air free
Wall Furnace (BIV)	200 ppm air free
Wall Furnace (Direct Vent)	400 ppm air free
Vented Room Heater	200 ppm air free
Unvented Room Heater	200 ppm air free
Water Heater	200 ppm air free
Oven/Broiler	225 ppm as measured
Clothes Dryer	400 ppm air free
Refrigerator	25 ppm as measured
Gas Log (gas fireplace)	25 ppm as measured in vent
Gas Log (installed in wood burning fireplace)	400 ppm air free in firebox

Note-Carbon Monoxide (CO) Air Free Air free emission levels are based on a mathematical equation (involving carbon monoxide and oxygen or carbon dioxide readings) to convert an actual diluted flue gas carbon monoxide testing sample to an undiluted air free flue gas carbon monoxide level utilized in the appliance certification standards. For natural gas or LP gas, using as-measured CO ppm and O2 percentage:

$CO\ AF\ ppm = (20.9/20.9\text{-}O2) \times CO\ ppm$

Where:

- COAF ppm = Carbon monoxide, air-free ppm
- CO ppm = As-measured combustion gas carbon monoxide ppm
- O2 = Percentage of oxygen in combustion gas, as a percentage

TABLE D.1 B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES	
TEST RESULT	ACTION REQUIRED
Unacceptable CO level	Advise the homeowner/occupant that the appliance should be serviced immediately by a qualified professional Note: If ambient CO levels do not exceed 70 ppm, testing of other appliances and other audit procedures may continue at the discretion of the auditor
Acceptable CO level	No action required

Grantee Woodstove & Fireplace inspection/testing policy including actions/limits

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Fireplace or woodstove venting that is left operational after weatherization must meet current local or national standards or the home must be deferred.
  - A fireplace is considered operational if it is capable of being used for its intended purpose, meaning producing heat without requiring permanent alteration or removal of key components.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Appropriate use and maintenance of units.
- Provide all paperwork and manuals for any equipment installed by weatherization.
- Discuss and provide information on proper disposal of bulk fuel tanks when not removed as part of the weatherization work.
- Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.

6.2 – Asbestos (Confirmed and/or Presumed Asbestos Containing Material)

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- When suspected friable Asbestos Containing Materials (ACM) are present, including vermiculite, assume they contain asbestos and take precautionary measures to prevent disturbing it during the audit and work unless testing determines otherwise.
- Grantees must have written policy included in their H&S plan for:
  - Identifying and managing suspected ACM that provides for reasonable and necessary precautions to prevent asbestos contamination in the home.
  - Addressing blower door testing where suspected friable ACM is present (as defined by EPA), including vermiculite.

Grantee ACM policy

If asbestos containing material (ACM) is suspected within the components of the structure, the Subgrantee must determine if the material is friable, if there would be a disturbance of that material during the weatherization process, and determine the size of the area affected.

- Where suspected ACM will not be disturbed during the weatherization process, is not creating a hazard due to being friable, or vermiculite is not present, weatherization work may proceed at the Subgrantee's discretion. If the Subgrantee proceeds with providing weatherization services, they must ensure of the following during the weatherization process:
    - All reasonable and necessary precautions are taken to prevent asbestos contamination in the home
    - Suspected ACM will not be cut, drilled, sanded, scraped, or otherwise disturbed
    - Measures taken to prevent suspected ACM disturbance and precautions taken to ensure of occupant/worker safety are documented/retained
- Where suspected ACM is present on small surfaces (pipes, ductwork, furnaces, other small covered surfaces, etc.) and must be addressed to safely weatherize the dwelling, limited encapsulation or removal of suspected ACM materials can be allowed by an appropriately trained asbestos control professional at the Subgrantee's discretion.
    - Documentation that the hazard has been eliminated through remediation or encapsulation from the certified asbestos professional must be maintained in the client file.
    - Limited encapsulation or removal cost of suspected ACM material does not exceed $1,000.
- Where suspected ACM will be disturbed during the weatherization process, prevent a major measure installation, the suspected ACM is creating a hazard due to being friable, or vermiculite is present, weatherization services must be deferred. Before the weatherization process can proceed, the client must provide documentation that a certified asbestos professional has certified the suspected ACM is free of asbestos, encapsulated, or the asbestos hazard has been remediated. A copy of the documentation must be kept in the client file.
    - An exception to this guidance is removal of suspected ACM siding in good condition for wall insulation installation where insulation cannot be installed from the interior of the structure. This exception is at the Subgrantee's discretion and would require the following precautions:
        - All reasonable and necessary precautions are taken to prevent asbestos contamination in the home;
        - Siding will only be removed where necessary to install wall insulation;
        - Siding will not be cut, drilled, sanded, scraped, etc; and
        - Precautions are taken to not damage the siding during the removal and reinstallation process.

Grantee Blower Door Testing Policy When Suspected ACM Exists

Suspected ACM's overall condition and potential for disturbing the suspected material through blower door testing will be evaluated.

- Blower door testing ***allowed*** where suspected ACM will not be disturbed during blower door testing process, is intact and not creating a hazard due to being friable, and/or vermiculite is not present.
- Blower door testing ***not allowed*** where suspected ACM may be disturbed during the blower door testing process, the suspected ACM is not intact and creating a hazard due to being friable, and/or vermiculite is present. Unit must be deferred until a certified asbestos professional has certified the suspected ACM is free of asbestos, encapsulated, asbestos hazard has been remediated, and blower door testing can proceed.

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Temporary removal and reinstallation of ACM siding to perform an ECM (e.g., wall insulation).
- Limited encapsulation or removal of suspected ACM on small surfaces (pipes, ductwork, furnaces, other small, covered surfaces, etc.) by an appropriately trained asbestos control professional if necessary to safely weatherize the dwelling as defined by the Grantee's H&S Plan.
    - TDHCA defines "Limited" as an encapsulation or removal of suspected ACM material that does not exceed $1,000.

Prohibited Actions		
Concur with DOE Guidance ☑		
• Using DOE WAP H&S funds for general abatement/removal/or replacement of asbestos siding, thermal system insulation (TSI) or Transite, or vermiculite is prohibited.		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
• Visually inspect all surfaces (i.e., walls, floors, ceilings, roofs) for suspected ACM prior to drilling or cutting. • Assume asbestos is present in suspect materials unless testing reveals otherwise.		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐	
• Other than the required testing/inspection of suspected ACM, additional testing will not be allowed with H&S funding.		
Required Occupant Education		
Concur with DOE Guidance ☑	Alternative Guidance ☐	
• Formally notify the occupant, and landlord if applicable, in writing: o of suspected ACMs that are present and what precautions will be taken to ensure the occupants' and workers' safety during weatherization; o of results if testing was performed; o not to disturb suspected ACM; o When deferral is necessary due to asbestos, occupant, or landlord if applicable, must provide documentation that a certified professional performed the remediation before work continues.		

6.3 – Biologicals and Unsanitary Conditions

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
• Deferral where conditions (odors, bacteria, raw sewage, rotting wood, etc.) in the home pose a health risk to occupants and/or weatherization workers or may be worsened by weatherization activities (e.g., air sealing) and will not be resolved by weatherization.		
Allowed Actions		
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐	
• Limited remediation of conditions that may lead to or promote biological concerns and unsanitary conditions (e.g., repairing leaking sewage pipes, minor plumbing repairs, areas of water intrusion, etc.) as defined in the Grantee's H&S Plan o TDHCA defines "Limited" as a remediation that does not exceed $2,000. • Limited cleaning of the workspace to protect the health and safety of workers and occupants as defined in the Grantee's H&S Plan o TDHCA defines "Limited" as cleaning that does not exceed $2,000. o If removal of biological and unsanitary conditions exceeds the cost limits, the home will be deferred.		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
• Sensory inspection of interior, exterior, attics, and subspaces of the dwelling.		
Prohibited Testing/Inspection		
Concur with DOE Guidance ☑		

- DOE WAP H&S funds may not be used for testing of materials for biological contaminants.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of observed biological and unsanitary conditions.

6.4 – Building Structure and Roofing (e.g., roofing, wall, foundation)

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Minor repairs to building structure or roofs as defined by the Grantee's H&S plan.
  - Minor repairs are defined as repairs that are necessary for weatherization work to proceed and determined allowable by guidance outlined within WPN 19-5. All repairs invoiced to the H&S category must meet the following criteria:
    - Meet the definition of Health and Safety (H&S) measure as defined within WPN 19-5
    - Directed to be installed as a H&S measure by the guidance outlined within *Attachment 1 - WPN 19-5 Definition Flow Chart*

  Roof, Door, or Window repairs are only allowed to be invoiced as an H&S measure if the repair resolves a bulk water intrusion issue that is the cause of visible biological and cost shall not exceed $2,000.

Prohibited Actions

Concur with DOE Guidance ☑

Using DOE WAP H&S funds for major repairs as defined by Grantee's H&S Plan.

- Using DOE WAP H&S funds for building rehabilitation.

Define "major" repairs

- Major repairs are defined as home repairs that would generally be classified as building rehabilitation, does not meet the definition of incidental repair measure (IRM) as defined within WPN 19-5, and/or would normally be considered beyond the scope of weatherization. Examples of major repairs include roof replacement, foundation repair, extensive siding repair, major structural repair, etc.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Visual inspection of building structure and roofing for damages that compromise building durability and to verify that portions of the home where weatherization will occur are safe for entry and performance of assessments, work, and inspections.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than required testing/inspection of building structure and roofing, additional testing will not be allowed with H&S funding

Prohibited Testing/Inspection

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for any testing/evaluation of structural materials by a third-party is prohibited.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Notify occupant in writing of structurally compromised areas.

6.5 – Code Compliance

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Correction of preexisting code compliance issues triggered by weatherization measures being installed in a specific room or area of the home. If the installation of a weatherization measure triggers the correction of a preexisting code compliance issue, and is paid for with WAP funds, the specific code requirements with reference to the weatherization measure(s) that triggered the code compliance issue must be documented in the occupant file.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for correction of preexisting code compliance issues not directly related to the installation of specific weatherization measures in the home is prohibited.
- Using DOE WAP funds for work on condemned properties and properties where H&S conditions exist that cannot be corrected under this guidance is prohibited

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Visual inspection.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Testing/Inspection cost associated with code compliance is only an allowable H&S cost when required by a code official within the authority having jurisdiction (AHJ) and must be triggered by the installation of a weatherization measure.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of observed code compliance issues when it results in a deferral.

6.6 – Electrical

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Provide sufficient over-current protection and damming prior to insulating building components containing knob and tube wiring, as required by the AHJ.

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Minor electrical repairs (e.g., junction box covers, improper splices, exposed electrical connections, damaged/non-working switches/receptacles, etc.) to protect the occupant or workers from electrical hazards within the living area or in the immediate area where weatherization activities will occur, as defined by the Grantee's H&S plan.
    - TDHCA defines minor electrical repairs as repairs to electrical hazards that do not exceed $2,000. In unforeseen limited instances, TDHCA reserves the right to provide case-by-case exceptions that will require prior written approval from TDHCA training staff. Training staff will factor in the reason for exception, reason of the additional cost, energy benefit provided by WAP services vs. non-energy benefit such as H&S/repair expenditures, and current reported Subgrantee H&S expenditure level in the approval/denial determination process. In cases the where excessive cost are determined to exceed the unit's energy benefit, are determined to be unreasonable, or the cost is prohibitive by available H&S funding within the Subgrantee H&S budget the unit will be deferred.

Prohibited Actions
Concur with DOE Guidance ☑
• Using DOE WAP H&S funds for ***major*** electrical repairs as defined by the Grantee's H&S plan is prohibited
Define "major" repairs
• Major electric repairs are defined as extensive repairs that affect a large area, generally be classified as rehabilitation, and/or normally be considered beyond the scope of weatherization due to being cost prohibitive. Examples of major electrical repairs include extensive wiring replacement due to age and condition, replacement of service panels, replacement of greater than three (3) electrical circuits, etc.

Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	
• Visual inspection for presence and condition of knob-and-tube wiring. • Evaluate knob-and-tube wiring for safety prior to work. • Check for alterations that may create an electrical hazard.		

Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Voltage drop and voltage detection testing.	

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐
• Provide occupant with written documentation of any electrical hazards identified that will not be addressed by weatherization • Provide information to occupant on over-current protection, overloading circuits, and basic electrical safety/risks if conditions warrant.	

6.7 – Fuel Leaks

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	
• When a gas leak is found on the utility side of service, the utility service must be contacted, work must be temporarily halted, and the leak must be repaired before work may proceed. • Fuel leaks that are the responsibility of the occupant (vs. the utility) must be repaired before installing weatherization measures in the home.		

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Replacement or repair of leaking bulk fuel tanks and/or lines if connected systems will remain after weatherization. • Replacement of flexible appliance gas connectors that are not compliant with current fuel gas codes. • Exposed gas lines will be inspected using an electronic combustion gas detector where gas lines are visible throughout the home. When a gas leak is found on the utility side of service, the client must contact the utility service before work may proceed & follow up with agency with a written report of resolved actions. Minor repairs to fix fuel leaks, that are the responsibility of the occupant, are an allowable expense. o TDHCA defines minor repairs to repair fuel leaks to not exceed $2,000. Examples may include tightening loose connections, replacing gaskets or seals, cleaning fuel lines, applying sealant, realigning pipes, or limit to gas line supplying the appliance, etc.	

Prohibited Actions

Concur with DOE Guidance ☑		
• Using DOE WAP H&S funds to repair leaks that are the responsibility of the utility to correct is prohibited. • Using DOE WAP H&S funds for environmental cleanup resulting from bulk fuel leaks is prohibited.		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑		Alternative Funds ☐
• Test all exposed gas lines, fittings, valves, and connections for fuel leaks from utility connection to the appliance throughout the home. • Test all gas appliances for fuel leaks at all connections, valves, fittings, and burners. • Conduct sensory inspection of all bulk fuels lines and storage tanks to determine if leaks exist.		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds ☑		Allowed with Alternative Funds ☐
• Pressurized leak testing of complete gas distribution system to determine if a leak is present should LEL levels exceed 10% or sensory inspection lead Subgrantee staff to believe a concealed gas leak is present.		
Prohibited Testing/Inspection		
Concur with DOE Guidance ☑		
• Using DOE WAP H&S funds for environmental testing of soil or water is prohibited.		
Required Occupant Education		
Concur with DOE Guidance ☑		Alternative Guidance ☐
• Inform occupants in writing of fuel leak testing results, including specific location if fuel leaks are detected.		

6.8 – Gas Ovens/Stovetops/Ranges		
Allowable Actions		
Allowed with DOE WAP H&S Funds ☑		Allowed with Alternative Funds ☐

• Limited cleaning or repair of ovens/ranges/stovetops as defined by the Grantee's H&S plan.
  ○ TDHCA defines "Limited" as cleaning or repair that does not exceed $400.
• Limited replacement of unsafe gas ovens/ranges/stovetops as defined by the Grantee's H&S Plan.
  ○ TDHCA defines "Limited" as necessary replacements if Subgrantee staff's professional judgement determines cleaning or repair would not resolve the gas oven(s)/range(s)/stovetop(s) identified hazard. Documentation should be maintained in client file for future reference.
If DOE WAP H&S Funds are used for any "allowable" actions, detail them here.		

Prohibited Actions		
Concur with DOE Guidance ☐		
• Use of H&S funds to electrify ovens/stovetops/ranges is prohibited.		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑		Alternative Funds ☐
• Test gas ovens for CO. • Grantee H&S plan must define action levels and resulting actions. • Visually inspect cooking burners and ovens for operability and flame quality.		
Define action levels for oven CO testing and resulting actions		

TDHCA has adopted **ANSI/BPI-1200-S-2017** combustion testing standards and action levels with the following exception:

- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted **International Residential Code** (**IRC)** Range Top Burner CO threshold. Current threshold is ***25 ppm as measured (per burner)***.
- Oven CO Thresholds 225 ppm as measured.
- Action Levels identified in Table D.1.B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES below:

TABLE D.1 B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES	
TEST RESULT	ACTION REQUIRED
Unacceptable CO level	Advise the homeowner/occupant that the appliance should be serviced immediately by a qualified professional Note: If ambient CO levels do not exceed 70 ppm, testing of other appliances and other audit procedures may continue at the discretion of the auditor
Acceptable CO level	No action required

Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required testing/inspection of ovens/ranges/stovetops, any additional testing will not be allowed with H&S funding.

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupants of the importance of using exhaust ventilation when cooking and the importance of keeping burners and broilers clean to limit the production of CO.

6.9 – Hazardous Materials

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Hazardous Waste Materials generated by weatherization work (e.g., refrigerant, asbestos, lead, mercury, CFL lighting bulb/ballasts, etc.) must be disposed of according to all local and federal laws, regulations, and guidelines, as applicable. Costs specifically related to disposal may be charged as a H&S expense.
- Subgrantees must document disposal requirements in contract language with the responsible party.
- ***Limited*** removal of pollutants that pose a risk to workers is required (e.g., flammable liquids, hazardous chemicals, and other air pollutants) as defined the Grantee's H&S Plan.
- If removal cannot be performed or is not allowed by the occupant, the unit must be deferred.

Define "limited" removal of pollutants

- Limited removal of pollutants is defined and limited to the hazardous waste materials generated by the weatherization activities (e.g., refrigerant, asbestos, lead, mercury, CFL lighting bulb/ballast, etc.) as listed in the required actions above. Limited removal of additional pollutants is not allowed by Subgrantee staff. Removal of pollutants must be done by the client or a contracted professional prior to weatherization work being performed. If pollutants pose a risk to workers and removal cannot be performed by a professional or the client refuses to remove the pollutants, the unit must be deferred.

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Limited removal of pollutants that pose a risk to the occupant as defined in the Grantee H&S Plan
  - See Define "limited" removal of pollutants guidance above.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for Lead, Asbestos, and Radon abatement is prohibited.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Sensory inspection.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required sensory inspection of hazardous materials, additional testing will not be allowed with H&S funding.

Prohibited Testing/Inspection

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for any testing for hazardous materials other than that specifically permitted in the asbestos, lead, and radon sections of this document is prohibited.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of hazards associated with hazardous waste materials being generated/handled in the home.
- Inform occupant in writing of observed hazardous condition and associated risks.
- Provide occupant written materials on safety issues and proper disposal of household pollutants.

6.10 - Injury Prevention of Occupants

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Minor repairs and installations (e.g., repairing stairs, replacing handrails, etc.) as defined by the Grantee's H&S plan.
  - TDHCA defines minor repairs as injury prevention of occupant repairs that do not exceed $2,000.
  - Identified repairs must be necessary to allow for safe access to areas necessary to complete the weatherization work.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for ***major*** repairs, as defined by the Grantee's H&S Plan is prohibited

Define "major" repairs

- Major injury prevention of occupant repairs is defined as repairs that would exceed $2,000. Example injury prevention of occupant repairs would include complete porch replacements, extensive repairs to walkways/porches/stair that exceed $2,000, etc.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Visually inspect for dangers that would prevent weatherization.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Other than the required visual inspection of dangers that would prevent weatherization, additional testing will not be allowed with H&S funding.

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐
• If identified hazardous conditions will not be corrected during weatherization, inform occupant in writing of observed hazards and associated risks utilizing the "Hazard Identification Notification Form" required by WPN 22-7.	

6.11 – Lead-Based Surface Coverings (Paint, Varnishes, Roofing, etc.)

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	
• Subgrantees must comply with EPA's Lead; Renovation, Repair and Painting Program (RRP) rules when working in pre-1978 housing unless testing confirms the work area to be lead free. This includes, but is not limited to: o Client file documentation including the Certified Renovator's certification; any training provided on-site; description of specific actions taken; lead testing and assessment documentation; and photos of site and containment set up. Include the location of photos referenced if not in file. o Certification and training requirements of the RRP rule. o Job site set up and cleaning verification by a Certified Renovator. • Only those costs directly associated with lead safe work practices for surfaces directly disturbed during weatherization activities are allowable WAP H&S expenses.		

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Only those costs directly associated with the testing and lead safe practices for surfaces directly disturbed during weatherization activities are allowable.	

Prohibited Actions
Concur with DOE Guidance ☑
• Using DOE WAP H&S funds for lead abatement is prohibited. • Using DOE WAP H&S funds for purchase, resourcing, or maintenance of X-ray Fluorescence (XRF) devices is prohibited.

Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Testing to determine the presence of lead on surfaces that will be disturbed by WAP measure installation is allowed with EPA-approved testing methods. • Alternatively, if EPA-approved testing is not conducted, the Subgrantee may assume lead is present and work in compliance with EPA RRP rule.	

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐

- Follow pre-renovation education requirements per EPA RRP rules.

6.12 – Mold and Moisture

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Limited water damage repairs that can be addressed by weatherization workers are allowed when necessary to weatherize the home and to ensure the long-term stability and durability of the measures as defined in the Grantee's H&S plan.
    - TDHCA defines limited water damage repairs as repairs that do not exceed $2,000.
- Source control (i.e., correction of moisture and mold creating conditions) when necessary, to weatherize the home and to ensure the long-term stability and durability of the measures. Source control is independent of latent damage and related repairs. Source control includes, but is not limited to site drainage, gutters, down spouts, extensions, flashing, sump pumps, dehumidifiers, landscape, leaking roofs, vapor retarders, moisture barriers, etc.
- Window and door repairs are allowed with H&S funds to resolve a bulk water intrusion issue that is the cause of visible biological growth and in compliance with the most current program notice (WPN 19-5 at the time of this writing).

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for mold cleanup is prohibited.
- Using DOE WAP H&S funds for window and door replacements is prohibited

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Visual assessment for moisture or mold damage including exterior drainage.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Diagnostics such as material moisture content, or relative humidity measurements at the audit and/or final inspection.

Prohibited Testing/Inspection

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for mold testing of any type is prohibited.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Provide occupant written notification of identified mold/moisture hazards and information regarding the associated hazard.

6.13 - Occupant Pre-existing or Potential Health Conditions

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- When a person's health may be at risk and/or WAP work activities could constitute an H&S hazard, the occupant is required to take appropriate action based on severity of risk.
- Deferral, if occupant risk cannot be mitigated.

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Occupant temporary relocation costs on a case-by-case basis.
- Grantee must define the allowable costs, relocations options, procedure for this case-by case determination, and what documentation is required from the client if DOE WAP funds are used for this purpose.
    - Allowable cost is defined as cost associated with relocation of occupant's whose health is fragile, or an occupant has been identified to have a health condition, and/or the crew work activities would themselves constitute a health and/or safety hazard to allow for weatherization services to proceed when no other reasonable solution(s) exist.
    - Relocation options shall be limited to providing at risk occupant temporary lodging to not exceed the current approved GSA lodging rate (cost must be paid to directly to the temporary lodging vendor).
    - Procedure for cases-by-case approval are as follows:
        - Subgrantee are required to contact TDHCA training staff for prior approval before proceeding with temporary location of occupants. Training staff will factor in the reason for client relocation, weatherization measure(s)/practice(s) requiring the relocation, available client documentation, energy benefit provided by WAP services vs. non-energy benefit such as H&S/repair expenditures, and current reported Subgrantee H&S expenditure level in the approval/denial determination process. In cases the where relocation cost are determined to exceed the unit's energy benefit, are determined to be unreasonable, or the Subgrantee does not have funding available to relocate the client within its existing H&S budget the unit will be deferred.
    - Required client documentation must be kept in client file and shall consist of the following:
        - Reason the client has to be relocated to include identification of the weatherization measure(s)/work practice(s) requiring the client to be relocated.
        - Documentation that a safe alternative material/work practice meeting DOE standards is not reasonably possible.
        - Any client volunteered support documents not violating HIPPA requirements from a certified medical professional.

Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Screen occupants for known or suspected health concerns either as part of initial application for weatherization, during the audit, or both.
- This is done utilizing the "Occupant Pre-existing or Potential Health Condition Screening Form" required by WPN 22-7.

Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Other than the required screening for known or suspected health concerns, additional screening/testing will not be allowed with H&S funding.

Required Occupant Education	
Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of any known risks and provide pre-weatherization screening form.
- Provide occupant with Subgrantee point of contact information in writing.

6.14 – Pests

Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Deferral of homes where infestation of pests cannot be reasonably removed or poses H&S concern for workers.

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Limited pest removal is allowed only where infestation would prevent weatherization as defined by Grantee's H&S Plan.
    - TDHCA defines limited pest removal as removal that does not exceed $400.
- Screening of windows and points of access and incorporating pest exclusion into air sealing practices to prevent intrusion.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Visual assessment of presence and degree of infestation and risk to worker.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Inform occupant in writing of observed conditions and associated risks.

6.15 – Radon

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Cover exposed dirt floors within the pressure/thermal boundary with a sealed soil gas retarder
- Cover sump well/pits with airtight covers
- Implement ventilation as required by ASHRAE 62.2-2016

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- In homes where radon may be present, work scope may include additional precautionary measures based on EPA Healthy Indoor Environment Protocols for Home Energy Upgrades.
- Other precautions may include, but are not limited to, sealing any observed floor and/or foundation penetrations, isolating the basement from the conditioned space, and ensuring crawl space venting is installed and operable.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for radon mitigation is prohibited.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Testing is not authorized in Texas WAP. Texas has no areas of "Highest Potentials," according to the United States Environmental Protection Agency standards.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Provide all occupants EPA's A Citizen's Guide to Radon and inform them of radon related risks.
- Occupants must sign an informed consent form prior to receiving weatherization services.

6.16 – Safety Devices: Smoke and Carbon Monoxide Alarms, Fire Extinguishers

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Install CO alarms in every home where alarms are not present or are inoperable in compliance with ASHRAE 62.2-2016 which references NFPA 720 (note: NFPA 720 has been incorporated into NFPA 72).

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Install smoke alarms where the AHJ requires them if alarms are not present or are inoperable.
- Replace functional smoke alarms and carbon monoxide alarms if they are beyond the manufacturer's stated lifetime (usually 10 years).
- Replace functional smoke or CO alarms batteries if designed to be replaceable.
- Provide fire extinguishers where solid fuel burning equipment is present.

Prohibited Actions

Concur with DOE Guidance ☑

- Using DOE WAP H&S funds for replacement of functional smoke or CO alarms that are not beyond the manufacturer's stated lifetime is prohibited.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	

- Verify operation and age of installed alarms.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Provide occupant with verbal and written information on use of newly installed devices and the potential risks of not properly maintaining these devices.

6.17 – Ventilation and Indoor Air Quality

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Install ventilation as required by ASHRAE 62.2 - 2016. If occupant refuses ventilation as required by ASHRAE 62.2, the home must be deferred.

Allowable Actions

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- N/A-Texas does not wish to request a variance to ASHRAE Implementation to the currently adopted ASHRAE 62.2-2016 version.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- ASHRAE 62.2 evaluation to determine required post-weatherization ventilation.
- Measure fan flow of existing fans and of installed equipment to verify performance.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Provide occupant with information on function, use, and maintenance (including location of service switch and cleaning instructions) of ventilation system and components.
- Provide occupant with equipment manuals for installed equipment.
- Include disclaimer that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality.

6.18 – Water Heaters

(see Combustion Appliances for combustion related requirements)

Allowable Actions

Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐

- Limited case-by-case replacement of water heaters if the water heater poses a life-safety risk to occupants (e.g., leaking primary tank, high CO measurements). Grantee must define "limited case-by-case" replacements if they utilize DOE H&S funds for this measure.
    - TDHCA defines limited case-by-case replacements of water heater as water heater replacements when the current appliance is creating moisture, combustion, and/or electrical related hazards that could impact occupant(s) Health and Safety. The Subgrantee may initially attempt to qualify the existing Water Heater as an ECM. If the Water Heater does not rank as an ECM, the Subgrantee may repair or replace the existing unit as a Health and Safety Measure with the caveat that there is a documented threat to the health and/or safety of the occupant(s).
- Minor safety repairs of water heaters (e.g., T&P valve piping, backflow prevention devices, expansion tanks) as defined by the Grantee's H&S plan.
    - TDHCA defines minor safety repairs as minor repairs needed to address an immediate threat to the occupants.
- Replace, repair, or install primary water heater when existing primary water heater is unsafe, inoperable, or nonexistent.
    - If Water Heater replacements are warranted, subgrantees must meet applicable SWS requirements or the standards of the Authority Having Jurisdiction (AHJ), and water heaters must be reasonably sized based on household size.

Required Testing/Inspection

Concur with DOE Guidance ☑	Alternative Guidance ☑	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Visual inspection of all water heaters and related piping for safety and leaks
- See Combustion Appliances section for related combustion safety testing requirements.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds ☐	Allowed with Alternative Funds ☐

- Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding.

Required Occupant Education

Concur with DOE Guidance ☑	Alternative Guidance ☐

- Appropriate use and maintenance of units.
- Provide all paperwork and manuals for any installed equipment.
- Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.

6.19 – Worker Safety

Required Actions

Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☑	Alternative Funds ☐	

- Adherence to all federal, state, and local worker safety regulations (e.g., OSHA, EPA).

Allowable Actions	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Minor repairs and installations (e.g., repairing stairs, replacing handrails, etc.) as defined by the Grantee's H&S Plan, are allowable when necessary to safely weatherize the dwelling. ○ TDHCA defines minor repairs as worker safety repairs that do not exceed $2,000. • Equipment purchases to protect the health and safety of the worker (e.g., Personal Protective Equipment (PPE), jobsite cleaning supplies).	
Prohibited Actions	
Concur with DOE Guidance ☑	
• Using DOE WAP H&S funds for ***major*** repairs as defined by the Grantee's H&S Plan is prohibited.	
Define "major" repairs	
• Major worker safety repairs are defined as repairs that would exceed $2,000. Example worker safety repairs are repairs to address/prevent falls, being stuck by objects, prevent dangers to electrical hazards, caught in-between hazards, extensive repairs to walkways/porches/stair that exceed $2,000.	
Allowable Testing	
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐
• Environmental and surveillance testing required by OSHA regulation.	

6.X – (Insert Additional H&S Items for Use of DOE WAP H&S funds)		
Required Actions		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
Insert required item text		
Allowable Actions		
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐	
If DOE WAP H&S Funds are used for any "allowable" actions, detail them here.		
Prohibited Actions		
Concur with DOE Guidance ☐		
What is prohibited		
Required Testing/Inspection		
Concur with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
DOE WAP H&S Funds ☐	Alternative Funds ☐	
Insert required item text		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds ☑	Allowed with Alternative Funds ☐	
If DOE WAP H&S Funds are used for any "allowable" testing, detail them here.		
Prohibited Testing/Inspection		
Concur with DOE Guidance ☑		
What is prohibited		
Required Occupant Education		
Concur with DOE Guidance ☑	Alternative Guidance ☐	
Insert required item text		

H&S Measure Matrix			
Double Click To Open For Editing			
Cells This Shade Auto-Calculate			
Measure	Average Cost	Frequency Installed/Completed	Auto-Calculated Average Cost
ASHRAE Compliance	$972.11	100.0%	$972.11
Smoke Alarms	$139.97	100.0%	$139.97
CO Detectors	$126.09	98.0%	$123.56
Replace UVSH w/ VSH as primary	$3,826.28	10.0%	$382.63
Vulnerable HH Furnace Repair	$291.67	2.0%	$5.83
Vulnerable Furnace Replacement	$4,008.71	10.0%	$400.87
Vulnerable HH Cooling Repair	$301.58	5.0%	$15.08
Vulnerable HH Cooling Replacement	$5,227.38	10.0%	$522.74
Cook Stove Replacement	$1,062.82	1.0%	$10.63
CAZ Isolation/Combustion Make-up A	$998.30	40.0%	$399.32
Revent Improperly Vented Gas Applia	$275.62	3.0%	$8.27
Lead Safe Work	$576.00	1.0%	$5.76
Minor Plumbing Repairs	$286.84	5.0%	$14.34
PRV Valve/Drain Pan HWH	$258.33	60.0%	$155.00
Minor Fuel Leak Repairs	$225.52	1.0%	$2.26
Pest Removal	$133.68	1.0%	$1.34
Water Heater Replacement	$2,085.27	15.0%	$312.79
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
Total Average H&S Cost Per Unit			$3,472.50
Enter Estimated Production (Annual File: IV.2 WAP Production Schedule)			717
Enter Estimated Program Operations Budget (Annual File - Budget)			$6,124,717.00
H&S Budget (Total Average H&S Cost Per Units * Estimated Production)			$2,489,779.78
Suggested H&S Budget Request			40.651%

PY2026 Tentative Monitoring Schedule*			
June - August 2026	**September – November 2026**	**December 2026 - February 2027**	**March 2027 - May 2027**
Community Council of South Central Texas	Alamo Area Council of Governments	Community Action Corporation of South Texas	Rolling Plains Management Corp
Concho Valley Community Action Agency	Nueces County Community Action Agency	Travis County Health & Human Services	Texoma Council of Governments
Combined Community Action, Inc	Economic Opportunities Advancement Corporation of PR XI	City of Fort Worth	Crossroads Victoria, Tx
Hill Country Community Action Association, Inc.	Brazos Valley Community Action Programs	Dallas County Health & Human Services	BakerRipley
South Plains Community Action Agency	Panhandle Community Services, Inc.	El Paso Community Action Program, Project BRAVO	Greater East Texas Community Action Program (GETCAP)
		West Texas Opportunities, Inc	

* Schedule is subject to change based on production, contract extensions, and/or other unforeseen circumstances.

Fiscal/Administrative (F/A)

These reviews will typically start as a desk review. The F/A reviews will happen in the same month as the technical visit and will be issued as one WAP monitoring report. F/A reviews will be done by any available qualified compliance staff.

Technical/Inspections

These reviews will always be conducted onsite. Inspections will be conducted by state staff that are QCI certified. Full QCI inspections will be conducted on each unit reported as "inspected" by the state. Inspection percentages at each Subrecipient will be based off QCI staff and separation of assignments in accordance with WPN 15-4 (5 or 10%). TDHCA staff will also conduct LIHEAP inspections on the same trip to minimize visits to the Subrecipient, which is why trips begin so early in the DOE program year (LIHEAP program year ends December 31).

2026 TRAINING AND TECHNICAL ASSISTANCE (T&TA) PLAN

1.0 – GENERAL INFORMATION

COMMENTS THAT DO NOT GENERALLY FIT INTO THE AVAILABLE TABLES BELOW

TDHCA ensures Subgrantees have sufficient T&TA funding and direct TDHCA T&TA assistance available to maintain/improve Subgrantee performance and work quality. To address network training needs, TDHCA budgets T&TA funds both internally and directly to our Subgrantees.

T&TA needs are determined and based upon factors such as the following:

- Individual Subgrantee Training Needs Assessments (TNA)
    - TDHCA requires each Subgrantee to complete DOE's WAP T&TA Planning & Reporting Template to identify each Subgrantee's specific training needs.
        - The initial report is reviewed by TDHCA training staff to ensure each Subgrantee is planning to receive training in needed areas and for compliance with WPN 22-4 requirements.
        - Throughout the contract terms TDHCA staff monitor for training expenditures to ensure Subgrantee is obtaining needed trainings.
        - Upon the completion of the contract, a final version is required to be submitted to document and support the training assistance received.
- Grant Requirements or as directed by DOE monitor or audit reports.
- Subgrantee Request
    - The Department has an online request system, with a T&TA menu list, or section for the Subgrantee to make a specific request or ask specific questions.
        - https://tdhca.wufoo.com/forms/request-for-ca-program-assistance/
        - The Department will contact the requestor to answer the submitted question **OR**
        - Customize a training to meet the need or help to find a list of T&TA providers for the requested topic.
        - In addition, submitted questions or T&TA requests are reviewed for creating relevant Cheat Sheets /FAQs or to identify topics for regional trainings, workshops, webinars, or individualized training.
- Grantee Monitoring Reports.
    - The Department's compliance team shares monitoring issues with the training team. The training team will initially provide resources and guides to address any findings and follow up with T&TA as required.
- Subgrantee expenditure performance.
    - TDHCA utilizes an online contract system to collect expenditure and performance data from Subgrantees and compares that data to their production tool at minimum on the third, fifth, and seventh program reporting deadlines as identified within 10 TAC §6.405.
- Network Trends.
- Management Request.
    - Management may make a specific request and dictate the type of training needed.
- Grantee identified needs.
    - Key areas of a special focus are as follows:
        - Ensuring Subgrantee staff (or subcontractors as applicable) are certified and trained in the profession in which the worker is employed;
        - Ensuring all Subgrantees receive Priority List related training to address any identified monitoring concerns with the implemented DOE Approved Priority List; and
        - Ensuring Subgrantees receive Energy Audit Weatherization Assistant (WAweb) Modeling or Assessment related training to address identified monitoring concerns.

Internal T&TA funds are often limited unless determined otherwise by need and utilized to address individual, network-wide, or regional T&TA needs. Internal budgeted T&TA funds are utilized for T&TA activities such as the following:

- Internal Grantee staff training;
- TDHCA direct T&TA assistance;
- Develop and provide T&TA resources;
- Department provided specific trainings;
- Network-wide and Regional comprehensive trainings when determined feasible; and
- Establishing and maintaining the online learning management system that includes a high volume of WAP content, including building science principles, common WAP topics, JTAs, and WAP badges.

Subgrantees receive the majority of T&TA funds which are utilized to address Subgrantee specific T&TA needs. Historically, network-wide or regional T&TA activities often present unique challenges such as geographical challenges, multiple climate zones, network size, limited one-on-one engagement, differences of capacity levels noted within our network, etc. Specifics of the challenges include:

- Travel time, cost, and/or loss of production can often be prohibitive for centralized or even regional trainings.
- Mixed climate zones often require specific training to the location of the Subgrantee.
- Texas has twenty-one (21) Subgrantees that makeup our network and as a result often network-wide/regional trainings consist of large attendance numbers, which are often prohibitive of providing one-on-one engagement to gauge training comprehension.
- Different capacity levels noted within network often present challenges to facilitate a network-wide course that would be beneficial and appeal to a network-wide or regional audience.

TDHCA T&TA staff provide oversight on the use of Subgrantee budgeted T&TA funds by reviewing the Subgrantee TNA to ensure training is obtained for needed areas, projected T&TA activities are in compliance with WPN 22-4 requirements, and T&TA funding is expended in a timely manner. Additionally, TDHCA staff monitor training expenditures throughout the contract terms and contracts require Subgrantees to receive prior approval for all T&TA expenses to ensure T&TA activities remain focused on the Subgrantee's T&TA needs. Subgrantee T&TA funds are utilized for T&TA activities.

- Obtain and/or maintain required certifications such as QCI, Energy Auditor, Building Analyst Technician, Building Analyst Professional, Lead Safe Renovator, Lead Safe Worker, OSHA 10/30, etc.
- Receive Comprehensive training on a regular basis for occupation-specific training to train on curriculum aligned with the topics within the job task analyses (JTAs).
    - All Comprehensive trainings are administered either by or in cooperation with IREC accredited facilities.
- Receive Specific training to address single-issue, short-term training to address technical skills/knowledge gaps, attend conference trainings, or attend trainings beneficial to the program but not necessarily aligned with a Home Energy Professional (HEP) job task analyses (JTAs).
- When applicable, Subgrantees are given the opportunity to utilize T&TA funds to conduct in-house training by their current staff with their new/applicable staff. TDHCA T&TA staff will review and provide potential approval, on a case-by-case basis, for the training activities based on applicable parameters for the desired in-house training. Examples of potential parameters to be considered: qualification/certification of staff leading/conducting the training, expenditure rates, lack of monitoring findings/concerns, estimated timeline, estimated T&TA expenditures, etc.

2.0 – Overall T&TA Plan

YOUR OVERALL T&TA PLAN MUST INCORPORATE SUGGESTIONS AND FEEDBACK THE FOLLOWING ELEMENTS.

Feedback from internal and external reviews, examples include:

- Feedback from Department of Energy (DOE) Project Officer (PO) monitoring visits
- Internal state audits
- Grantee monitoring of the Subgrantees
- Office of Inspector General (OIG) reports
- American Customer Satisfaction Index feedback, and

- OTHER. EXAMPLES INCLUDE:
  - TRAINING FEEDBACK
  - TRAINING RETENTION ACTIVITIES

TDHCA incorporates the following suggestions and feedback when developing the statewide T&TA Plan:

- Subgrantees Training Needs Assessments (TNA);
- Grant requirements;
- Feedback from Department of Energy (DOE) Project Officers (PO) and monitoring reports;
- Grantee Monitoring Reports of the Subgrantees;
- Subgrantee submitted questions and training requests through the TDHCA WUFOO portal;
- Subgrantee feedback collected and provided through the Texas Association of Community Action Agencies (TACAA);
- Network trends;
- American Customer Satisfaction Index survey feedback;
- Internal State Audits;
- Office of Inspector General (OIG) Reports;
- Public Comment received during the Public Comment period for the DOE State Plan;
- WAP PAC feedback; and
- Grantee identified key topics of special focus to improve overall network performance.

EXISTING OR PLANNED ACCREDITED TRAINING CENTER PARTNERSHIP OR WORKING RELATIONSHIP.

TDHCA and Subgrantees have historically partnered with IREC accredited training providers, like Santa Fe Community College's EnergySmart Academy (SFCCEA) and Oklahoma Association of Community Action Agencies (OACAA) to provide comprehensive trainings. Additionally, SFCCEA has helped TDHCA with the development of current SWS field guides. TDHCA is not limited to only partnering with SFCCEA and can recommend additional IREC accredited providers to ensure the needs of the network are being met.

PREPARATIONS FOR FUTURE/UPCOMING PROGRAM REQUIREMENTS, EXAMPLES INCLUDE:

- **UPDATED STANDARD WORK SPECIFICATIONS (SWS)**
- **INCLUSION OF SPECIFIC LANGUAGE FROM WEATHERIZATION PROGRAM NOTICES (WPN)**

TDHCA is preparing for the following upcoming program requirements:

- Infrastructure Investment and Jobs Act increased funding and production levels;
- Inclusion of specific updated language from Weatherization Program Notices (WPN), on an as needed basis.

WHAT PROTOCOLS ARE IN PLACE WHICH ENSURE UNTRAINED STAFF ARE NOT LEFT WITHOUT SUPERVISIONS DURING FIELD OPERATIONS?

Per Title 10 Texas Administrative Code (TAC) Section 6.6 (e), Subgrantees are required, upon hiring of a new program coordinator, to contact the Department with written notification within 30 calendar days of hiring to receive new manager/coordinator T&TA. Non-coordinator staff are required to be supervised during their introductory period and initial training is conducted by Subgrantee staff utilizing training resources available on TDHCA's website until the staff has received the necessary comprehensive/specific training to function independently. On an as-needed basis, TDHCA training staff is available to assist with T&TA upon request and provide program oversight if associated risks warrant such an approach.

Partnerships with the statewide home performance industry on training issues; if applicable.

TDHCA does not currently partner with any statewide home performance industries.

HOW DOES ANALYSIS CONDUCTED, AS DETAILED IN SECTION V.6 OF THE ANNUAL APPLICATION, INFLUENCE THE DEVELOPMENT OF T&TA ACTIVITIES AND PRIORITIES?

A subgrantee's compliance history is reviewed through the Previous Participation Review and Approval Process (PPRAP) and monitored as described in V.6 of the Annual Application. Results of the PPRAP review and monitoring visit(s) are

shared with T&TA staff. Identified issue(s) as a result of the PPRAP review and/or monitoring visits are analyzed by T&TA staff to determine how to best resolve the issue(s) and address the Subgrantee's training needs. T&TA staff requires Subgrantees to update its TNA to reflect the required actions to resolve the identified issue(s) and provides follow-up activities to ensure the identified issue(s) are corrected in a timely fashion.

3.0 – Workforce Credentials

Describe the following aspects of your T&TA plan related to workforce credentials.

Federally Required Credentials. Examples Include:

- **Environmental Protection Agency Lead Renovation, Repair, and Painting Program**
- **Home Energy Professionals Quality Control Inspector Certification**

Federally Required Credentials:

- Environmental Protection Agency (EPA) Lead Renovator Certification;
- Environmental Protection Agency (EPA) Certified Firm Certification;
- Home Energy Professionals Quality Control Inspector (QCI) certification;
- Home Energy Professionals Energy Auditor (EA) certification; and
- AHERA or state certification to test, encapsulate, abate, etc., asbestos containing material (ACM) as outlined within WPN 22-7 and allowed within Texas's H&S plan.

Grantee/State Required Credentials. Examples Include:

- **Building Performance Institute Building Analyst**
- **Grantee-Developed Certifications**

TDHCA does not currently require any credentials outside of the Federal or Subgrantee/Local identified credentials for the Weatherization Assistance Program; however, TDHCA does strongly encourage the following as prerequisites to advanced Home Energy Professional Certifications:

- BPI Building Science Principles Certificate;
- BPI Building Analyst Technician; and
- BPI Building Analyst Professional.

Subgrantee/Local Required Credentials. Examples Include:

- **Contractor Licensing**

Subgrantee/Local required credentials:

- State Contractor Licensing for required services, i.e. HVAC, plumbing, electrical, etc.;
- OSHA 30 Construction Safety Course (for supervisors); and
- OSHA 10 Construction Safety Course (for crew members).

Industry Required Credentials. Examples include:

- **Equipment/Material Manufacture Certification**
- **Vendor Certification**
  (e.g. Equipment/Material Manufacture Certification, Vendor Certification)

Industry required credentials are as follows:

- Equipment/Material Manufacture Certification; and
- Vendor Certification (e.g. Equipment/Material Manufacture Certification, Vendor Certification).

Process For Maintaining Workforce Credentials

TDHCA has created an Internal Certification Tracking form to keep records of all workforce credentials. Subgrantees are required to complete, update, and upload this form whenever a new certification as it relates to the bullet points below, is obtained throughout the program year. This applies to both their WAP field staff and subcontractors and is used for grantee tracking purposes. TDHCA's compliance monitoring staff will review the form to ensure adherence to compliance standards

How Credentials Are Tracked

Subgrantees each have their own internal tracking process in place to ensure all workforce credentials are obtained and/or retained, which is tested by TDHCA compliance monitoring staff to ensure compliance. Additionally, Subgrantees

are required annually to update their agency contact information to TDHCA, which includes the reporting of the following certifications for Grantee tracking purposes:

- QCI;
- Energy Auditor;
- Retrofit Installer;
- Crew Leader;
- Lead Safe Renovator;
- OSHA 10; and
- OSHA 30.
- Building Analyst Technician;
- Building Analyst Professional;
- Trade specific licensing

4.0 – TRAINING

GRANTEES HAVE TWO OPTIONS TO DESCRIBE THEIR TRAINING.

A) USE THE EMBEDDED SPREADSHEET* TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBGRANTEE STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.
B) OR USE THE FIELDS BELOW TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBGRANTEE STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.

GRANTEE'S ARE TO INCLUDE THE FOLLOWING IN THEIR DESCRIPTIONS REGARDLESS OF WHAT OPTION IS BEING USED TO DESCRIBE THEIR TRAINING PLAN:

- SPECIFY WHETHER ATTENDANCE IS MANDATORY, AND THE RAMIFICATIONS FOR NON-COMPLIANCE.
- SPECIFY IF THE T&TA PLAN SPANS MULTIPLE PROGRAM YEARS (PY), INDICATE WHICH TRAININGS ARE INTENDED IN THE CURRENT PY AND WHICH ARE PLANNED FOR FUTURE PYS.

* THE EMBEDDED SPREADSHEET, IF COMPLETED AT THE END OF THE YEAR TO RECORD DELIVERED TRAINING, CAN BE USED AS DOCUMENTATION FOR THE REQUIRED ANNUAL T&TA REPORT. DOUBLE CLICK TO OPEN SPREADSHEET. ENTER INFORMATION AND CLOSE. IT WILL AUTOMATICALLY SAVE YOUR INFORMATION



TTA Planning and
Reporting Template F

PROGRAMMATIC/ADMINISTRATION TRAINING

- FINANCIAL (I.E. 2 CFR 200)
- MANAGEMENT (I.E. 10 CFR 440)

Programmatic/Administration training is available to each Subgrantee through the following:

- Financial (i.e. 2 CFR Part 200)
  - Onsite and/or virtual fiscal trainings are available through TDHCA training staff upon request or as deemed necessary by Grantee staff to address day to day needs such as procurement, rule clarifications/references, contractual requirements, reporting, expenditure allowability, etc.

- Intensive Subgrantee fiscal training is available upon request and provided by contracted consultants for complex needs such as cost allocation, budgeting, grant fund accounting, etc.
    - Peer-to-Peer training is available from recognized experienced WX network Subgrantees
    - Training conferences
- Management (i.e. 10 CFR Part 440)
    - New program coordinator trainings are available and required for all newly hired staff that cover WX timeline, program rules, available resources, reporting requirements, etc.
    - Onsite and/or virtual management trainings are available through TDHCA training staff upon request or as deemed necessary by Grantee staff to address management training needs.
    - Peer-to-Peer training from recognized experienced WX network Subgrantees.
    - Training conferences.

Additional Programmatic/Administration training is handled on an ongoing and as-needed basis as identified by network request, new/updated requirements, new staff hires, results of monitoring reports, or as deemed necessary by Grantee staff.

COMPREHENSIVE TECHNICAL TRAINING ALIGNED TO THE JOB TASK ANALYSIS (IDENTIFY AT WHAT INTERVALS WORKERS WILL RECEIVE REGULAR, COMPREHENSIVE TRAINING AS REQUIRED BY WEATHERIZATION PROGRAM NOTICE (WPN) 22-4)

- QUALITY CONTROL INSPECTOR
- ENERGY AUDITOR
- CREW LEAD
- RETROFIT INSTALLER/TECHNICIAN

TDHCA requires each of the professional certifications listed below to receive a refresher course and recertify every three years through an accredited IREC training provider:

- Quality Control Inspector
- Energy Auditor

In accordance with WPN 22-4, Subgrantees must plan and ensure all WAP field workers receive regular comprehensive training for the position in which the worker is employed. Additionally, the Subgrantee must identify all identified/planned/required comprehensive trainings within their TNA as outlined within WPN 22-4 and ensure the trainings are provided by an accredited IREC training facility certified in the occupation-specific Job Task Analysis (JTA) being taught. Training will be provided by the IREC training facility in a manner best suited for the situation and can be a hybrid of distance learning and/or in person training. Comprehensive trainings identified with the TNA will be prioritized based on compliance mandates, monitoring results, occupation specific JTA staff weaknesses, T&TA staff input, staff request, and fund availability. In the event a Subgrantee experiences unforeseen issues, and their training needs will exceed their normal allotted T&TA budget, TDHCA has set aside additional funding to be available on an as-needed basis. Examples of unforeseen issues include but are not limited to key staff turnover affecting program compliance/production, compliance/monitoring mandates, etc.

SPECIFIC TECHNICAL TRAINING

- TOPICS IDENTIFIED DURING MONITORING VISIT(S)
- ENERGY MODELING
- HEALTH & SAFETY. ALL H&S TOPICS IN WPN 22-7 REQUIRE SOME LEVEL OF TRAINING FOR ALL AFFECTED WORKERS, THE FREQUENCY OF THIS TRAINING IS A GRANTEE DECISION. EXAMPLES INCLUDE:
    - AIR CONDITIONING, HEATING SYSTEMS, AND COMBUSTION APPLIANCES
    - ASBESTOS
    - BIOLOGICALS AND UNSANITARY CONDITIONS
    - BUILDING STRUCTURE AND ROOFING
    - CODE COMPLIANCE
    - ELECTRICAL
    - FUEL LEAKS
    - GAS OVENS/STOVETOPS/RANGES
    - HAZARDOUS MATERIALS

- Injury Prevention of Occupants
- Lead Based Surface Coverings (Paint, Varnishes, Roofing, etc.)
  - EPA's Lead Renovation, Repair & Painting Program (RRP)Mold/Moisture
- Mold and Moisture
- Occupant Pre-existing or Potential Health Concerns
- Pests
- Radon
- Safety Devices
- Ventilation and Indoor Air Quality
  - American Society of Heating Refrigeration and Air-Conditioning Engineers (ASHRAE)
- Water Heaters
- Worker Safety
  - OSHA

- Client Education (training workers to conduct client education). Examples include:
  - Energy Savings strategies
  - Program-specific information. Examples include:
    - What to expect
    - Additional resources
  - Health & Safety issues

Specific Training offerings are available to all Subgrantees.

- Topics (s) identified during monitoring visit(s)
  - Feedback from Department of Energy (DOE) Project Officers (PO) and monitoring reports.
    - Feedback from Project Officers and DOE identified monitoring issues/network trends are addressed in network-wide training(s).
    - Subgrantee specific trainings are performed for all Subgrantees selected as part of the monitoring sample and training is performed to correct the specific areas of deficiency identified in the agency's DOE monitoring report.
    - TDHCA WAP monitors utilize the DOE monitoring report to adjust sampling and increase focus in the identified areas. Identified issues/network trends are addressed utilizing network-wide or Subgrantee specific trainings.
  - Grantee Monitoring Reports of the Subgrantees
    - TDHCA T&TA staff are copied on all monitoring reports and/or a staff meeting is held for monitors to debrief T&TA staff after each visit. In those meetings, monitoring staff relay issues found related to the Subgrantee as well as overall trends identified. Following the monitoring report, T&TA staff provide an initial email to the Subgrantee to provide resources for identified issues. T&TA staff applies this debrief information when determining the needs for Subgrantee specific T&TA and to plan any needed training curriculum.
- Whole House Assessment Process
  - Specific whole house assessment training/questions is readily available upon Subgrantee request or as determined necessary by Grantee staff.
- Energy Modeling
  - Specific energy audit training/questions in regard to energy audit modeling is readily available upon Subgrantee request or as determined necessary by Grantee staff.
- Priority List Criteria and Use.
  - Specific Priority List training/questions is readily available upon Subgrantee request or as determined necessary by Grantee staff.
  - TDHCA has a webinar, Priority List Policies and Procedures, and FAQs available for Subgrantees on demand through the TDHCA website.
- Health & Safety. All H&S topics in WPN 22-7 require some level of training for all affected workers, the frequency of these type trainings is based on workforce needs. All WAP H&S training include review of required, allowable, and prohibited activities listed within WPN 22-7. Additional topics covered in H&S trainings include the

following:

- Air Conditioning, Heating Systems, Combustion Appliances
  - WAP H&S Policy training on allowable activities
  - Licensing and/or certifications for HVAC installers as required by authority having jurisdiction
  - Testing and inspection training
  - Combustion Gases
- How to perform appropriate testing, determine when a building is excessively depressurized, and the difference between air free and as-measured CO action levels
- Asbestos (Confirmed and/or Presumed Asbestos Containing Material)
  - How to identify suspected ACM
  - Licensing/certification/training requirements
  - Safe work practices
- Biologicals and Unsanitary Conditions
  - How to recognize unsafe conditions and when to defer
  - Safe work practices when encountering such conditions
- Building Structure and Roofing
  - How to identify structural and roofing issues
- Code Compliance
  - How to determine what code compliance may be required
- Electrical
  - How to identify electrical hazards
  - Local or Authority Having Jurisdiction (AHJ)) code compliance
- Fuel Leaks
  - Fuel leak testing
- Gas Ovens/Stovetops/Ranges
  - Testing techniques
  - CO action levels
- Hazardous Materials
  - Appropriate Personal Protective Equipment (PPE) for working with hazardous waste materials
  - Disposal requirements and locations
  - Health and environmental risks related to hazardous materials
- Injury Prevention of Occupants and Weatherization Workers
  - Hazard identification
- Lead Based Surface Coverings (Paints, Varnishes, Roofing, etc.)
  - Lead Based Paint & EPA's Lead Renovation, Repair & Painting Program (RRP)
    - All employees and contractors working on pre-1978 homes must receive training to install measures in a lead-safe manner in accordance with the SWS and EPA protocols, and installation must be overseen by an EPA Certified Renovator
    - Grantee Monitors and Inspectors must be Certified Renovators
- Mold/Moisture
  - National curriculum on mold and moisture or equivalent
  - How to recognize drainage issues
- Occupant Pre-existing or Potential Health Conditions
  - How to assess occupant preexisting conditions and determine what action to take if the home is not deferred
  - Awareness of potential hazards
- Pests
  - How to assess presence and degree of infestation, associated risks, and deferral policy
- Radon
  - Auditors, assessors, and inspectors must have knowledge of radon, what it is and how it occurs, including what factors may make radon worse, and precautionary measures that may be helpful

        - Workers must be trained in proper vapor retarder installation
        - Provide zonal radon map resources
    - Safety Devices
        - Where to install alarms
        - Local code compliance
    - Ventilation and Indoor Air Quality
        - American Society of Heating Refrigeration and Air-Conditioning Engineers (ASHRAE) requirements
        - ASHRAE 62.2 training including proper sizing, evaluation of existing and new systems
        - If the grantee opts to adopt a new version of ASHRAE 62.2 then training and technical assistance should be planned to prepare crews to implement the new standard
    - Water Heater Replacement
        - Water temperature testing
        - How to identify if repair or replacement is warranted
    - Worker Safety
        - Use and importance of PPE
        - Safety training appropriate for job requirements. OSHA 30 for supervisors and OSHA 10 for crew members
        - Ongoing training as required in Hazard Communication Program
- Client Education (training workers to conduct client education). Examples include:
    - Importance of providing both written and verbal education for each client
    - How to review energy savings materials
    - Steps to properly educate clients on instructions for equipment operation and/or maintenance

Additional Specific Training is handled on an ongoing and as-needed basis as identified by network request, new/updated requirements, new staff hires, results of monitoring reports, or as deemed necessary by Grantee staff.

CONFERENCES. EXAMPLES INCLUDE:

- **ENERGY OUTWEST**
- **BUILDING PERFORMANCE ASSOCIATION**
- **NATIONAL ASSOCIATION FOR STATE AND COMMUNITY SERVICE PROVIDERS**
- **COMMUNITY ACTION PARTNERSHIP**

TDHCA relays all conference related Weatherization Memorandums/Notifications allowing use of training funds to Subgrantees. Conference attendance examples include:

- Energy OutWest;
- Building Performance Association;
- National Association for State and Community Service Providers, and
- Community Action Partnership.

OTHER, PLEASE SPECIFY:

TDHCA budgets T&TA funds for both the Grantee and Subgrantees which are utilized as described in Section 1.0 General Information of this plan.

5.0 – TECHNICAL ASSISTANCE

DESCRIBE THE TECHNICAL ASSISTANCE ACTIVITIES INCLUDED IN THE T&TA BUDGET CATEGORY.

PROGRAMMATIC/ADMINISTRATION SUPPORT

Programmatic/Administration technical assistance is readily available and provided to all Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: Submit a Program Question or Request T&TA.
- Virtual technical assistance is provided utilizing platforms such as GoTo Meeting, Microsoft® Teams, FaceTime, etc.

- Subgrantee onsite or network trainings.
- TDHCA website resources such as TDHCA developed Program Resources, Frequently Asked Questions, etc.
- An online learning management system (LMS) available to the Subgrantee network, with extensive WAP content, sourced through Everblue, an IREC accredited training provider. Video content covers building science principles, common WAP topics, JTAs, and WAP badges.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees.
- Activities in coordination with Texas Association of Community Action Agencies (TACAA).
- Quarterly Network Calls.
- WAP E-Newsletters.

Additional Programmatic/Administration technical assistance methods are created/utilized on an as-needed basis to improve program administration, effectiveness, and delivery of services.

TECHNICAL SUPPORT

Technical Support is readily available and provided to Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: Submit a Program Question or Request T&TA.
- Virtual support is provided utilizing platforms such as GoTo Meeting/Webinar, Microsoft® Teams, FaceTime, etc.
- Subgrantee onsite or network trainings.
- TDHCA website resources such as TDHCA developed Program Resources, Tools, and Frequently Asked Questions, etc.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees.
- Activities in coordination with TACAA.
- Quarterly Network Calls.
- TDHCA developed cheat sheets that address the most common WAP topics; more than 95 pages of more detailed guidance. These cheat sheets are available during every quarterly call.
- WAP E-Newsletters.

Additional technical support methods are created/utilized on an as-needed basis to improve program administration, effectiveness, and delivery of services.

HEALTH & SAFETY SUPPORT ACTIVITIES

H&S support is readily available and provided to Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: Submit a Program Question or Request T&TA;
- Virtual support is provided utilizing platforms such as GoTo Meeting/Webinar, Microsoft® Teams, FaceTime, etc.;
- Subgrantee onsite or network trainings;
- TDHCA website resources such as TDHCA developed Program Resources, Tools, and Frequently Asked Questions, etc. TDHCA developed cheat sheets that address the most common WAP H&S topics. These cheat sheets are available during every quarterly call.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees;
- Activities in coordination with TACAA;
- Quarterly Network Calls; and
- WAP E-Newsletters.

Additional H&S support methods are created/utilized on an as-needed basis to improve program administration, effectiveness, and delivery of services.

MONITORING

WHAT PERCENTAGE OF T&TA FUNDING IS ALLOCATED TO MONITORING? (IF DEFINED IN SECTION B OF THE BUDGET DETAILS WITHIN THE ANNUAL APPLICATION, INCLUDE THAT WITHIN YOUR DESCRIPTION BELOW.)

TDHCA WAP Monitoring staff who conduct fiscal/administrative and inspection monitoring activities are paid out of the T&TA (40%) budget category.

OTHER, PLEASE SPECIFY

TDHCA is very fortunate to have a Compliance Monitoring staff experienced in Subgrantee monitoring, unit assessments, audits, material installation, inspections, and the training and technical assistance that support each. TDHCA Compliance staff work in conjunction with Department Training staff to continuously improve our weatherization program.

6.0 CLIENT EDUCATION

DESCRIBE WHAT CURRENT AND PLANNED CLIENT EDUCATION MATERIALS AND/OR ACTIVITIES ARE INCLUDED IN THE T&TA BUDGET CATEGORY. ONLY THOSE PAID FOR WITH T&TA FUNDS NEED TO BE MENTIONED.

NOTE: THIS DOES NOT INCLUDE TRAINING WORKERS TO DELIVER CLIENT EDUCATION. THIS SHOULD BE DESCRIBED IN THE TRAINING SECTION, ABOVE.

CLIENT EDUCATION ACTIVITIES PRIOR TO, DURING AND AFTER WEATHERIZATION WHICH ADDRESS THE WEATHERIZATION PROCESS AND ENERGY SAVINGS DETAILS

The Department requires Subgrantees to provide (at minimum) educational materials in verbal or written format. Each Subgrantee must complete the Health & Safety Requirements form and provide educational materials, including the EPA's Renovate Right guide and specific information on energy savings. Additionally, Subgrantees will provide instructions for the operation and maintenance of any installed equipment as required in the Standard Work Specifications (SWS) and in Section 5.0 of the Health & Safety Plan. Compliance staff reviews materials and procedures during each Subgrantee's annual onsite monitoring.

CLIENT EDUCATION ACTIVITIES REGARDING H&S ISSUES AS INDICATED IN WPN 22-7

- AIR CONDITIONING, HEATING SYSTEMS, AND COMBUSTION APPLIANCES
- ASBESTOS – CONFIRMED AND/OR PRESUMED ASBESTOS CONTAINING MATERIAL
- BIOLOGICALS AND UNSANITARY CONDITIONS
- BUILDING STRUCTURE AND ROOFING
- CODE COMPLIANCE
- COMBUSTION GASES
- ELECTRICAL
- FUEL LEAKS
- GAS OVENS/STOVETOPS/RANGES
- HAZARDOUS MATERIALS
- INJURY PREVENTION OF OCCUPANTS
- LEAD BASED SURFACES (PAINTS, VARNISHES, ROOFING, ETC.)
- MOLD AND MOISTURE
- OCCUPANT PRE-EXISTING OR POTENTIAL HEALTH CONDITIONS
- PESTS
- RADON
- SAFETY DEVICES
- VENTILATION AND INDOOR AIR QUALITY
  - AMERICAN SOCIETY OF HEATING REFRIGERATION AND AIR-CONDITIONING ENGINEERS (ASHRAE)
- WATER HEATERS
- WORKER SAFETY
  - OSHA

- Additional topics as described in Health & Safety Plan

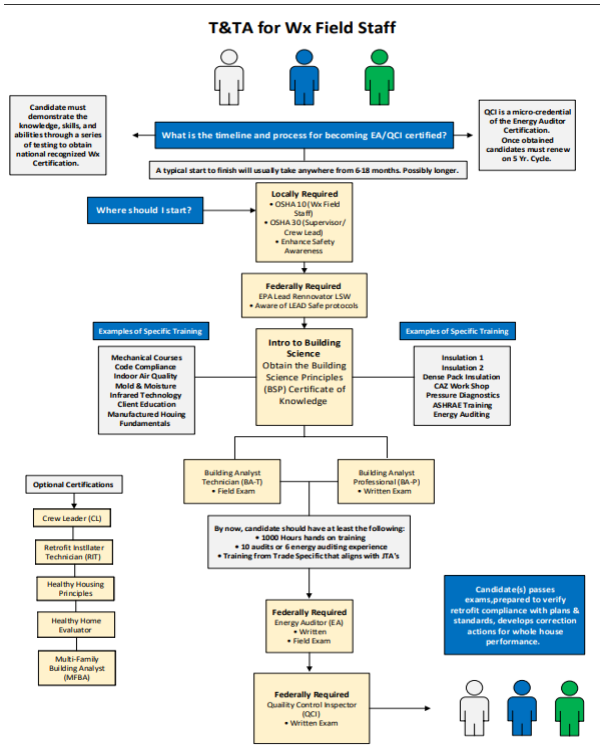
Client education activities/resources regarding H&S issues are provided by Subgrantees to ensure compliance with WPN 22-7 as follows:

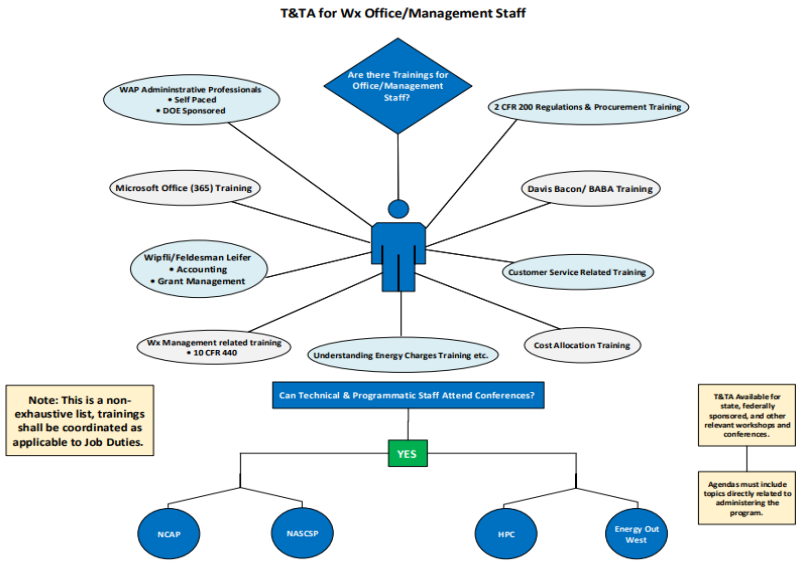
- A Client H&S Questionnaire is required to be completed by Subgrantees for each unit weatherized. Questionnaire can be located on the TDHCA website at the following link:
  - H&S Requirements Form
- When deferral is necessary, Subgrantees are required to provide information to the client, in writing, describing conditions that must be met in order for weatherization to commence and if applicable, include any of the additional specific information detailed below. A copy of the notification must also be retained within the client file.
  - Appropriate referral resources shall also be provided to the client.
- H&S client education resources can be located at the following links:
  - WPN 22-7 Additional Resources and References
  - TDHCA Program Guidance
- Air Conditioning, Heating Systems, and Combustion Appliances
  - Appropriate use and maintenance of units.
  - Provide all paperwork and manuals for any installed equipment.
  - Discuss and provide information on proper disposal of bulk fuel tanks when not removed as part of the weatherization work.
  - Where combustion equipment is present, provide combustion safety information, including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.
- Asbestos
  - Formally notify the occupant and landlord if applicable, in writing:
    - of suspected ACMs that are present and what precautions will be taken to ensure the occupants' and workers' safety during weatherization;
    - of results if testing was performed;
    - not to disturb suspected ACM;
    - When deferral is necessary due to asbestos, occupant, or landlord if applicable, must provide documentation before work continues.
- Biologicals and Unsanitary Conditions
  - Inform client, in writing, of observed conditions.
- Building Structure and Roofing
  - Notify client, in writing, of structurally compromised areas.
- Code Compliance
  - Inform client, in writing, of observed code compliance issues when it results in deferral.
- Electrical
  - Provide occupant with written documentation of any electrical hazards identified that will not be addressed by weatherization.
  - Provide information to occupant on over-current protection, overloading circuits, and basic electrical safety/risks if conditions warrant.
- Fuel Leaks
  - Inform clients in writing of fuel leak testing results, including specific location if fuel leaks are detected.
- Gas Ovens/Stovetops/Ranges
  - Inform clients of the importance of using exhaust ventilation when cooking and the importance of keeping burners clean to limit the production of CO.
- Hazardous Materials Disposal
  - Inform occupant in writing of hazards associated with hazardous waste materials being generated/handled in the home.
  - Inform occupant in writing of observed hazardous conditions and associated risks.

- Provide occupant written materials on safety issues and proper disposal of household pollutants.
- Injury Prevention of Occupants
  - If identified hazardous conditions will not be correct during weatherization, inform occupant in writing of observed hazards and associated risks utilizing the "Hazard Identification Notification Form" required by WPN 22-7.
- Lead Based Surface Coverings (Paint, Varnishes, Roofing, etc.)
  - Follow pre-renovation education requirements per EPA RRP rules.
- Mold/Moisture
  - Provide occupant written notification of identified mold/moisture hazards and information regarding the associated hazard.
- Occupant Pre-existing or Potential Health Conditions
  - Inform client in writing of any known risks and provide pre-weatherization screening form.
  - Provide client with Subgrantee point of contact information in writing.
- Pests
  - Clients should inform Subgrantee of any previous problems with pests & shall be noted within the Client Questionnaire section of the H&S Requirements form.
  - Inform client in writing of observed conditions and associated risks.
- Radon
  - Provide all clients *EPA's A Citizen's Guide to Radon* and inform them of radon related risks.
  - Occupants must initial within the H&S Requirements form prior to receiving weatherization
- Safety Devices
  - Provide client with verbal and written information on use of newly installed devices and the potential risks of not properly maintaining these devices.
- Ventilation and Indoor Air Quality (ASHRAE)
  - Provide client with information on function, use, and maintenance (including location of service switch and cleaning instructions) of ventilation system and components.
  - Provide client with equipment manuals for installed equipment.
  - Include disclaimer that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality.
  - Controls shall be labeled as to their function & provide education as to why it is important for the home to have adequate ventilation.
- Water Heaters
  - Appropriate use and maintenance of units.
  - Provide all paperwork and manuals for any installed equipment.
  - Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.

as of 12/31/2025

Training Topic(s)	Training Requested or Initiated by?	Training Category	Comprehensive or Specific Training?	Job Task Analysis (JTA)	Scheduled Date(s) of Training?	Duration of Training (hours)?	Continuing Education Unit(s) Offered?	Training Center/Provider	Attendance Mandatory?	Estimated Costs	Grantee/Subgrantee/Contractor Participating in Training	Total Number of Participants	Actual Costs	Remarks/Comments
"Example" QCI Training	Onsite Monitoring	Technical	Comprehensive	QCI	10/9/19 - 10/20/19	80	32	Weatherization Academy (IREC accredited)	Yes	$8,000.00	ABLE Agency (4) Can Do CAA (3)	7	$5,427.00	Contract with trainer approved 7/9/17. All QCI get opportunity for this comprehensive course every 5 years.
Subgrantee Budgeted T&TA - Subgrantee specific topics are determined annually through a TNA at the beginning of each year. Below are example topics that will vary based on individual subgrantee needs.														
QCI Training	Program Requirement	Programmatic/Technical	Comprehensive	QCI	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Energy Auditor	Program Requirement	Programmatic/Technical	Comprehensive	EA	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Lead Safe Renovator Training	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Retrofit Installer Training	Contractor Request	Programmatic/Technical	Comprehensive	RIT	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Crew Leader Training	Contractor Request	Programmatic/Technical	Comprehensive	CL	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
OSHA 10	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
OSHA 30	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
BPA Conference	Subgrantee Request	Programmatic/Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
EnergyOutwest Conference	Subgrantee Request	Programmatic/Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Agency Specific Training Needs (As directed by TNA)	Program Requirement/Monitoring	TBD	TBD		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
TDHCA (Network) Budgeted T&TA - For internal staff T&TA needs, compliance mandated Subgrantee T&TA, and for network-wide/regional T&TA sessions when determined feasible.														
National Home Perfomance Conference and Trade Show	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	BPA	No	$1,500.00	Grantee Staff x 2	2		
Energy OutWest Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	Energy OutWest	No	$1,500.00	Grantee Staff x 2	2		
NASCSP Annual Training Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	NASCSP	No	$1,500.00	Grantee Staff x 2	2		
NASCSP Winter Training Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	NASCSP	No	$1,500.00	Grantee Staff x 2	2		
New Grantee Staff (pending hire)	Program Requirement	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	$10,000.00	New WAP staff to be hired	1		to address Comprehensive training needs of new staff
Compliance Mandated T&TA for Subrantees	Program Requirement/Monitoring	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	$30,000.00	projected compliance mandated T&TA x 3	TBD		
Network-wide Training	Program Requirement/Monitoring	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	$20,000.00	performance improvement network-wide session	100		





Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1323 **Agenda Date:** 2/5/2026 **Agenda #:** 16.

Report on TDHCA Performance Measures for the first quarter of Fiscal Year 2026

BACKGROUND

The attached Performance Measure report from the first quarter of Fiscal Year 2026 reflects how the Texas Department of Housing and Community Affairs (TDHCA) did in meeting its Performance Measures for the first quarter of the fiscal year.

TDHCA staff provides these reports quarterly to the Legislative Budget Board (LBB). Following their submittal to the LBB, these reports are included each quarter in Board meeting books.

Performance Measure Report
(September 1, 2025 – November 30, 2025)

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.1. OP 1	Number of Households Assisted through Bond Authority or Other Mortgage Financing	7,750	1,552	1,552	Actual performance within acceptable range of projected performance. No explanation required.
1.1.1. EF 1	Average Loan Amount without Down Payment Assistance	$250,000	$246,798	$246,798	Actual performance within acceptable range of projected performance. No explanation required.
1.1.1. EF 2	Average Loan Amount with Down Payment Assistance	$235,000	$243,197	$243,197	Actual performance within acceptable range of projected performance. No explanation required.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.1. EX 1	Number of Households Receiving Mortgage Loans without Down Payment Assistance	850	167	167	In the last fiscal year, the Department continued to offer an unassisted rate option, this option was much needed to offer below market interest rate that outweighs other program options. Our new targets for FY2026 reflect this change, as the market shifts we are seeing a steady output but the demand is not as high as it was last fiscal year. We expect to see a gradual increase in subsequent quarters, funding permitting.
1.1.1. EX 2	Number of Households Receiving Mortgage Loans with Down Payment Assistance	6,365	1,350	1,350	Actual performance within acceptable range of projected performance. No explanation required.
1.1.1. EX 3	Number of Households Receiving a Mortgage Credit Certificate without a Mortgage Loan	10	0	0	MCCs have come with increased costs and resources during a financially unstable time in the mortgage industry and are not perceived as absolutely necessary compared to mortgage loans that offer down payment assistance (DPA). Homeowners are opting for the lowest rate available and that usually does not apply to MCC.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.1. EX 4	Number of Households Receiving a Mortgage Credit Certificate with a Mortgage Loan and with or without Down Payment Assistance	25	35	35	Q1 output far exceeded our target for the fiscal year because after reconciling closed and cancelled loans in FY2025, an additional small balance of funding became available. Additionally, due to unanticipated increase in available funding coming January 2026, we expect an additional increase in output within subsequent quarters.
1.1.2. OP 1	Number of Households Assisted with Single Family HOME Funds	1,435	1,328	1,328	The number of HHs assisted through the SF HOME program in Q1 will always contain more than 25% of the FY target projection due to the methodology and calculation of this measure. The figure reported for the first quarter represents the total number of households receiving assistance as of September 1 plus new households assisted between September 1st and November 30th. The number of HHs assisted in Q2-Q4 will more closely align with quarterly estimates.
1.1.2. OP 2	Number of Households Assisted with Multifamily HOME, TCAP RF, National HTF, MF Direct Loans	200	186	186	The total number of households assisted through MF HOME and National Housing Trust Fund (NHTF) was higher than expected due to development projects that were expected to be completed in previous quarters but required extensions to accommodate delays in construction.
1.1.2. EF 2	Average Amount per Household/Single Family Rehab, New Construction, or Reconstruction	$156,000	$158,659	$158,659	Actual performance within acceptable range of projected performance. No explanation required.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.2. EF 5	Average Amount of HOME, TCAP RF, National HTF, or Other Funds per Household Multifamily Development	$175,439	$129,492	$129,492	The average amount of HOME, TCAP RF, NHTF, or other funds per multifamily development is lower than anticipated due to multiple larger developments with higher construction costs requesting extensions.
1.1.2. EX 2	Number of Households Assisted through Single Family Rehab, New Construction, or Reconstruction	123	22	22	The number of HHs served in Q1 was lower than anticipated due to a rule change from 2024 where the proposed rule increased funding available per project. While the new rule was pending, submissions declined as Administrators preferred to submit under the new rule, and delayed submissions that would be subject to the prior rule.
1.1.2. EX 4	Number of Households Assisted through Tenant-based Rental Assistance	1,311	1,306	1,306	It is expected that Q1 will always contain more than 25% of the FY target projection due to the methodology and calculation of this measure. The figure reported for the first quarter represents the total number of households receiving assistance as of September 1 plus new households assisted between September 1st and November 30th. Since the pandemic, many more households are applying for assistance than were expected when projecting targets. Updates will be included next biennium.
1.1.2. EX 5	Number of Households Assisted through HOME Multifamily Activities	69	105	105	The number of households assisted through HOME is higher than the average due to three HOME developments submitting their final draw this quarter.
1.1.2. EX 6	Number of Households Assisted through TCAP RF, National HTF, and MF Direct Loan Activities	108	81	81	The number of households assisted through the National Housing Trust Fund (NHTF) was higher than anticipated due to development projects that were expected to be completed in previous quarters but required extensions to accommodate delays in construction.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.3. OP 1	Number of Households Assisted through Texas Bootstrap - HTF	40	9	9	Actual performance within acceptable range of projected performance. No explanation required.
1.1.3. EF 1	Average Amount per Household for Texas Bootstrap - HTF	$49,500	$49,500	$49,500	Actual performance within acceptable range of projected performance. No explanation required.
1.1.4. OP 1	Number of Households Assisted through Amy Young Barrier Removal - HTF	72	21	21	Actual performance within acceptable range of projected performance. No explanation required.
1.1.4. EF 1	Average Amount per Household for Amy Young Barrier Removal - HTF	$24,750	$22,707	$22,707	The average amount of funding per household receiving assistance through the Amy Young Barrier Removal program was lower than anticipated due to a lower than anticipated reimbursement request by one subrecipient. Q2-Q4 averages should more closely align with the expected subrecipient spend.
1.1.5. OP 1	Number of Households Assisted through Statewide Housing Assistance Payments Program	1,220	605	605	It is expected that Q1 will always contain more than 25%. Also, when this target was projected, the EHV and FYI Programs did not exist. As the EHV Program phases out, the variance is expected to be less drastic.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.5. OP 2	Number of Section 8 Households Participating in Project Access Program	85	48	48	It is expected that Q1 will always contain more than 25%, due to the way the measure is calculated.
1.1.6. OP 1	Number of Households Assisted through Section 811 PRA Program	575	607	607	The number of HHs served through the Section 811 program in Q1 is always expected to include more than 25% of the FY target projection due to the methodology and calculation of this measure. The figure reported for the first quarter represents the total number of households receiving assistance as of September 1 plus new households assisted between September 1st and November 30th. The number of households served in Q1 exceeds the anticipated total for the entire fiscal year, in part, because the agency has begun providing assistance under the FY19 award, assistance that was not considered when developing the target for FY26 due to staff uncertainty about when this assistance would be available.
1.1.7. OP 1	Number of Households Assisted through the Housing Tax Credit Program	15,881	3,063	3,063	The number of restricted units funded through the tax credit program was lower than anticipated due to the receipt of fewer cost certifications in Q1. Many developments experienced construction delays, which can result in delays in the submission of cost certification. The Department anticipates an increase in the submission of cost certification materials in Q2, within which falls the deadline for submission for 9% developments that began their credit period in 2025.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.7. EF 1	Average Annual Tax Credit Amount per Household for New Construction	$12,229	$13,016	$13,016	The average tax credits per restricted unit for new construction projects funded through the housing tax credits program was higher than anticipated due to several 9% HTC developments receiving Supplemental Credits. Additionally, a large number of 4% HTC developments requesting increases to the originally anticipated tax credit amounts placed upward pressure on the per unit average.
1.1.7. EF 2	Average Total Development Cost per Household for New Construction	$257,512	$289,160	$289,160	The average total development cost per unit for new construction was higher than anticipated due to increased construction costs for most tax credits developments from the estimates included in developer applications.
1.1.7. EF 3	Average Annual Tax Credit Amount per Household for Acquisition Rehabilitation	$11,132	$10,090	$10,090	The average tax credits per restricted unit for acquisition/rehabilitation projects funded through the housing tax credits program was lower than anticipated as a few tax credit acquisition/rehabilitation developments supported fewer credits than the amount original awarded.
1.1.7. EF 4	Average Total Development Costs per Household for Acquisition Rehabilitation	$254,839	$248,065	$248,065	Actual performance within acceptable range of projected performance. No explanation required.
1.1.7. EX 1	Number of Households Assisted through New Construction Activities	8,417	1,742	1,742	Actual performance within acceptable range of projected performance. No explanation required.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.7. EX 2	Number of Households Assisted through Acquisition Rehabilitation Activities	7,464	1,321	1,321	The number of restricted units funded through the tax credit program was lower than anticipated due to the receipt of fewer cost certifications in Q1. Many developments experienced construction delays, which can result in delays in the submission of cost certification. The Department anticipates an increase in the submission of cost certification materials in Q2, within which falls the deadline for submission for 9% developments that began their credit period in 2025.
1.1.8. OP 1	Number of Households Assisted with Multifamily MRB Program	1,382	735	735	The number of restricted units funded through the MRB program was higher than anticipated in Q1 due to the earlier than anticipated receipt of cost certifications for three properties.
1.1.8. EF 1	Average Amount of Bond Proceeds per Household for New Construction	$142,929	$123,673	$123,673	The average bond proceeds per restricted unit of new construction projects funded through the MRB program was lower than anticipated due to the timing of the submission of the cost certification packages.
1.1.8. EF 2	Average Total Development Costs per Household for New Construction	$258,859	$239,510	$239,510	The average total development costs per restricted unit of new construction projects funded through the MRB program was lower than anticipated because overall cost increases were not as high as projected.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
1.1.8. EF 3	Average Amount of Bond Proceeds per Household for Acquisition Rehabilitation	$117,600	$97,959	$97,959	The average bond proceeds per restricted unit for acquisition/rehabilitation projects was lower than anticipated due to the timing of the submission of the cost certification packages.
1.1.8. EF 4	Average Total Development Costs per Household for Acquisition Rehabilitation	$275,967	$201,074	$201,074	The average total development costs per restricted unit of acquisition/rehabilitation projects funded through the MRB program was lower than anticipated because overall cost increases were not as high as projected.
1.1.8. EX 1	Number of Households Assisted through New Construction Activities	950	490	490	The number of restricted units of new construction projects funded through the MRB program was higher than anticipated in Q1 due to the earlier than anticipated receipt of cost certifications for multiple properties.
1.1.8. EX 2	Number of Households Assisted through Acquisition Rehabilitation Activities	432	245	245	The number of restricted units of acquisition/rehabilitation projects funded through the MRB program was higher than anticipated in Q1 due to the earlier than anticipated receipt of cost certifications for multiple properties.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
2.1.1. OP 1	Number of Information and Technical Assistance Requests Completed	7,750	2,380	2,380	The number of information and technical assistance requests received in Q1 was higher than anticipated due to the receipt of an elevated number of phone call and email requests for homeless assistance, rental assistance, and utility assistance.
3.1.1. OP 1	Number of Persons Assisted that Achieve Incomes Above Poverty Level	650	274	274	The number of persons that achieved incomes above poverty is higher than expected due to growing effective of subrecipients in administering the program as well as the cumulative impact of sustained assistance.
3.1.1. OP 2	Number of Persons Assisted by the Community Services Block Grant Program	330,000	67,824	67,824	Actual performance within acceptable range of projected performance. No explanation required.
3.1.1. OP 3	Number of Persons Enrolled in the Emergency Solutions Grant Program	33,500	7,303	7,303	Actual performance within acceptable range of projected performance. No explanation required.
3.1.1. OP 4	Number of Persons Assisted by the Homeless Housing and Services Program	6,900	1,164	1,164	The number of individuals assisted through the HHSP program is lower than anticipated due to a delay in implementation of one contract.
3.1.1. EF 1	Average Subrecipient Cost per Person for the CSBG Program	$110	$138	$138	The average subrecipient cost per person for the CSBG program is lower than anticipated due to subrecipients serving fewer people than anticipated in Q1.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
3.1.2. EF 1	Average Subrecipient Cost per Person for the Emergency Solutions Grant Program	$455	$317	$317	The average subrecipient cost per ESG program participant may be lower than anticipated due to the provision of lower cost services such as Street Outreach and Emergency Shelter. Subrecipients often prefer to administer these lower cost programs because they can be implemented immediately, rather than having to wait for the client to enter into a lease agreement prior to the receipt of assistance as is required by higher cost programs.
3.1.2. EF 2	Average Subrecipient Cost per Person for the HHSP and EHF Program	$575	$634	$634	The average subrecipient cost per HHSP/EH program participant may be higher than anticipated due to the provision of higher cost services such as rental assistance.
3.2.1. OP 1	Number of Households Receiving Utility Assistance	150,000	22,610	22,610	The number of households that received energy assistance is lower than estimated due to cyclical variations in program demand. The demand for energy assistance is lower in the fall and winter.
3.2.1. OP 2	Number of Dwelling Units Weatherized by the Department	2,000	762	762	The number of dwelling units weatherized in Q1 was higher than anticipated due to the timing of the contract cycle. Production activity ramps up after contract initiation. Q1 production reflects the first full period of active work in the contract cycle, resulting in higher unit counts than earlier production anticipated.
3.2.1. EF 1	Average Subrecipient Cost per Household Served for Utility Assistance	$1,000	$1,325	$1,325	The costs per household are higher than anticipated due to subrecipients reporting serving fewer households than anticipated.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
3.2.1. EF 2	Average Cost per Home Weatherized	$8,600	$7,603	$7,603	The average cost per home weatherized is lower than anticipated due to more households seeking weatherization assistance. In instances when the amount of program funding is fixed, the average amount per households will be lower than the target if more households request assistance than was anticipated when the target was established.
3.3.1. OP 1	Number of Colonia Residents Receiving Direct Assistance from Self-help Centers	1,280	436	436	The number of colonia residents served through Colonia Self-Help Centers (CSHCs) was higher than anticipated as a result of an aggressive tool lending campaign conducted by three CSHCs. The El Paso CSHC had higher technology center visits this reporting cycle.
4.1.1. OP 2	Number of File Reviews	727	190	190	Actual performance within acceptable range of projected performance. No explanation required.
4.1.1. OP 3	Number of Physical Inspections	679	304	304	The number of physical inspections conducted in Q1 was higher than anticipated due to delays in the inspection of properties initially scheduled to be inspected in Q4FY25. Q4FY25 inspection delays were associated with a change in the contractor that conducts physical inspections.
4.1.2. OP 1	Number of Monitoring Reviews of All Non-formula Contracts	150	40	40	Actual performance within acceptable range of projected performance. No explanation required.
4.1.2. OP 2	Number of Single Audit Reviews	105	248	248	The number of single audit reviews in Q1 was higher than anticipated because submissions to the United States Office of Management and Budget created influx of single audits reviewed. The number of required audit reviews resulted in a large backlog. Unusually high quarterly variances is the result of increased staff training, experience, focus and update processes until the backlog is cleared.

Measure	Description	Annual Target	Q1 Performance	FY26 To Date Performance	Provided Explanations
4.1.2. OP 3	Number of Formula-Funded Subrecipients Receiving Monitoring Reviews	32	5	5	The total number of formula-funded subrecipients that received a monitoring review was lower than anticipated due to contract production and expenditures identifying fewer than expected contracts/subrecipients that could be monitored in Q1.
4.1.2. EX 1	Number of Non-formula Contracts Subject to Monitoring	330	330	330	Number is only reported in Q1 - The number of non-formula contracts are subject to funding levels and therefore the number fluctuates as funding is available. Actual performance within acceptable range of projected performance. No further explanation required.
4.1.2. EX 2	Number of Previous Participation Reviews	550	113	113	Actual performance within acceptable range of projected performance. No explanation required.
4.1.2. EX 3	Number of Formula-Funded Subrecipients	53	5	5	A reduction in the number of CA/HHSP subrecipients has resulted in a reduction in the number of CA/HHSP subrecipients for which TDHCA must provide onsite monitoring.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1312 **Agenda Date:** 2/5/2026 **Agenda #:** 17.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.6 Historically Underutilized Businesses; an order proposing new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.6 Historically Underutilized Businesses, and an order directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, Tex. Gov't Code §2001.039 requires state agencies to review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist;

WHEREAS, on December 2, 2025, the Texas Comptroller of Public Accounts released emergency rulemaking relating to Historically Underutilized Businesses (HUBs) and will be following that emergency rulemaking with a permanent rule, both which change the HUB program to ensure it complies with the Texas Constitution and U.S. Constitution, and which reflect that the program will serve small businesses owned by service-disabled veterans (SDV), regardless of race, sex or ethnicity and will be referred to as Veteran Heroes United in Business, or VetHUB;

WHEREAS, staff has assessed 10 TAC §1.6, Historically Underutilized Businesses, and confirms that the reasons for the initial adoption of this rule continue to exist, which is to comply with Tex. Gov't Code §2161.003, which requires that the Department adopt the Texas Comptroller of Public Accounts HUB Program rules;

WHEREAS, staff has evaluated the rule in light of the Comptroller's emergency rule and recommends that the rule be revised to align with the emergency rule; and

WHEREAS, such proposed action will be published in the *Texas Register* for public comment from February 20, 2026, to March 22, 2026, and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

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

BACKGROUND

The Department last performed a four-year rule review of 10 TAC §1.6, Historically Underutilized Businesses, in April 2022. Therefore, under Tex. Gov't Code §2001.039, which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule is due to be evaluated in 2026. Staff has determined that there is a continuing need for this rule to exist, but that there is a need for revisions.

On December 2, 2025, the Texas Comptroller of Public Accounts released emergency rulemaking relating to Historically Underutilized Businesses (HUBs) and indicated that he would be following that emergency rulemaking with a permanent rule, both which will change the HUB program to ensure it complies with the Texas Constitution and U.S. Constitution. The emergency rules posted on the Texas Register revise the eligibility standards for the program, removes statewide utilization goals, and instructs agencies and their employees to implement the program in a way that upholds the equal protection guarantees of federal and state law. Under the rules, the program will serve small businesses owned by service-disabled veterans (SDV), regardless of race, sex or ethnicity and will be referred to as Veteran Heroes United in Business, or VetHUB. Staff has revised the rule to reflect such changes.

The rule will be made available for public comment from February 20, 2026, through March 22, 2026, and returned to the Board for final approval.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, 10 TAC §1.6, Historically Underutilized Businesses

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, 10 TAC §1.6, Historically Underutilized Businesses. The purpose of the proposed repeal is to eliminate the current rule while replacing it with a more current version of the rule.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because under §2001.0045(c)(1) this section does not apply to a rule that relates to state agency procurement.

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

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

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

1. The repeal does not create or eliminate a government program but relates to the handling of Historically Underutilized Businesses (HUBs) in procurement.

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

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

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

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

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

7. The repeal may affect the number of individuals subject to the rule's applicability, but that is correlated with the rules of the Comptroller which this rule is solely becoming compliant with.

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

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

The Department has evaluated the repeal and determined that the repeal may create an economic effect on small or micro-businesses or rural communities, but that is correlated with the rules of the Comptroller which this rule is solely becoming compliant with.

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT. The Department requests comments on the proposed repeal. The public comment period will be held February 20, 2026, through March 22, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of

Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, March 22, 2026.

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

§1.6, Historically Underutilized Businesses **Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.6, Historically Underutilized Businesses**

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.6, Historically Underutilized Businesses**.** The purpose of the proposed rule is to ensure that the rule is compliant with the new emergency rulemaking issued by the Comptroller of Public Accounts relating to Historically Underutilized Businesses (HUBs). The Comptroller's rule changes the HUB program to ensure it complies with the Texas Constitution and U.S. Constitution and reflects that the program will serve small businesses owned by service-disabled veterans (SDV), regardless of race, sex or ethnicity and will be referred to as Veteran Heroes United in Business, or VetHUB.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because under §2001.0045(c)(1) this section does not apply to a rule that relates to state agency procurement.

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

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

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

1. The new section does not create or eliminate a government program but relates to the handling of Historically Underutilized Businesses in the Department's procurements.

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

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

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

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

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

7. The repeal may affect the number of individuals subject to the rule's applicability, but that is correlated with the rules of the Comptroller which this rule is solely becoming compliant with.

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

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES

AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the new section - to the extent that the changes in the HUB Program may create an economic effect on small or micro-businesses or rural communities, that is not due to the Department's rule changes, but due to the Comptroller's changes, which the Department is complying with.

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

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

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

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

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

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed section and also requests information related to the cost, benefit, or effect of the proposed section, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held February 20, 2026, through March 22, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, March 22, 2026.

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

§1.6 Historically Underutilized Businesses

It is the policy and goal of the Department to encourage and increase the use of Veteran Heroes United in Business (VetHUBs), ~~Historically Underutilized Businesses ("HUB")~~ in the Department's procurement processes. The purpose of t~~he HUB program is to promote~~ this rule is to implement the VetHUB program which serves small businesses owned by service disabled veterans, regardless of their race, sex, or ethnicity. ~~full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the 2009 State of Texas Disparity Study.~~ As required by Tex. Gov't Code §2161.003, the Department adopts the Texas Comptroller of Public Accounts ("Comptroller") HUB Program rules at 34 TAC §§20.281 - 20.298 (relating to Historically Underutilized Business Program, and as may be amended by the Comptroller so far as the amendments are implementing Tex. Gov't Code §2161.003), which describe the minimum steps and requirements to be undertaken by the Comptroller and state agencies to fulfill the state's VetHUB policy. ~~, and attain aspirational goals identified in the Texas Disparity Study.~~

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1317 **Agenda Date:** 2/5/2026 **Agenda #:** 18.

Presentation, discussion, and possible action on an order adopting the repeal, and new 10 TAC Chapter 90, Migrant Labor Housing Facilities, to be adopted in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, at the November 6, 2025, the Board approved for publication and public comment in the *Texas Register* the repeal and proposed new 10 TAC Chapter 90, Migrant Labor Housing Facilities;

WHEREAS, Senate Bill 243 (SB 243) passed by the 89th Texas Legislature (Reg. Session) requires the Department to adopt rules necessary to implement Tex. Gov't Code §§2306.933 to 2306.940 and to ensure compliance with Tex. Gov't Code Chapter 2306, Subchapter LL;

WHEREAS, public comment was accepted from November 21, 2025, to December 21, 2025, and staff received comments from one entity and has prepared a reasoned response reflected in the preamble attached; and

WHEREAS, the adoption of this repeal and new 10 TAC Chapter 90, will be published in the *Texas Register*;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the adopted actions for 10 TAC Chapter 90, Migrant Labor Housing Facilities, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

The Department has the responsibility for the State of Texas to oversee Migrant Labor Housing Facilities, and SB 243 added new provisions to that oversight and administration. Those changes include an enhanced complaint process, clarifying civil penalties, and requiring interagency cooperation, outreach, and education. The bill requires the Department to adopt rule changes related to Migrant Labor Housing Facilities by March 1, 2026.

While Tex. Gov't Code Chapter 2306, Subchapter LL, provides for the direction and authority of the licensing activity of Migrant Labor Housing Facilities, it does not provide the administrative specificity to fully implement this activity. As such, these rules set Department policy only so far as they provide the administrative implementation of the statutory activity.

At the Board Meeting of November 6, 2025, the Board approved the publication of the proposed repeal and new 10 Texas Administrative Code, Chapter 90, Migrant Labor Housing Facilities rule. The proposed repeal and new rule were published in the *Texas Register* and released for public comment from November 21, 2025, through December 21, 2025. Public comment was received from one commenter as further described in the preamble attached. Staff reviewed the comments and provided a reasoned response to these comments in the following preamble.

Behind the preamble for the repeal and new adoption action, a draft rule is shown. To assist reviewers with understanding what has changed from the version of the rule last posted in the *Texas Register*, a black-lined version of the amended section is provided, reflecting the change proposed by the Department after consideration of public comment.

Attachment 1: Preamble, including required analysis, for adopting the repeal of 10 TAC Chapter 90, Migrant Labor Housing Facilities Rules, §§90.1 – 90.9

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 90, Migrant Labor Housing Facilities without changes. The purpose of the repeal is to implement new statutory changes that eliminates an outdated rule while adopting a new updated rule under separate action.

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

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

1. Mr. Wilkinson has determined that for the first five years the repeal will be in effect, the repeal does not create or eliminate a government program but relates to the repeal, and simultaneous readoption making changes to an existing rule to implement updates as a result of SB 243, 89th Texas Legislature (Reg. Session).

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

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

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

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

6. The action will repeal an existing regulation, to implement updates as a result of SB 243.

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

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

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

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

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

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

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

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

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

CHAPTER 90. MIGRANT LABOR HOUSING FACILITIES

§90.1. Purpose.
§90.2. Definitions.
§90.3. Applicability
§90.4. Standards and Inspections.
§90.5. Licensing.
§90.6. Records.
§90.7. Complaints.
§90.8. Administrative Penalties and Sanctions.
§90.9. Dispute Resolution, Appeals, and Hearings.

Attachment 2: Preamble for adopting new 10 TAC Chapter 90, Migrant Labor Housing Facilities Rules, §§90.1 – 90.9

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 90, Migrant Labor Housing Facilities Rule, §§90.1 – 90.9 with changes to the proposed text as published in the November 21, 2025, issue of the *Texas Register* 202504049. The purpose of the new rule is to comply with SB 243 (89th Regular Legislature) which added revisions to the Department's oversight and administration of Migrant Labor Housing Facilities. Original changes based on SB 243 included the addition of a new complaint process; notice; dismissal requirements; remediation of complaints in general and regarding certain violations; and prohibition on retaliation for facility-related complaints. Additionally, the rule outlines a penalty structure for noncompliance and provides for interagency cooperation and outreach/education requirements.

Tex. Gov't Code §2001.0045(b) does apply to the rule because costs may be associated with this action, however these changes are required to implement new statutory changes.

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

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

Mr. Wilkinson has determined that, for the first five years the new rule will be in effect:

1. The new rule does not create or eliminate a government program. The new rule provides for an assurance that required licensing requirements tasked to the Department are clearly relayed to employers who house and license migrant labor housing facilities. Changes include a new complaint procedure, a penalty structure, and outreach/education requirements.

2. The new rule will require a change in the number of employees of the Department; the enactment of SB 243 included appropriations for three full-time employees to perform the work associated with implementation of SB 243 and this rule.

3. The new rule will require additional future legislative appropriations. The new rule is being adopted because the Texas Legislature in its 89th Regular Session passed SB 243. The Department was appropriated an additional $535,000 per year of the biennium from General Revenue funds to implement the provisions of the legislation and received three new FTEs. It is expected that the appropriation would continue in subsequent biennia to continue implementing the provisions of SB 243.

4. The rule may result in some additional penalty fees paid to the Department in the case of noncompliant providers.

5. The new rule is creating a new regulation, which is being created to implement the requirements of SB 243.

6. The rule action does repeal an existing regulation but only so that the regulation can be replaced with a new rule that may be considered to "expand" the existing regulation on this activity because the change to the rule is necessary to ensure compliance with SB 243.

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

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

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

The Department, in drafting this new rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, §2306.053.

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

2. The Department has determined that this rule provides specific details on how complaints are processed, provides a revised penalty schedule for noncompliance event(s), and addresses interagency cooperation and outreach/education. Other than in a case of small or micro-business subject to the proposed rule, economic impact of the rule is projected to be none. If rural communities are subject to the new rule, the economic impact of the rule is projected to be none.

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

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

The Department has evaluated the new rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule would be that providers have a more compliant workplace.

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…" There are no anticipated "probable" effects of the new rule on employment in particular geographic regions. If anything, the positive effects will be that providers have a more compliant workplace.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson, Executive Director, has determined that, for each year of the first five years the new rule is in effect, the public benefit anticipated as a result of the new rule be a rule compliant with SB 243. The only economic cost to an individual required to comply with the rule would be for those individuals or entities that choose to be noncompliant, in which case there may be fees for noncompliance event(s).

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

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between November 21, 2025, and December 21, 2025. Comments regarding the proposed repeal were accepted in writing with comments received from: Dave Mauch, Texas Rio Grande Legal Aid, Inc.

Rule Section §90.1
COMMENT SUMMARY: The commenter noted a formatting correction to the H-2A program reference.
STAFF RESPONSE: Staff accepted the correction and updated the proposed rule for adoption.

Rule Section §90.4
COMMENT SUMMARY: Commentor 1 supported the addition of language clarifying acceptable fire extinguishers.
STAFF RESPONSE: Staff appreciates the support of Commenter 1.

Rule Section §90.5
COMMENT SUMMARY: Commenter 1 supports the Department's addition of language stating that Providers utilizing hotels and apartments who fail to provide the number of beds or meals as reported at time of application will be deemed noncompliant with regulations. However, they found the phrase "if occupied at the time of inspection" to be limiting in terms of verification methods and felt the Department could be limiting its ability to assess violations.
STAFF RESPONSE: Staff agreed with the suggested revision removing the limitation so that verification methods are not limited to only when units are occupied. Revisions have been made responsive to this comment.

Rule Section §90.6
COMMENT SUMMARY: Commentor number 1 expressed concern that requiring only that the text of the mandatory housing poster be in English and Spanish, makes no provisions for Workers who predominantly speak other languages. They suggest that the poster be made in a language understood by the worker.
STAFF RESPONSE: Staff agrees with the concern, however does not feel it is reasonable to have the posters generated in any variety of languages that are undetermined as necessary. Alternatively, staff has added a provision for translation of the poster at the request of either a Worker or the Provider.

Rule Section §90.7
COMMENT SUMMARY: Commentor number 1 expressed concern that notice of the dismissal of a complaint was only going to be provided to the Provider and not the worker/Designated Representative.

Commenter number 1 expressed support for the anonymity procedure established by allowing a Designated Representative to file a complaint on behalf of a complainant and allowing the Designated Representative of a complainant to redact the complainant's name and signature from the form or other document appointing them.

Commenter number 1 expressed serious concern that the addition of a required video conference between the Department, complainant, and their Designated Representative for verification purposes, negates the anonymity provided, exceeds Departmental authority, exposes the complainant to retaliation, and puts additional burdens on the complainant. Commenter 1 also noted the logistical challenges of the complainant being able to find a private place to pursue such a video conference, and further notes that access to technology to do a video call may be limited.

In section (h)(3) relating to remediation of a complaint, Commentor 1 felt the use of the term "and/or" would allow a sworn affidavit alone to be acceptable proof of remediation and expressed concern of this being insufficient in the past.

STAFF RESPONSE: Staff added language that the notice of dismissal of a complaint will be sent to both the Provider and the complainant/Designated Representative.

While staff is also seeking to preserve a complainant's anonymity in these situations, §2306.934(g) includes the language "if the department reviews the written authorization establishing the representation and verifies that the representative is authorized to submit the complaint". The purpose of the video conference was to achieve this verification without creating a document that could be subject to an open records request. Staff still believes this could be an effective way to achieve this goal but acknowledges that it may not be viable in all situations, so the provision was

amended to include verification through an “in person meeting during the complaint investigation including a follow up inspection” to allow for other options of verification.

It was not the intention of staff to imply that a sworn affidavit alone would be sufficient proof of remediation. Staff intended to use this wording to allow for the discretion to determine if a follow up inspection would also be required as proof of remediation. The wording “and/or” has been replaced to remove the ambiguity.

The Board adopted the final order adopting the new rule on February 5, 2026.

STATUTORY AUTHORITY. The new rule(s) is/are adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new rules affect no other code, article, or statute. The new rule(s) have been reviewed by legal counsel and are within the Agency’s authority to adopt.

§90.1. Purpose.

The purpose of Chapter 90 is to establish rules governing Migrant Labor Housing Facilities that are subject to being licensed under Tex. Gov't Code Chapter 2306, Subchapter LL (§§2306.921 - 2306.9340). It is recognized that aligning state requirements with the federal standards for migrant farmworker housing that must be inspected in order to participate in other state and federal programs, such as with the U.S. Department of Labor's H-2A~~H2-A~~ visa program, allows for cooperative efforts between the Department and other state and federal entities to share information. This will reduce redundancies and improve the effectiveness of the required licensing.

§90.2. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Additionally, any words and terms not defined in this section but defined or given specific meaning in Tex. Gov't Code Chapter §§2306.921 - 2306.940, are capitalized. Other terms in 29 CFR §§500.130 - 500.135, 20 CFR §§654.404 et seq., and 29 CFR §1910.142 or used in those sections 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.

(1) Act--The state law that governs the operation and licensure of Migrant Labor Housing Facilities in the state of Texas, found at Tex. Gov't Code, §§2306.921 - 2306.940.

(2) Board--The governing board of the Texas Department of Housing and Community Affairs.

(3) Business Day--Any day that is not a Saturday, Sunday, or a holiday observed by the State of Texas.

(4) Business hours--8:00 a.m. to 5:00 p.m., local time.

(5) Couple--A pair of individuals, whether legally related or not, that act as and hold themselves out to be a couple; provided, however, that nothing herein shall be construed as creating or sanctioning any unlawful relationship or arrangement.

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

(7) Designated Representative--Mmeans an individual or organization to whom a Migrant Agricultural Worker has given written authorization to exercise the worker's right to file a complaint under Tex. Gov't Code §2306.934.

(8) Director--The Executive Director of the Department or designated staff.

(9) Family--A group of people, whether legally related or not, that act as and hold themselves out to be a Family; provided, however, that nothing herein shall be construed as creating or sanctioning any unlawful relationship or arrangement such as the custody of an unemancipated minor by a person other than their legal guardian.

(10) License--The document issued to a Licensee in accordance with the Act.

(11) Licensee--Any Person that holds a valid License issued in accordance with the Act.

(12) Occupant--Any Person, including a Worker, who uses a Migrant Labor Housing Facility for housing purposes.

(13) Provider--Any Person who provides for the use of a Migrant Labor Housing Facility by Migrant Agricultural Workers, whether the Facility is owned by the Provider, or is contractually obtained (or otherwise established) by the Provider. An agricultural industry employer or a contracted or affiliated entity may be a Provider if it owns, contracts, or pays for the use of a Migrant Labor Housing Facility by Migrant Agricultural Workers, regardless of whether any rent or fee is required to be paid by a Worker. A common short-term property rental owner or operator that does not exclusively rent to Migrant Agricultural Workers is not a Provider solely because they have rented to Migrant Agricultural Workers. The Provider is the operator under Tex. Gov't Code §2306.928.

(14) The State Office of Administrative Hearings (SOAH)--Isis an independent and neutral agency for hearing and mediating administrative disputes and appeals in Texas in accordance with Tex. Gov't Code §2001, Tex. Gov't Code §2003, and 1 TAC §155.

(15) Worker—Also known as Migrant Agricultural Worker, being an individual who is:

(A) working or available for work seasonally or temporarily in primarily an agricultural or agriculturally related industry, and

(B) moves one or more times from one place to another to perform seasonal or temporary employment or to be available for seasonal or temporary employment.

§90.3. Applicability.

(a) All Migrant Labor Housing Facilities in the state of Texas, which may include hotels and other public accommodations if owned by or contracted for by Providers must be inspected and comply with the requirements in this chapter and 29 CFR §§500.130, 500.132 - 500.135, without the exception provided in 29 CFR §500.131.

(b) Where agricultural employers own, lease, rent, otherwise contract for, or obtain under other working arrangements, Facilities "used" by individuals or Families that meet the criteria described in the Act, the employer as Provider of said housing, "establishes" and becomes the "operator" of a Migrant Labor Housing Facility, and is the responsible entity for obtaining and "maintaining" the License on such Facility, as those terms are used in Tex. Gov't Code §2306.921 - 2306.922.

(c) An applicant for a License must facilitate an inspection by the Department with the owner of the property(ies) at which the Migrant Labor Housing Facility is located, or the inspection will be considered failed.

(d) Owners or operators of homeless shelters, public camp grounds, youth hostels, hotels and other public or private accommodations that do not contract for services with Providers to house Workers are not required to be licensed.

(e) No License would be required where a Worker is housed exclusively with his/her Family using their own structure, trailer, or vehicle, but temporarily residing on the land of another.

(f) A Facility may include multiple buildings on scattered or noncontiguous sites, as long as the scattered sites are in a reasonable distance from each other, and the work location and the buildings are operated as one Facility by the Provider.

§90.4. Standards and Inspections.

(a) Facilities must follow the appropriate housing standard as defined in 29 CFR §500.132, (the Employment and Training Administration (ETA) and Occupational Safety and Health Administrations (OSHA) housing standards also referred to as the "ETA and OSHA Housing Standards"), or if applicable the Range Housing standard as defined in 20 CFR §655.235 or Mobile Housing Standards as defined in 20 CFR §655.304. The inspection checklists setting forth those standards are available on the Department's website at https://www.tdhca.texas.gov/migrant-labor-housing-facilities.

(b) Inspections of the Facilities of applicants for a License and Licensees may be conducted by the Department under the authority of Tex. Gov't Code §2306.928 upon reasonable notice and using the appropriate inspection forms noted in subsection (a) of this section. Inspections may be conducted by other State or Federal agencies, on behalf of the Department, on forms promulgated by those agencies.

(c) In addition to the standards noted in subsection (a) of this section, all Facilities must comply with the following additional state standards:

(1) Facilities shall be constructed in a manner to insure the protection of Occupants against the elements. Facilities shall be maintained in good repair and in a sanitary condition. All doors to the exterior shall have working locks and all windows shall have working interior latches. Each unit shall have a working smoke detector. Fire extinguishing equipment shall be provided in an accessible place located within 100 feet from each Facility. Such equipment shall provide protection equal to a 2 1/2 gallon stored pressure of five gallon pump type water extinguisher. Such equipment shall also have a service tag that indicates no more than a year has passed since last servicing if rechargeable, and that the extinguisher is no more than 12 years old and properly charged if non-rechargeable or disposable. A working carbon monoxide detector must be present in all units that use gas or other combustible fuel.

(2) Combined cooking, eating, and sleeping arrangements must have at least 100 SF per person (aged 18 months and older); the portion of the Facility for sleeping areas must include at least a designated 50 square feet per person.

(3) Facilities for Families with children must have a separate room or partitioned area for adult Family members.

(4) In dormitory-type facilities, separate sleeping accommodations shall be provided for each sex. In Family housing units, separate sleeping accommodations shall be provided for each Family unit.

(5) Facilities previously used to mix, load, or store pesticides and toxic chemicals may not be used for cooking, dishwashing, eating, sleeping, housing purposes, or other similar purposes.

(6) In a central mess or multifamily feeding operation, the kitchen and mess hall shall be constructed in accordance with any applicable local or state rules on food services sanitation.

(7) Beds, bunks, or cots shall have a clear space of at least 12 inches from the floor. Triple-deck bunks shall be prohibited. Single beds shall be spaced not closer than 36 inches laterally or end to end. Bunk beds shall be spaced not less than 48 inches laterally or 36 inches end to end. There shall be a clear ceiling height above a mattress of not less than 36 inches. The clear space above the lower mattress of the bunk beds and the bottom of the upper bunk shall not be less than 27 inches.

(8) Bathrooms, in aggregate shall have a minimum of one showerhead per 10 persons and one lavatory sink per six persons. Showerheads shall be spaced at least three feet apart to insure a minimum of nine square feet of showering space per showerhead.

(9) In all communal bathrooms separate shower stalls shall be provided.

(10) Mechanical clothes washers with dryers or clothes lines shall be provided in a ratio of one per 50 persons. In lieu of mechanical clothes washers, one laundry tray (which is a fixed tub

(made of slate, earthenware, soapstone, enameled iron, stainless steel, heavy duty plastic, or porcelain) with running water and drainpipe for washing clothes and other household linens) or tub per 25 persons may be provided.

(11) All Facility sites shall be provided with electricity. The electrical systems shall conform to all applicable codes and shall be sufficient to provide the electricity with sufficient amperage to operate all required and available features, including but not limited to lighting, stoves, hot water heaters, heating systems, portable heaters, refrigeration, and such other devices as may be connected to wall type convenience outlets.

(12) A separate bed and clean mattress must be provided for each individual Worker or Couple. If a single bed is provided to a ~~c~~Couple, it may not be smaller than a full size.

§90.5. Licensing.

(a) Tex. Gov't Code §2306.922 requires the licensing of Migrant Labor Housing Facilities.

(b) Any Person who wants to apply for a License to operate a Facility may obtain the application form from the Department. The required form is available on the Department's website at https://www.tdhca.texas.gov/migrant-labor-housing-facilities.

(c) An application must be submitted to the Department prior to the intended operation of the Facility, but no more than 60 days prior to said operation. Applications submitted to the Department that are not complete, due to missing items and/or information, expire 90 days from Department receipt. In this circumstance, the fees paid are ineligible for a refund.

(d) The fee for a License is $250 per year, except in such cases where the Facility was previously inspected and approved to be utilized for housing under a State or Federal migrant labor housing program, and that such inspection conducted by a State or Federal agency is provided to the Department. Where a copy of such inspection conducted by a State or Federal agency is less than 90 days old, has no material deficiencies or exceptions, and is provided to the Department prior to the Department's scheduled inspection, the application fee shall be reduced to $75. However, if an inspection or re-inspection by the Department is required at the sole determination by the Department, the full application fee may apply.

(e) The License is valid for one year from the date of issuance unless sooner revoked or suspended. Receipt of a renewal application that is fully processed resulting in the issuance of a renewed license shall be considered as revoking the previous license, with the effective and expiration dates reflecting the renewal. All licenses have the same effective date as their issuance.

(f) Fees shall be tendered by check, money order, or via an online payment system (if provided by the Department), payable to the Texas Department of Housing and Community Affairs. If any check or other instrument given in payment of a licensing fee is returned for any reason, any License that has been issued in reliance upon such payment being made is null and void.

(g) A fee, when received in connection with an application is earned and is not subject to refund. At the sole discretion of the Department, refunds may be requested provided the fee payment or portion of a payment was not used toward the issuance of a License or conducting of an inspection.

(h) Upon receipt of a complete application and fee, the Department shall review the existing inspection conducted by a State or Federal agency, if applicable and/or schedule an inspection of the Facility by an authorized representative of the Department. Inspections shall be conducted during Business Hours on weekdays that the Department is open, and shall cover all units that are subject to being occupied. Inspections by other State or Federal agencies in accordance with the requirements in 29 CFR §§500.130 - 500.135 may be accepted by the Department for purposes of this License, only if notice is given to the Department prior to the inspection in order for the Department to consider the inspection as being conducted by an authorized representative of the Department in accordance with Tex. Gov't Code §2306.928. In addition, a certification of the additional state standards described in 10 TAC §90.4(c), relating to Standards and Inspections, must be provided by the applicant, along with any supplemental documentation requested by the Department, such as photographs.

(i) The Person performing the inspection on behalf of the Department shall prepare a written report of findings of that inspection. The Department, when it determines it is necessary based on risk, complaint, or information needed at time of application, may conduct follow-up inspections.

(1) If the Person performing the inspection finds that the Facility, based on the inspection, is in compliance with 10 TAC §90.4, relating to Standards and Inspections, and the Director finds that there is no other impediment to licensure, the License will be issued.

(2) If the Person performing the inspection finds that although one or more deficiencies were noted that will require timely corrective action which may be confirmed by the Provider without need for re-inspection, and the Director finds that there is no other impediment to licensure, the License will be issued subject to such conditions as the Director may specify. The applicant may, in writing, agree to these conditions, request a re-inspection within 60 days from the date of the Director's letter advising of the conditions, provide satisfactory documentation to support the completion of the corrective action as may be required by the Department, or treat the Director's imposing of conditions as a denial of the application.

(3) If the Person performing the inspection finds that one or more deficiencies were noted that will require timely corrective action and the deficiencies are of such a nature that a re-inspection is required, the applicant shall address these findings and advise the Department, within 60 days from the date of written notice of the findings, of a time when the Facility may be re-inspected. If a re-inspection is required, the License may not be eligible for the reduced fee described in subsection (d) of this section and the balance of the $250 fee must be remitted to the Department prior to the re-inspection. If Occupants are allowed to use the Facility prior to the re-inspection the applicant must acknowledge the operation of the Facility in violation of these rules, and pay a fee to the Department as laid out in §90.8 of this chapter (relating to Civil Penalties and Sanctions) through the date the Facility is approved by the inspector, and eligible for licensing. If the results of the re-inspection are satisfactory and the Director finds that there

is no other impediment to licensure, the License will be issued. If it is the determination of the Director that the applicant made all reasonable efforts to complete any repairs and have the property re-inspected in a timely manner, the penalty for operating a Facility without a License may be reduced to an amount determined by the Director, but not less than $50 per person per day.

(4) If the person performing the inspection finds that the Facility is in material noncompliance with §90.4 of this chapter (relating to Standards and Inspections), or that one or more imminent threats to health or safety are present, the Director may deny the application. In addition, the Department may also take action in accordance with §90.8, relating to Civil Penalties and Sanctions.

(5) If access to all units subject to inspection is not provided or available at time of inspection, the inspection will automatically fail.

(j) If the Director determines that an application for a License ought to be granted subject to one or more conditions, the Director shall issue an order accompanying the License, and such order shall:

(1) Be clearly incorporated by reference on the face of the License;

(2) Specify the conditions and the basis in law or rule for each of them; and

(3) Such conditions may include limitations whereby parts of a Facility may be operated without restriction and other parts may not be operated until remedial action is completed and documented in accordance with the requirements set forth in the order.

(k) Correspondence regarding an application should be addressed to: Texas Department of Housing and Community Affairs, Attention: Migrant Labor Housing Facilities, P.O. Box 12489, Austin, Texas 78711-2489 or migrantlaborhousing@tdhca.texas.gov.

(l) The Department shall inform the applicant in writing, (which may be electronically) addressed to a contact provided on the most recent application, of what is needed to complete the application and/or if a deviation found during the inspection requires a correction in order to qualify for issuance of a License.

(m) For Providers that are housing Workers in hotels or apartments, failing to provide beds or meals as reported during the application process will, ~~if occupied at the time of inspection and~~ upon the Department's confirmation, result in the finding of noncompliance of not meeting state or federal housing standards as defined in the subchapter.

(n) Any changes to an issued License (such as increasing occupancy and/or adding a building or unit) may be made at the sole determination of the Department, based on current rules and policy, within 30 days of the License issuance. Any changes requested more than 30 days after License issuance will require the submission of an application for renewal, new inspection, and new fee payment, per the applicable rate.

(o) An applicant or Licensee that wishes to appeal any order of the Director, including the appeal of a denial of an application for a License or an election to appeal the imposing of conditions upon a License, may appeal such order by sending a signed letter to the Director within thirty (30) days from the date specified on such order, indicating the matter that they wish to appeal.

§90.6. Records.

(a) Each Licensee shall maintain and upon request make available for inspection by the Department, the following records:

(1) Copies of all correspondence to and from the Department. This shall include the current designation of each Provider;

(2) A current list of the Occupants of the Facility and the date that the occupancy of each commenced;

(3) Documentation establishing that all bedding facilities were sanitized prior to their being assigned to the current occupant; and

(4) Copies of any and all required federal, state, or local approvals and permits, including but not limited to any permits to operate a waste disposal system or a well or other water supply, and any correspondence to or from such approving or permitting authorities.

(b) All such records shall be maintained for a period of at least three years.

(c) A Licensee shall post in at least one conspicuous location in a Facility or in at least one building per site for a scattered site Facility:

(1) A copy of the License;

(2) A decal provided by the Department with the licensing program logo and the year for which the License was granted; and

(3) A complaint procedure poster or notice in at least 20 point bold face type using the form provided on the Department's website at https://www.tdhca.texas.gov/migrant-labor-housing-facilities, which is written in English and Spanish. However, at the request of a Provider or Worker, the Department, at its expense, will translate the poster to additional requested languages.

(4) For hotels, the License and poster described in paragraph (3) of this subsection may be posted in the lobby or front desk area only if this area is clearly visible, allows for easy reading of the aforementioned documents, and is readily accessible to the hotel guests and general public. If the hotel refuses to allow this posting, the License and poster described in this paragraph then must be posted in each room used to house the Workers.

§90.7. Complaints.

(a) If the Department receives any complaint, it shall investigate it by appropriate means, including the conducting of a complaint inspection. Any complaint inspection will be conducted after giving the Provider notice of the inspection and an opportunity to be present. The complainant will be contacted by the Department as soon as possible but no later than 10 days after making a complaint and such a call may be relayed to local authority(s) if a possible life threatening safety or health issue is involved. Complaints received by the Department:

(1) will be accepted through the Department ’s Internet website, in person at any Department office, or by telephone to 1-833-522-7028, or written notice to the Department (either through mail or electronic mail); and

(2) May be made in English, Spanish, or other language, as needed.

(3) May only be submitted by:

(A) An occupant of the Facility that is the subject of the complaint;

(B) A prospective occupant of the Facility that is the subject of the complaint;

(C) The Designated Representative of a person described by subparagraph (A) or (B) of this paragraph; or(D) An individual, including the owner or tenant of an adjacent property, that has observed a clear violation of this chapter.

(b) On receipt of a complaint, the Department will not later than the fifth day after the date on which the Department receives a complaint, the Department shall notify the Provider by electronic mail that is the subject of the complaint. Notice under this subsection must include:

(1) the date that the complaint was received;

(2) the subject matter of the complaint;

(3) the name of each person contacted in relation to

the complaint, if any; and

(4) the timeline for remedying a complaint that is not otherwise dismissed by the Department.

(c) If the Department is unable to make contact with a Provider of a Facility for the purpose of serving a notification of a complaint, the Department shall serve the notification of the complaint via registered or certified mail, return receipt requested.

(d) If the Department determines that a complaint is unfounded or does not violate the standards adopted by rule, the Department may dismiss the complaint and shall include a statement of the

reason for the dismissal in the record of the complaint. The Department shall provide timely notice of any dismissal of the complaint, including the explanation for the dismissal, to the Provider of the Facility that is the subject of the complaint, and the complainant or their Designated Representative.

(e) A Designated Representative may not be required to reveal the name of any Worker on whose behalf the representative submitted a complaint under this section if the Department reviews the written authorization establishing the representation and verifies that the representative is authorized to submit the complaint. The Department will verify the Designated Representative is authorized through the following process:

(1) A written authorization must be submitted to the Department, using a Department-provided form or another document containing the following:

(A) The name of the Designated Representative, their contact information, and the name of any applicable organization they are representing.

(B) The complainant's name and contact information, if authorized to disclose.

(C) Whether the complainant wishes and authorizes the Designated Representative to disclose their name.

(D) The complainant's employer, contact information, and housing address.

(E) The length of time the authorization is valid for, not to exceed one year, as well as the effective date of the authorization.

(F) A list of the communications the Designated Representative is authorized to conduct on the complainant's behalf.

(G) The signature of both the complainant and the Designated Representative. The complainant's signature may be redacted by the Designated Representative if confidentiality is requested.

(2) If the written authorization indicates that a complainant wishes to maintain confidentiality, the Department will conduct a virtual conference (or, upon the request of the complainant, an in-person meeting that can occur during the complaint investigation including during a follow up inspection) with the Designated Representative and the complainant, to confirm the validity of the written representation authorization, and to discuss any other details of the authorization, as needed.

(f) The Department may seek to protect the identity of any complainant from disclosure, but cannot guarantee a complainant's identity would not be subject to disclosure under the law. However, as stated and conditioned in subsection (e), a Designated Representative may not be required to reveal the name of any Worker on whose behalf the representative submitted a complaint.

(g) A person who owns, establishes, maintains, operates, or otherwise provides a Facility, and a Person who employs a Worker who occupies a Facility may not retaliate against a person for filing a complaint or providing information in good faith relating to a possible violation of this chapter.

(h) Remediation of a complaint:

(1) Not later than the seventh day after the date that notice is received under Tex. Gov't Code §2306.934, the Provider of a Facility shall remedy the complaint.

(2) Proof of~~f~~ remediation, at the Department's sole discretion and determination will be submitted in the form of visual evidence (such as photos/videos, invoices/receipts, etc.)~~,~~ and a sworn affidavit. A ~~, and/or~~ follow up inspection by the Department's designated inspectors, prior to the end of the prescribed corrective action period~~,~~ may also be proof of remediation.

(3) For a Provider of a Facility who receives notice under Tex. Gov't Code §2306.934(e) or who does not submit proof of remediation in the manner provided by Subsection (b) of this section, the Department shall have the Facility inspected as soon as possible following the seventh day after the date notice is received under Tex. Gov't Code §2306.934 to ensure remediation of the complaint.

(i) Remediation of a Complaint Regarding Certain Violations: This section applies only to a complaint that alleges a violation that the Department determines poses an imminent hazard or threat to the health and safety of the occupants of the Facility, including violations of rules adopted by the Department concerning sanitation. Examples include but are not limited to: failure to provide minimum sq. footage per person, insufficient or substandard bedding, bed sharing, insufficient kitchen facilities or meals not provided and insufficient waste disposal and interruption in or access to water.

(1) Subject to Subsection (3), not later than the 30th day after the date notice is received under Tex. Gov't Code §2306.934, the Provider of a Facility that is the subject of a complaint described by Subsection (h) of this section shall remedy the complaint.

(2) The Department may refer a complaint described herein to a local authority for immediate inspection of the Facility.

(3) The Provider must relocate or provide for the relocation to another Facility of the occupants of a Facility that is the subject of a complaint under Subsection (h) of this section if the remediation of that complaint is projected to take longer than a period of 30 days. The relocation must be completed within seven days. A Facility to which a Person is relocated under this subsection:

(A) must meet the standards described in §90.4 of this chapter (relating to Standards and Inspections);

(B) must be located in the same vicinity as the vacated Facility;

(C) any moving expenses shall be paid by the Provider; and

(D) Provider shall hand-deliver or send via certified mail, return receipt requested, a written notice in both English and Spanish (or any other language that may be the primary language of the workers involved). This notice shall be in plain language and detail timeframes, procedure for payments/reimbursements, likely time frames for moving, and all relevant phone numbers and other contact information, including the Department's complaint line. Providers must arrange a reader to communicate with illiterate Workers.

(E) These relocation procedures and requirements shall not apply when the Workers housed are temporarily in the United States under an H-2A visa authorized by 8 U.S.C. Section 1101(a)(15)(H)(ii)(a).

(j) The Department may conduct interviews, including interviews of Providers and Occupants, and review such records as it deems necessary to investigate a complaint.

(k) Any violations not resolved in the time frame above will be subject to the enforcement procedure described in §90.8 of this chapter (relating to Civil Penalties and Sanctions).

(l) Complaints regarding Migrant Labor Housing Facilities will be addressed under this section, and not §1.2 of this title (relating to Department Complaint System to the Department).

§90.8. Civil Penalties and Sanctions.

(a) When the Director finds that the requirements of the Act or these rules are not being met, he or she may assess civil penalties or impose other sanctions as set forth herein . Nothing herein limits the right, as set forth in the Act, to seek injunctive and monetary relief through a court of competent jurisdiction.

(b) A civil penalty collected by the Department, the county attorney for the county in which the violation occurred, or the attorney general, at the request of the Department, shall be deposited to the credit of the general revenue fund and may be appropriated only to the Department for the enforcement of this chapter.

(c) For violations that present an imminent threat to health or safety or if licensee has a history of violations, if not promptly addressed, the Director may suspend or revoke the affected License.

(d) For violations that the Department determines poses an imminent hazard or threat to the health and safety of the occupants of the facility, including violations of rules adopted by the Department concerning sanitation, the Provider will need to follow the relocation procedure described in 10 TAC §90.7(i)(3) relating to situations and procedures needed when Workers have to be relocated to alternate housing. (e) For each violation of the Act or rules a civil penalty according to the attached penalty schedule but not less than $50 for each Person occupying the Facility in violation of this

chapter for each day that the violation occurs will be assessed at the Department's sole determination.

(f) An action to collect a civil penalty under this section may be brought by:

(1) the Department through the contested case hearing process described by Tex. Gov't Code § 2306.930(b);

(2) the county attorney for the county in which the violation occurred, or the attorney general, at the request of the Department; or

(3) a Migrant Agricultural Worker if:

(A) a complaint regarding the violation for which the civil penalty is sought has been submitted under Tex. Gov't Code §2306.934; and(B) at the time the complaint described by Paragraph (C) is submitted, the worker:

(i) lives in the Facility that is the subject of the complaint; and

(ii) is not temporarily in the United States under an H-2A visa authorized by 8 U.S.C. Section 1101(a)(15)(H)(ii)(a).

(g) An action to collect a civil penalty under this section may not be brought while:

(1) a contested case hearing brought by the Department under Tex. Gov't Code §2306.930(b) and relating to the same Facility is pending;

(2) an action for injunctive relief relating to the same violation is pending under Tex. Gov't Code §2306.932;

(3) an action brought by a county attorney or the attorney general and relating to the same migrant labor housing facility is pending; or

(4) the Provider of the Facility that is the subject of the action is:

(A) Awaiting for the Facility to be inspected under Tex. Gov't Code §2306.935(c) to confirm remediation of the violation that is the subject of the action; or

(B) providing housing at a Facility under Tex. Gov't Code §2306.936(d) to which the Migrant Agricultural Workers who occupied the Facility that is the subject of the action have been relocated under the procedures described in 10 TAC §90.7(i)(3).

(h) A civil penalty under this section begins accruing on the earlier of:

(1) for a violation with a remediation period described by Tex. Gov't Code §2306.935, the day that:

(A) the Department determines based on information submitted under Tex. Gov't Code §2306.935(b) that the Provider has failed to remedy the violation; or

(B)an inspection described by Tex. Gov't Code §2306.935(c) establishes that the Provider has failed to remedy the violation; or

(2) for a violation with a remediation period described by Tex. Gov't Code §2306.936, the 31st day following the date that notification of the complaint is received from the Department, unless the Provider has relocated under Tex. Gov't Code §2306.936(d) the Migrant Agricultural Workers who occupied the Facility that is the subject of the complaint.

(i) The Department shall issue a civil penalty invoice in accordance with the attached schedule for any findings of noncompliance that remain uncorrected as of the accrual dates noted above, provided that the TDHCA Compliance Division has not approved a corrective plan or extension. These invoices will be sent by electronic mail and USPS to the addresses provided on the most recent TDHCA license application. A civil penalty invoice must be paid within 30 days of issuance by the Department.

(j) In the event that there are multiple findings of noncompliance subject to civil penalties that fall under multiple groups in the attached schedule, the civil penalty shall be for the higher penalty amount.

(k) Failure to timely pay a civil penalty invoice shall cause the TDHCA Compliance Division to refer the unpaid invoice to the TDHCA Legal Division. The Legal Division will first attempt to resolve the matter informally. If the Legal Division is unable to resolve the matter informally, the Director, with the approval of the Board, shall cause a contested case hearing to be docketed before a SOAH administrative law judge in accordance with §1.13 of this title (relating to Contested Case Hearing Procedures), which outlines the remainder of the process. Alternatively, the Department may request that an action to collect the civil penalty be brought by the county attorney for the county in which the violation occurred, or the attorney general.

(l) The court in a suit brought under this chapter may award reasonable attorney's fees to the prevailing party.

(m) Civil penalties assessed regarding Migrant Labor Housing Facilities will be addressed under this section. Nothing herein limits the right, as set forth in the Act, to seek injunctive and monetary relief through a court of competent jurisdiction.

§90.9. Dispute Resolution, Appeals, and Hearings.

(a) A Licensee is entitled to appeal any order issued by the Director, including any order as a result of an inspection or a complaint and any order denying a License or issuing a License subject to specified conditions.

(b) In lieu of or during the pendency of any appeal, a Licensee may request to meet with the Director or, at his or her option, his or her designee to resolve disputes. Any such meeting may be by telephone or in person. Meetings in person shall be in the county where the Facility affected is located, unless the Licensee agrees otherwise.

(c) A Licensee may request alternative dispute resolution in accordance with the Department's rules regarding such resolution set forth at §1.17 of this title (relating to Alternative Dispute Resolution).

(d) All administrative appeals are contested cases subject to, and to be handled in accordance with, Chapters 2306 and 2001, Tex. Gov't Code.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1325 **Agenda Date:** 2/5/2026 **Agenda #:** 19.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §1.15(d) for Asteri Waco

RECOMMENDED ACTION

WHEREAS, Asteri Waco is proposed to be a 2026 9% Housing Tax Credit Application, although the full Application has not been submitted as of the date of this meeting;

WHEREAS, 10 TAC §1.15, the Integrated Housing Rule, would generally require that no more than 25% of the Units at Asteri Waco be set aside for Households with Disabilities, and would prohibit restricting occupancy of those Units solely to Households with Disabilities;

WHEREAS, the Application's sponsor is a non-profit organization with an extensive history of working with persons with disabilities, and the Applicant has requested a waiver of 10 TAC §1.15 to allow for up to 53% of the proposed Development to be exclusively reserved for Households with Disabilities; and

WHEREAS, such a waiver is explicitly allowed by the rules, and staff finds no compelling reason to deny the request;

NOW, therefore, it is hereby

RESOLVED, that the requested waiver of 10 TAC §1.15(d)(1) and 10 TAC §1.15(d)(2) for Asteri Waco is hereby approved, and the Applicant may limit up to 53% of the units exclusively for Households with Disabilities should the Application be successfully funded.

BACKGROUND

Asteri Waco is a proposed 2026 9% competitive Housing Tax Credit Application that anticipates constructing 65 Units in Waco. Friends for Life is a 501(c)(3) nonprofit organization that is proposed to be part of the managing member of the general partner. Friends for Life has an extensive history of serving both elderly persons and persons with disabilities, with a specific emphasis on finding members of those populations who do not have a support system in place to care for them.

10 TAC §1.15, the Integrated Housing Rule, requires that a Development of this size set aside no more than 25% of the Units for Households with Disabilities; however, 10 TAC §1.15(e) specifies that, "The Board may waive the requirements of this rule if the Board can affirm that the waiver of the rule is necessary to serve a population or subpopulation that would not be adequately served without the waiver, and that the Development, even with the waiver, does not substantially deviate from the principle of Integrated Housing."

The Applicant has requested to be able to set aside 53% of the Units at Asteri Waco to exclusively serve Households with Disabilities, and has identified their engagement with a population that would not be adequately served without the waiver. This higher set-aside will

allow the sponsor to serve more households with disabilities, provide necessary supportive services more efficiently, and more effective design the buildings to address the needs of this population, while still adhering to the principles of Integrated Housing.

Given the sponsor's history working with Households with Disabilities, staff finds no compelling reason to deny this request, and accordingly recommends that it be approved. No competitive advantage has been identified in connection with this waiver. Additionally, approval of this item does not constitute an award of funding, not does it guarantee that the Application will be successful if submitted. The approval of this item also does not allow the Applicant to have a preference or limitation based on a type of disability, which (if requested) would be evaluated with the full Application.

FRIENDS FOR LIFE
Hope for the Generations

P. O. Box 23491, Waco, TX 76702-3491
5000 Lakewood Dr., Waco, TX 76710
Phone 254.772.7600 — fax 254.772.3900
Outside Waco call toll free 1.866.240.6106
www.friendsforlife.org

December 23, 2025

Mr. Cody Campbell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Asteri Waco (2026 9% HTC Development)
Waiver of Rules

Dear Mr. Campbell:

On behalf of VBG FFL Waco, LP (the "Applicant"), please accept this letter as a request of waiver for 10 T.A.C. §1.15 – Integrated Housing Rule which requires that in Developments with 50 or more Units, that no more than 25% of the total units in Development can be for Households with Disabilities. Asteri Waco is a 9% Housing Tax Credit Application proposing 65 total Units of which 34 units are requested to be set-aside for Households with Disabilities which represents 51% of the total units in the Development. This waiver is requested per 10 T.A.C. §1.15(e) which allows the Board to waive the requirements of this rule if the Board can affirm the waiver of the rule is necessary to serve a population or subpopulation that would not be adequately served without the waiver and the Development, even with the waiver, does not substantially deviate from the principle of Integrated Housing.

About the Applicant

VBG FFL Waco, LP is a to-be-formed limited partnership with Friends for Life as the sole and managing member of the General Partner. Friends for Life is a 501(c)(3) charity that was founded in Waco, Texas, in September of 1989 to improve the quality of life for seniors and people with disabilities, particularly those who are without family to care for them. With a mission to help the most vulnerable live their fullest life possible, Friends for Life provides an array of impactful service programming including independent living assistance, quality of life enhancements, guardianship, money management, life skills training, and adult day care. Friends For Life recently launched the Telephone Reassurance Program which recruits volunteers to call homebound seniors all over Texas once a week to reduce loneliness and isolation while making a Phone Friend in the process. When a senior in need is discovered, they are referred to a Lifelines Program that connects them with resources to help.

Friends for Life is overwhelmed by the critical need for safe, decent and affordable housing for households with disabilities. Asteri Waco was born as a solution to provide a housing resource for people with disabilities in the Waco area. The goal of this development is to house the greatest number of households with disabilities in need. Under the Integrated Housing Rule, the Development could only set-aside 17 units for households with disabilities, by granting this waiver the Development would double that number to 34 households with disabilities.

Granting the waiver will ensure more households are served and creates a more efficient service delivery model. The greater number of residents with disabilities will allow Friends for Life to dedicate full-time, on-site staff to implement more robust programming to meet the needs of the residents.

Finally, allowing for a greater number of units set-aside for households with disabilities will also be important for the building design. Designing housing for persons with disabilities involves incorporating features that ensure accessibility, safety, and comfort. These features include widened doorways and hallways, accessible bathrooms, ramps or level access, lever handles, lower light switches and outlets, Universal Design Principles, adequate space for approach and use, simple and intuitive use, tolerance for error, and low physical effort. These features would apply to all common areas and units, and therefore, it would be useful to allow these benefits to assist as many households with disabilities as possible.

There have been similar housing developments funded with Low Income Housing Tax Credits across the country:

Baytown Apartments in Florida is a 9% LIHTC funded development for people with intellectual or developmental disabilities by a non-profit organization named CDS Monarch. Out of the total of 30 units, there are 15 set-aside for persons with disabilities.
https://www.invictusdev.com/?page_id=719

Inglis Gardens in Philadelphia has 80 total units with 40 units for people with disabilities, also developed with a non-profit service provider
Inglis Gardens at Belmont - Regan Development Corp

In 2023, there was Federal legislation proposed – Visitable Inclusive Tax Credits for Accessible Living (VITAL) Act – to increase investment in the Federal Low Income Housing Tax Credit Program to address the needs of aging people and individuals with disabilities. There is a recognition of the widespread need for a greater amount of safe, accessible, and affordable housing for persons with disabilities across all levels of government. By approving this waiver, TDHCA will further support their existing programs targeted to this population and remain at the forefront of creating innovative housing models that provide deep impact.

Population or Subpopulation Not Adequately Served Without the Waiver
In 2023, Friends for Life served 2,231 people with services aimed at achieving independent living and quality of life. To place persons with disabilities in safe, accessible and affordable housing is almost an impossible task due to the lack of housing choice or availability. This task becomes even more challenging when an individual has no family or support. The need for high-quality, supportive housing for persons with disabilities is dire. Village Apartments will not solve the problem, but it will definitely move the needle on housing availability for this population. By granting this waiver and increasing the number of units for persons with disabilities from 17 units to 34 units, TDHCA will more adequately serve this population who have extremely limited housing options available to them.

Approval of the waiver further strengthens this Board's support for the policies and purposes stated in Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701.

Waiving the integrated housing rule requirement for a mission-based nonprofit focused on improving the quality of life for seniors and persons with disabilities, allows the Applicant to make their time, effort and funds go further to serving their target population.

There is no financial upside or motivation for the Applicant to apply for this waiver and therefore there is no risk to the Board for approval. The waiver is a means necessary to increasing housing availability for persons with disabilities who are the target population served by the nonprofit embarking on this development. Granting the waiver does not set an unwanted precedence, as supportive housing developments for this target population are most always proposed by a nonprofit already serving the target population in their community.

We appreciate the thoughtful consideration of this waiver as it allows this critical housing opportunity to move forward to provide more housing and services that will improve the life of Texans with disabilities. Please feel free to contact me at (254) 749-3000 with any questions.

Best,



Inez Russell
Founder and CEO, Friends for Life

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1327 **Agenda Date:** 2/5/2026 **Agenda #:** 20.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(viii) for South Union Place Apartments

RECOMMENDED ACTION

WHEREAS, South Union Place is a proposed 2026 9% Housing Tax Credit Application for the acquisition and rehabilitation of 125 Units in Houston, Harris County, with an Elderly Target Population;

WHEREAS, to ensure the best use of the Department's limited resources, 10 TAC §11.101(b)(1)(A)(viii) establishes that a Competitive Housing Tax Credit Application is not eligible if it involves the rehabilitation of an existing Housing Tax Credit Development that has any building that placed in service on or after January 1, 2006;

WHEREAS, South Union Place placed in service at the end of 2006, and therefore is not eligible to compete without a waiver of the age requirement; and

WHEREAS, the Applicant has requested such a waiver, on the basis that the conditions at the Development represent an overwhelming need, but staff is unable to conclude that such overwhelming need exists;

NOW, therefore, it is hereby

RESOLVED, that the waiver of 10 TAC §11.101(b)(1)(A)(viii) for South Union Place Apartments is denied.

BACKGROUND

South Union Place is a proposed 2026 9% Housing Tax Credit Application for the acquisition and rehabilitation of 125 Units in Houston, Harris County, with an Elderly Target Population.

The 2026 Qualified Allocation Plan (QAP) includes a new provision that makes the following Applications ineligible:

> (viii) Competitive Housing Tax Credit Applications that involve any existing Housing Tax Credit Development that has any building that placed in service on or after January 1, 2006, for its most recent award of Housing Tax Credits.

This rule was added to prevent Developments that have already been funded with Housing Tax Credits from prematurely applying for additional Rehabilitation funding. 2006 was chosen as a cutoff, as twenty years is a general benchmark for when some major systems and components such as roofing and HVAC should be replaced.

South Union Place Apartments was initially funded with Housing Tax Credits and placed in service in December 2006. Because of this, the project is approximately one year shy of the age requirement to be eligible in the 2026 competitive cycle. The Applicant has requested a waiver

of this requirement on the basis that current conditions at the Development represent an overwhelming need. Specifically, the request cites mold removal, lighting upgrades, and HVAC replacements as necessary work that should not be delayed another year. The Applicant submitted a General Contractor Statement of Work as well as excerpts from a Property Condition Assessment to support its request. These documents are attached to this item.

The Board may grant waivers of non-statutory rules if certain criteria are met. The waiver must demonstrate how it better serves the policies and purposes outlined for the Department in Tex. Gov't Code §2306, which are general in nature and include items such as assisting local governments in providing essential services, providing for the housing needs of those with moderate incomes, and contributing to the preservation and development of communities. The waiver must also demonstrate that the need for it is either outside of the control of the Applicant or is the result of an overwhelming need.

Staff has reviewed the information provided by the Applicant and is unable to conclude that the project's condition represents an overwhelming need for this waiver. While the documents demonstrate that the property is in a state of moderate disrepair, the scope of work necessary appears to be typical for a property of this age. Because of this, staff recommends that the Board deny the waiver.

January 7, 2026

Cody Campbell, Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Re: TDHCA Application 26076 - South Union Place Apartments 7210 Scott Street, Houston, TX
Request for Rehabilitation Age Waiver

Dear Mr. Campbell,

I am writing on behalf of the Applicant for the South Union Place Apartments 2026 Housing Tax Credit Applications. The housing tax credit request is for the rehabilitation of 125 multifamily units, all of which will be affordable for the elderly. In preparation for filing its pre-application, the Applicant requests a waiver of the new age of rehabilitation eligibility condition in this year's QAP.

Background

- The existing development received a $739,345 housing tax credit award in July of 2004 and $19,572 in supplemental credits in October 2006.
- The LURA is dated August 28, 2006, and recorded October 24, 2006.
- South Union Place was placed in service by December 31, 2006.
- There will be a nonprofit organization in the ownership structure.
- There are none nor will there be any tax exemptions associated with South Union Place.

Request

The current 2026 Qualified Allocation Plan precludes any rehabilitation that was placed in service on or after January 1, 2006 from being eligible to compete for 2026 tax credits. South Union Place was placed in service at the end of the same year and is 95% complete towards eligibility. See the following excerpt from the QAP for ineligibility.

> *(viii) Competitive Housing Tax Credit Applications that involve any existing Housing Tax Credit Development that has any building that placed in service on or after January 1, 2006, for its most recent award of Housing Tax Credits.*

The applicant is seeking a determination of eligibility for its Development Site, and a waiver if deemed applicable as permitted by §11.207. Waiver of Rules of the Qualified Allocation Plan as follows.

- *The need for the waiver is not within the control of the Applicant or is* ***due to an overwhelming need.***

- *The waiver request must establish how, by granting the waiver, it better **serves the policies and purposes articulated in Tex. Gov't Code** §§2306.001, 2306.002, 2306.359, and 2306.6701, (which are general in nature and apply to the role of the Department and its programs, including the Housing Tax Credit program) than not granting the waiver.*

Merit

South Union Place Apartments is a 9% LIHTC 2004 award placed in service at the end of 2006. The restriction listed above prevents the development from being eligible for rehabilitation funds this tax credit cycle. Despite this time constraint, the request has merit consistent with the approval conditions that justifies the Board's approval.

- This is a new requirement in this year's QAP intended to prevent TDHCA from awarding tax credits to recently built developments that do not have significant rehabilitation needs. South Union Place has significant needs that will cost more to repair by waiting another year.
- The site for South Union Place Apartments is located at 7210 Scott Street, Houston Texas, in the Greater OST/South Union Super Neighborhood. This is the only low-income housing within the census tract and thus fills an important gap in supporting the surrounding area.
- Allowing the Application to proceed will improve quality of life of 125 senior households. The attached General Contractor's Statement of Work includes much needed repairs including mold removal and lighting and HVAC upgrades.
- While 20 years is a reasonable round number, 20 is not necessarily consistent with the lifespan of all building products. The life cycle of products, such as roofs or wall siding, average anywhere from 15-20 years, which encompasses this apartment complex.
- Allowing the rehabilitation to start in 2026, the tax credits will go farther when compared to waiting another year while component continue to deteriorate. This is a more cost-effective use of the tax credits.
- By waiting for the 2027 tax credit cycle, the same renovations will cost more, and current residents will continue to deal with inferior conditions.

The buildings themselves have begun to deteriorate and lower quality of living standards, as seen in the attached excerpts from the Property Conditions Assessment. Many of the building components were constructed in 2005 and are now over 20 years old. An overwhelming need has been created over the years due to a proliferation of deferred maintenance. Conditions will continue to worsen should a waiver not be granted. If the applicant waits until the following tax cycle to apply for funding, the same amount of tax dollars will be distributed across the same issues as worsened, those of which could be mitigated and eliminated, should the Applicant be awarded funding to make the necessary repairs this cycle.

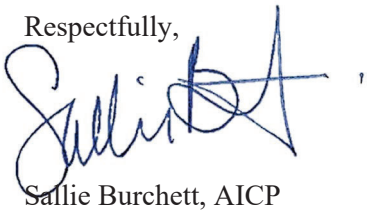
Summary

TDHCA is an organization that distributes tax credits to support Texans through quality, affordable housing. The Qualified Allocation Plan delineates eligibility of development sites and is a guideline to prevent misuse or appropriation of funds. The South Union Place Apartments, initially awarded in 2004, upholds and continues this mission by providing affordable housing for elderly citizens. As the age of the complex has become an issue, certain features and aspects have begun to impact the day-to-day interactions residents have with their housing. It has become clear that additional funding is necessary for

the safe and dignified habitation of South Union Place Apartments. The complex is shy 1 year for 2026 eligibility. By granting a waiver to the Applicant, and should the rehabilitation be awarded tax credits, the purposes and policies stated in Texas Government Code §§2306.001, 2306.002, 2306.359, and 2306.6701 will be upheld and furthered. The Applicant respectfully requests a waiver based on the information provided.

We appreciate your time and consideration. If you need additional information, please do not hesitate to contact me at 512/473-2527 or sallie@structuretexas.com.

Respectfully,



Sallie Burchett, AICP
Consultant to the project

Attachments:

Exhibit A 2025 General Contractor Statement of Work
Exhibit B 2006 Land Use Restriction Agreement
Exhibit C 2024 Property Condition Assessment Excerpts

Exhibit A

General Contractor Statement of Work

ICON BUILDERS

11 Greenway Plaza, Ste. 3150 – Houston, Texas 77046

REHAB BUDGET

South Union Place Apartments

Dec 19, 2025

ICON Builders is pleased to present you with our **Budget** for the South Union Place Apartments project. This Proposal is based on a 6-month schedule.

Attached you will find ICON Builders' Proposal Letter outlining the scope of work items along with our clarifications and exclusions.

ACKNOWLEDGMENT OF DOCUMENTS:

Our proposal is based on plans and specifications.

1) "South Union, Site Assessment", prepared for ITEX Group, not dated.
2) Property Condition Report, by AEI Consultants, dated 02/21/2024.
3) 71 Pages of Plans, by Jim Gwin Architects, last dated 06/02/2005.

PROPERTY DETAILS:

- Site Area (ACRE): 4.34 ACRES
- Gross Area (GSF): 120,143 GSF
- Net-Rentable Area (NRSF): 117,608 NRSF
- Clubhouse Area (SF): 2,535 SF
- Unit Count: 125 Units
- Parking Stalls: 177 Stalls

PROPOSAL AMOUNT (BASE BID): **$9,020,682.00** ($71,592.71 / Unit)

ALLOWANCES:

- Included with Sections below, if applicable (in bold).

VE ALTERNATES:

- 37,800-W Solar PV System Design-Build Allowance: Add $152,839.00
- 16 SEER2 HVAC Equipment ILO 15.2 SEER2: Add $212,276.00
- 300-350kW Generator & Associated Equipment: Add $303,252.00

QUALIFICATIONS, CLARIFICATIONS AND ASSUMPTIONS:

Div 1 – GENERAL CONDITIONS

Clarifications and Assumptions

- ICON Builders Qualifications, Clarifications and Assumptions will be included as part of the contract as exhibits.
- Our General Conditions are based on a continuous construction schedule of **6** months.
- This project will be constructed during normal working hours.
- This proposal is valid for 30 days.
- 10% Contingency.
- Performance & Payment Bond.
- General Liability Insurance.

- Builder's Risk Insurance.
- Jobsite Management & Security.
- Remodel Sales Tax.
- Periodic Cleaning.
- Final Clean.
- Dumpsters & Disposal Fees.
- Mold Cleanup **Allowance - $20,625.00**
- HAZMAT / Asbestos Report **Allowance - $2,750.00**
- Structural Foundation Assessment **Allowance - $3,300.00**

General Exclusions

- Civil Engineering & Design.
- Building permit.
- Davis Bacon Wage Rates.
- Section 3 Requirements.
- CoH W/MBE Contracting Good-Faith Effort.
- Bid Bond.
- Build-America, Buy-America Accommodations.
- Cost Escalation or Contingency for Market Escalation.
- Municipal, capital recovery fees, utility, meter, tap, street/sidewalks use fees and impact related fees.
- Start-up power of utility company charges of any kind. Paid for by the Owner once building utilities are turned on and metered.
- Hazmat and/or Abatement of any kind.
- Radon Remediation.
- Work associated with unknown and/or concealed conditions.
- Removal of any and all unknown underground obstructions.
- Specifically exclude any responsibility for the consequences of design defects in, and will not warrant the sufficiency of plans, specifications or other design documents provided to us for pricing.
- FF&E.
- Equipment - not specifically listed below.
- Special Construciton.

SITE DEMOLITION

Scope of Work

- Demo Fencing as Described.
- Demo Concrete as Described.

SELECTIVE DEMOLITION

Scope of Work

- Flooring
- Cabinets & Countertops
- Appliances
- Fixtures (Lighting & Plumbing)
- HVAC

FOUNDATION & BUILDING CONCRETE

Scope of Work

- Slab Jacking, Pier & GB Install **Allowance - $82,500.00**
- Foundation Underpinning & Skim-Coat Exposed Slab Edges.

Exclusions

- Engineering reports.
- Third party material testing.
- X-Ray Slab.
- Post-Tension Reinforcement Repairs.

GYPCRETE
Scope of Work
- Misc. Gypcrete/Lightweight Concrete Repairs **Allowance - $22,000.00**

SITE CONCRETE
Scope of Work
- Concrete Pavement Remove & Replacement (50% of total).
- Curb & Gutter Removal & Replacement (30% of total).
- Sidewalk Removal & Replacement (75% of total).
- Flatwork Removal & Replacement (30% of total).

MASONRY
Scope of Work
- Misc. Tuck & Point Existing Brick Veneer (35% Building, 75% Clubhouse, 10% Pavilion) **Allowance - $30,000.00**

METALS
Scope of Work
- Misc. Metals Repairs & Welding **Allowance - $16,500.00**

ROUGH CARPENTRY
Scope of Work
- Misc. In-Wall Blocking.
- New Kitchen Stud Wall(s) **Allowance - $48,125.00**

SIDING, SOFFIT & FASCIA
Scope of Work
- Remove & Replace Hardie Lap Siding (20%)
- Remove & Replace (or Repair) Soffit & Fascia (30% Building, 50% Clubhouse & Pavilion).

FINISH CARPENTRY (TRIM)
Scope of Work
- Replace Damaged Trim in Units (20% of total).
- New Trim in Units (20% of total count).
- Miscellaneous Trim Replacement **Allowance - $5,500.00**

CABINETS & COUNTERTOPS
Scope of Work
- Clubhouse: Remove and Replace Cabinets & Countertops in Kitchen.
- Units: Remove and Replace Cabinets & Countertops in Kitchen & Bathrooms.

Exclusions
- Built-Ins.
- Wall Paneling.
- Decorative Wood Ceilings.

WATERPROOFING
Scope of Work
- Misc. Joint Sealants & Caulking Allowance - $11,000.00

Exclusions
- Fluid Applied, or Air Barrier Work of Any Kind.
- Below Grade Waterproofing of Any Kind.
- Traffic Coating of Any Kind.

INSULATION
Scope of Work
- Misc. Repair to Ceiling Insulation **Allowance - $15,400.00**

Exclusions

- Spray Foam Insulation.
- Mineral Wool Insulation.
- Rigid Insulation.

ROOFING

Scope of Work

- Remove & Replace Existing Roofing throughout.
- Minor Repairs to Gutters & Downspouts.
    - Replace Splashblocks as needed.

DOORS, FRAMES & HARDWARE

Scope of Work

- Remove & Replace Riser Room Doors.
    - (4) SIngle HM's
    - (2) Double HM's
- Remove & Replace Five (5) Fire/Utility Room Doors.
- Interior Unit Doors (10% of Total).
- Unit Entry Doors (10% of Total).
- Door Hardware **Allowance - $35,680.00.**

Exclusions

- Card Reader (including Power Supply & Contacts) - By Owner
- Electronic Entry Hardware.
- Attic Access & Draft Stop Doors.

OVERHEAD DOORS

Scope of Work

- NONE IN SCOPE

STOREFRONTS & CURTAINWALL

Scope of Work

- NONE IN SCOPE

WINDOWS

Scope of Work

- Remove & Replace Windows Throughout.

MIRRORS & GLAZING

Scope of Work

- Remove & Replace (126) Medicine Cabinets.
- Remove & Replace (125) Vanity Mirrors.
- Misc. Glazing Replacement **Allowance - $1,500.00**

DRYWALL

Scope of Work

- Crack & Damage Repair @ Clubhouse & Corridors.
- Drywall Scope **Allowance - $1000/Unit.**
- Drywall New Kitchen Walls - as needed.

FLOORING & TILE

Scope of Work

- Common Area Tile: Remove & Replace Clubhouse & Bldg Foyer Tile.
- Unit Tile: Remove & Replace 10% (of total) Tub Surrounds.
- Clean & Grout Remainder of Tub Surrounds Tile.
- Unit Flooring Scope **Allowance - $454,084.00**

Exclusions

- Epoxy Flooring.
- Carpet.

PAINTING

Scope of Work

- Interior Paint:
  - Clubhouse & Corridors - Drywall Walls & Ceilings.
  - Units **- Allowance $3,000.00 / Unit.**
- Exterior Paint: Siding, Soffit & Fascia Throughout.

Exclusions

- Staining.
- Painting of Fencing or Bollards.
- Wall Coverings, or Wall Paper.

SIGNAGE

Scope of Work

- Repairs, Corrections & Code Signage Scope **Allowance - $5,500.00**

TOILET & BATH ACCESSORIES

Scope of Work

- Remove & Replace (as needed) **Allowance - $28,490.00**

FIRE PROTECTION SPECIALTIES

Scope of Work

- Remove & Replace Semi-Recessed Cabinets & 5# Extinguishers.
- Remove & Replace Unit Extinguishers.
- Knox Boxes.

MAILBOXES

Scope of Work

- None in Scope

WIRE CLOSET SHELVING

Scope of Work

- None in Scope

APPLIANCES

Scope of Work

- Unit Appliances (New):
  - Refrigerator
  - Range
  - Dishwasher
  - Microwave/Exhaust Hood Combo (Std) Countertop Microwave (ADA)
  - Venthood (ADA)
- Clubhouse Appliances (New):
  - Commercial Food Tray + Warming Cabinet

- Refrigerator
- Dishwasher
- Countertop Microwave
- (3) Residential Washer
- (3) Residential Dryer (Electric)

WINDOW TREATMENTS

Scope of Work

- Remove Existing Window Treatments, Replace with 1" Mini-Blinds.

SWIMMING POOL

Scope of Work

- Chip Out Plaster & Replace @ Swimming Pool.
- Install New Chair Lift.
- Pool Equipment Replacement **Allowance - $5,500.00**

ELEVATORS

Scope of Work

- Repair Elevator **Allowance - $24,200.00**
- "Refirbish" Elevator **Allowance - $44,000.00**

FACILITY CHUTES

Scope of Work

- NONE IN SCOPE

FIRE SUPPRESSION

Scope of Work

- Test System & Components.
- Misc. Valve Replacement **Allowance - $10,000.00**
- Sprinkler Head Replacement (30% of total).

Exclusions

- Water quality testing.
- Water pressure testing.
- Interstitial Space Sprinkler System.
- Free-Standing FDC Connection.
- Backflow Preventer.
- Fire pump.
- Sprinkler Protection at Exterior Canopies.
- Dry Systems.
- Standpipes and fire hose valves.

PLUMBING

Scope of Work

- Remove & Relocate Water Heaters, Pipe & Connect.
- Remove & Replace Valves & Fixtures.
- Plumbing Fixtures.
- Re-Glaze 20% of Existing Tubs.
- Fire Caulking.
- Trade Permit.

Exclusions

- Tub Removal & Replacement.
- Gas Piping.
- Sump Pumps.
- Grease Traps.
- Water quality testing.

- Water pressure testing.
- Special permits.
- Special inspections.

HVAC

Scope of Work

- Remove & Replace Rooftop CU's.
- Remove & Replace Closet (Wall Mounted) AHU's.
- Condensate Line Replacement.
- Exhaust Fan Removal & Replacement.
- Thermostat Removal & Replacement.
- Duct Cleaning.
- Trade Permit.

Exclusions

- Controls.
- Proposal Assumes Existing Line-Sets Can Be Reused.

ELECTRIC

Scope of Work

- Remove & Replace Breakers in Existing Panelboards (to remain).
- Remove & Replace Devices & Cover Plates.
- Remove & Replace Light Fixtures.
- Light Fixture Package **Allowance - $120,000.00.**
- Low-Voltage "Back Boxes" for Communications & Secuirty.
- Trade Permit.

Exclusions

- Primary/Secondary Raceways.
- Site Electrical.
- Generators.
- Special Permits.
- Special Inspections.
- Duct bank.
- Lighting Controls.
- Lightening Protection.
- L/V wire or conduit.
- L/V Devices.

FIRE ALARM

Scope of Work

- Test System & Components.
- Repairs & Replacement **Allowance - $15,000.00**

Exclusions

- Monthly Remote Supervising Contract.
- Wireless Alarm Communicator.
- Call-for-Aid.
- Monthly Cellular Contract.
- Monitoring.

EROSION CONTROLS

Scope of Work

- SWPPP **Allowance - $5,500.00**

EARTHWORK & GRADING

Scope of Work

- Site Fill, Shaping & Grading Site **Allowance - $55,000.00**
- Hauling Excess Spoils.
- French Drain @ Perimeter of Buildings (includes Backfill)
- Fine Grade for Paving & Flatwork.

PEST CONTROL

Scope of Work

- Termite Treatment (Bait Stations & Perimeter Spray).

PAVEMENT MARKINGS

Scope of Work

- Restripe Parking Stalls.
- Stripe Fire Lane w/ Stenciling.
- Foundation Underpinning & Skim-Coat Exposed Slab Edges.

Exclusions

- Wheel Stops.
- HC Parking Signage.

LANDSCAPE & IRRIGATION

Scope of Work

- Seeding, Sodding, Shrubbery **Allowance - $55,000.00**
- Repair (25) Sprinkler Zones
- Tree Trimming **Allowance - $16,500.00**
- Tree Removal (14 EA).

RETAINING WALLS

Scope of Work

- (375 LF) Retaining Wall (between foundation and detention pond).

FENCES & GATES

Scope of Work

- Replace (4) 14’-0” Swing Gates.
- Replace 96 LF of Metal Fence w/ 10 Posts
- Repair & Replace Wood Fencing (20%)

Exclusions

- Dumpster Gates.
- Operators. Electronic Devices.

UTILITIES

Scope of Work

- (4) Repair/Re-Set Manhole / Catch Basins.
- Detention Pond Work **Allowance - $136,275.00**

END PROPOSAL LETTER / SCOPE OF WORK

Location	Phase	Item	Location	Description	Grand Total Amount
00-General Requ					
	01-74-19.00			BUILDING AREAS	
	02-30-00.00			MATERIALS TESTING, INSPECTIONS & REPORTING	7,414
				00-General Requ	7,414
01-Site					
	02-40-00.00			SITE DEMO	64,115
	03-50-00.00			CONCRETE TAKEOFF	
	03-75-00.00			SITE CONCRETE SCOPE	354,540
	26-00-10.00			GENERATOR	
	31-00-00.10			ENVIRONMENTAL CONTROLS	6,740
	31-10-00.00			EARTHWORK	176,228
	31-31-00.00			TERMITE CONTROL	16,850
	32-00-00.10			STRIPING	21,951
	32-10-00.10			LANDSCAPING & IRRIGATION	110,201
	32-20-00.10			RETAINING WALLS	108,974
	32-33-00.00			FENCES & GATES	37,529
	33-31-13.00			DENTENTION POND WORK	155,023
	33-42-11.00			STORM SEWER	16,176
				01-Site	1,068,328
02-Structural					
	03-31-00.00			FOUNDATION SCOPE	101,102
				02-Structural	101,102
03-Clubhouse					
	03-31-00.00			FOUNDATION SCOPE	1,825
	04-21-00.00			MAOSONRY VENEER TAKEOFF	
	04-22-00.00			MASONRY SCOPE	5,823
	06-11-00.00			SIDING TAKEOFF	
	06-17-53.00			SIDING, SOFFIT & FASCIA SCOPE	9,235
	06-20-00.01			TRIM	6,740
	06-41-00.00			CABINETS & COUNTERTOPS	8,762
	07-00-00.12			ROOFING TAKEOFF & SCOPE	46,089
	09-29-10.00			AMENITY DRYWALL	58,417
	09-30-00.10			AMENITY TILE	42,705
	09-50-00.00			INTERIOR PAINTING	50,551
	09-91-00.00			EXTERIOR PAINTING	6,304
	11-10-00.10			EQUIPMENT DEMO & DISPOSAL	910
	11-30-14.00			AMENITY APPLIANCES	18,670
	22-00-00.10			PLUMBING	21,083
	22-00-00.20			PLUMBING FIXTURES	2,696
	23-00-00.01			HVAC	
				03-Clubhouse	279,810
04-Building 1					
	01-78-36.00			UNIT MATRIX	
	02-00-00.10			CLEANING	74,500
	02-41-22.00			SELECTIVE DEMO	219,256
	03-31-00.00			FOUNDATION SCOPE	10,346
	03-41-00.00			GYPCRETE SCOPE	26,960
	04-21-00.00			MAOSONRY VENEER TAKEOFF	
	04-22-00.00			MASONRY SCOPE	30,665
	05-00-00.01			METALS	20,220
	06-00-00.10			ROUGH CARPENTRY	84,252
	06-11-00.00			SIDING TAKEOFF	
	06-17-53.00			SIDING, SOFFIT & FASCIA SCOPE	196,212
	06-20-00.01			TRIM	40,441
	06-41-00.00			CABINETS & COUNTERTOPS	679,404
	07-00-00.11			GUTTERS & DOWNSPOUTS	10,110
	07-00-00.12			ROOFING TAKEOFF & SCOPE	437,815
	07-10-00.00			WEATHERPROOFING	47,181

Location	Phase	Item	Location	Description	Grand Total Amount
	07-21-16.00			INSULATION	18,872
	08-00-00.10			COMMON AREA DOORS	28,228
	08-00-00.12			UNIT DOORS	107,006
	08-52-00.00			RESIDENTIAL WINDOWS	182,765
	08-83-00.00			MIRRORS & GLAZING	67,141
	09-29-10.00			AMENITY DRYWALL	297,239
	09-30-00.20			UNIT TILE	21,292
	09-40-00.10			UNIT FLOORING	556,470
	09-50-00.00			INTERIOR PAINTING	505,477
	09-91-00.00			EXTERIOR PAINTING	142,727
	09-99-00.00			ADA Unit Finish-Out Allowance	727,933
	10-10-00.00			SIGNAGE	6,740
	10-28-10.00			TOILET & BATH ACCESSORIES	34,914
	10-44-00.00			FIRE PROTECTION SPECIALTIES	20,746
	11-10-00.10			EQUIPMENT DEMO & DISPOSAL	38,216
	11-30-13.00			UNIT APPLIANCES	454,352
	12-21-00.00			WINDOW TREATMENT	30,580
	13-22-00.00			SOLAR PV SYSTEMS	
	14-20-00.00			ELEVATOR SCOPE	161,763
	21-13-00.00			FIRE SPRINKLERS	66,862
	22-00-00.10			PLUMBING	601,758
	22-00-00.20			PLUMBING FIXTURES	256,637
	23-00-00.01			HVAC	715,328
	26-00-00.01			BUILDING ELECTRICAL	410,473
	26-50-00.00			LIGHT FIXTURES	161,763
	28-46-00.00			FIRE ALARM	21,568
				04-Building 1	7,514,214
05-Amenity					
	13-11-00.00			SWIMMING POOLS	40,441
				05-Amenity	40,441
06-Pavilion					
	04-21-00.00			MAOSONRY VENEER TAKEOFF	
	04-22-00.00			MASONRY SCOPE	221
	06-11-00.00			SIDING TAKEOFF	
	06-17-53.00			SIDING, SOFFIT & FASCIA SCOPE	705
	07-00-00.12			ROOFING TAKEOFF & SCOPE	7,877
	09-91-00.00			EXTERIOR PAINTING	571
				06-Pavilion	9,374

Exhibit B

Land Use Restriction Agreement

200601472 43
10/24/2006 RP3 $92.00

TDHCA #: 04024

DECLARATION OF LAND USE RESTRICTIVE COVENANTS/LAND USE RESTRICTION AGREEMENT FOR LOW-INCOME HOUSING CREDITS

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS/LAND USE RESTRICTION AGREEMENT FOR LOW-INCOME HOUSING TAX CREDITS (this "Declaration"), dated as of 8/28/06, is made by and between South Union Place Limited Partnership (together with its successors and assigns, the "Project Owner") and 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, the "Department"), and is given by Project Owner as an inducement to the Department to allocate tax credits as a condition precedent to the determination that the Project, as defined herein, satisfies the requirements of the State of Texas's Qualified Allocation Plan and the allocation of low-income housing tax credits (the "Tax Credits"), pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto (the "Code"), by the Department. This Declaration incorporates the extended low-income housing commitment required by Section 42(h)(6) of the Code and is promulgated in accordance with the provisions of Chapter 2306, Tex. Gov. Code, (the "Act"), as may be amended from time to time.

WITNESSETH:

WHEREAS, the Project Owner is or shall be the Project Owner of a low income rental housing development, known as or to be known as South Union Place Apartments (the "Project Improvements"), on real property located in the City of Houston, County of Harris, State of Texas, more particularly described in Exhibit A hereto (the "Project Land") (the Project Improvements and the Project Land being collectively referred to herein as the "Project");

WHEREAS, the Department has been designated by the Governor of the State of Texas as the housing credit agency for the State of Texas for the allocation of Tax Credits;

WHEREAS, the Project Owner has applied to the Department for a determination that the Project satisfies the requirements of the State of Texas's Qualified Allocation Plan for Tax Credits in an amount not to exceed $739,345 Tax Credit dollars annually;

WHEREAS, the Project Owner has represented to the Department in the Project Owner's Low-Income Housing Tax Credit Application (the "Application"), authorized by the Department's Low-Income Rental Housing Tax Credit Rules (the "Department Rules"), that the Project Owner shall lease 80 % of the units in the Project to individuals or families whose income is 60 % or less of the area median gross income (including adjustments for family size), as more specifically provided herein, such Application being incorporated herein by reference for all purposes;

WHEREAS, the Department has awarded an annual allocation of Tax Credits in the amount of $ 739,345 in accordance with its Qualified Allocation Plan for the Year 2004 and applicable state and federal law;

WHEREAS, the Project Owner has represented to the Department in the Application that it will impose additional rent, occupancy, and ownership restrictions as shown in Appendix A of this document (Check box if applicable) ☒;

WHEREAS, the Project Owner is subject to the regulatory and oversight powers of the Department and other terms and conditions of Chapter 2306, Tex. Gov. Code;

WHEREAS, the Code requires, as a condition precedent to the allocation of Tax Credits, that the Project Owner execute, deliver and record in the real property records of the county in which the Project is located this Declaration in order to create certain covenants running with the land for the purpose of enforcing the requirements of Section 42 of the Code by regulating and restricting the use, occupancy and transfer of the Project as set forth herein; and

WHEREAS, the Project Owner, under this Declaration, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Project Land for the Term stated herein, are binding upon all subsequent owners and operators of the Project during such Term, and are not merely personal covenants of the Project Owner.

NOW, THEREFORE, in consideration of the premises set forth above, and of other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Project Owner and the Department agree as follows:

SECTION 1 - DEFINITIONS

(a) Unless the context otherwise requires, and in addition to those terms defined in the recitals set forth above, capitalized terms used in this Declaration shall have the following meanings:

"Act" means the Texas Government Code, Chapter 2306, as amended or any corresponding provision or provisions of succeeding law as it or they may be amended from time to time.

"Area Median Gross Income" means the median gross income of the area in which the Project is located as determined by the Secretary of Housing and Urban Development for purposes of Section 42 of the Code, including adjustments for family size.

"Assumption Agreement" is an agreement regarding the transfer of the property that meets the requirements of Section 3(i) hereof.

"Board" means the governing board of the Department.

"Compliance Period" means the period of 15 consecutive taxable years beginning with the first taxable year of the Credit Period, unless a longer period shall be specified in Appendix A hereto.

"Credit Period" means, with respect to any building in the Project, the period of ten taxable years beginning with the taxable year in which such building is placed in service or (at the election of the Project Owner) the following taxable year.

"Department Compliance Monitoring Procedures" means those procedures and requirements adopted or imposed by the Department, and modified by the Department from time to time, for the purpose of discharging its responsibilities pursuant to Section 42(m)(1)(B)(iii) of the Code to monitor compliance by the Project Owner and the Project with the provisions of Section 42 of the Code and to notify the Service of instances of noncompliance.

"Extended Use Period" means the period beginning with the first day of the Compliance Period and ending on the date which is 15 years after the end of the Compliance Period, unless a later date shall be set forth at Appendix A hereto or unless terminated earlier in accordance with Section 5 hereof.

"Gross Rent" means all amounts paid by a Tenant for rent, determined in a manner consistent with Section 42(g)(2) of the Code. If the Tenant pays utilities directly, Gross Rent shall include any utility allowance prescribed by the Secretary.

"Income" means the income of a Tenant determined in a manner consistent with the requirements of Section 42(d)(2)(B) of the Code.

"Low-Income" means, with respect to any Tenant, an income level not exceeding 50% or 60% of Area Median Gross Income, adjusted for family size, as provided in Section 4 hereof, unless an alternative income level shall be set forth at Appendix A hereto.

"Low-Income Tenant" means a Tenant who, when the Tenant originally occupied the Unit, had an Income qualifying as Low-Income. For so long as the Tenant occupies the particular Unit, the Tenant will remain a Low-Income Tenant if the Tenant's Income, upon the most recent income certification, does not exceed 140% of the applicable Low-Income level.

"Low-Income Unit" means a Unit in the Project that is occupied by a Low-Income Tenant, is Rent-Restricted and meets the other requirements of Section 42 of the Code, in particular, Section 42(i)(3).

"Minimum Applicable Fraction" means the percentage with respect to a building in the Project, calculated as the lesser of the percentage of Units in such building which are Low-Income Units or the percentage of floor space of all Units in such building which is in Low-Income Units, all calculated as required pursuant to Section 42(c)(1) of the Code, which serves as the basis for the Department's allocation of Tax Credits to the building as provided in Section 4(c) hereof.

"Principal" means any person or entity that holds an ownership interest in the Project Owner and (i) has the power to direct any aspect of the operations of the Project Owner or (ii) is entitled to at least a 25% share in any of the profits, losses, cash flow or residual value of the Project.

"Rent-Restricted" means, with respect to any Unit, that the Gross Rent with respect to such Unit is not more than 30% of the imputed income limitation applicable to such Unit pursuant to Section 42(g)(2)(C) of the Code.

"Secretary" means the Secretary of the Treasury of the United States.

"Service" means the United States Internal Revenue Service and any successor thereto.

"State" means the State of Texas.

"Tenant" means the individual or individuals entitled to occupy a Unit in the Project by lease or other legal relationship with the Project Owner.

"Term" means the length of time this declaration shall remain in effect as set out in Section 5 hereof.

"Unit" means any residential rental unit in the Project consisting of an accommodation containing separate and complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation; provided, however, that single room occupancy housing used on a non-transient basis may be treated as one or more Units.

(b) Any term or phrase which is used in this Declaration and not defined herein shall have the meaning, if any, assigned thereto in Section 42 of the Code, and if no meaning is assigned thereto in Section 42 of the Code, the meaning, if any, assigned in the Department Rules. Any term or phrase which is defined herein shall, unless the context shall clearly indicate otherwise, be interpreted in a manner consistent with the provisions and requirements of Section 42 of the Code.

SECTION 2 - RECORDING AND FILING; COVENANTS TO RUN WITH THE LAND

(a) The Project Owner shall, at its own cost, cause this Declaration and all amendments hereto to be recorded and filed in the official real property records of the county in which the Project is located. Upon recording, the Project Owner shall immediately transmit to the Department an executed original of the recorded Declaration stamped by the county to show the date, volume and page numbers of record. The Project Owner agrees that the Department will not issue the Internal Revenue Service Form 8609, evidencing final allocation of the Tax Credits, unless and until the Department has received the recorded, executed original of the Declaration.

(b) The Project Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project during the Term of this Declaration, that this Declaration and the covenants and restrictions set forth in this Declaration regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Project Land, encumbering the Project Land for the Term of this Declaration and binding upon the Project Owner's successors in title and all subsequent owners and operators of the Project Land, and (ii) shall bind the Project Owner (and the benefits shall inure to the Department and any past, present or prospective Tenant of the Project) and its respective successors and assigns during the Term of this Declaration. The Project Owner hereby agrees that any and all requirements of the laws of the State of Texas to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Project Land. For the Term of this Declaration, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof shall expressly provide that such conveyance is subject to this Declaration; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Declaration.

(c) The Project Owner shall obtain the written consent of any existing lienholder of record (each an "Existing Lienholder") on the Project to this Declaration and the requirements hereof, including specifically the requirements of Section 5(b)(1) and Section 5(c) with respect to provisions which survive or may be revived after foreclosure, and such consent shall be in a form promulgated by the Department from time to time and shall be a condition precedent to the issuance by the Department of Internal Revenue Service Form 8609, evidencing final allocation of the Tax Credits. The Project Owner represents and warrants to the Department that attached hereto as Addendum A and made a part hereof is an executed and acknowledged Lienholder's Consent from each Existing Lienholder, if any, as of the effective date hereof.

SECTION 3 - REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE PROJECT OWNER

The Project Owner hereby represents, covenants and warrants as follows:

(a) The Project Owner (i) is a limited partnership, duly organized and validly existing under the laws of the State of Texas, and is duly authorized and qualified to transact in the State any and all business contemplated by this Declaration and the Department Rules; (ii) possesses all requisite power, authority, licenses and permits to own its properties and assets and to conduct its business; and (iii) has all legal right, power and authority to execute and deliver this Declaration.

(b) The execution and performance of this Declaration by the Project Owner (i) will not violate or, as applicable, have not violated, any provision of law, rule or regulation, or any order of any court or other department of the State or governmental body, (ii) will not violate or, as applicable, have not violated, any provision of any indenture, agreement, mortgage, mortgage note or other instrument to which the Project Owner is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

(c) The Project Owner has, at the time of execution and delivery of this Declaration, good and indefeasible fee simple title to or a leasehold interest extending at least ten years beyond the end of the Extended Use Period in the premises constituting the Project, free and clear of any lien or encumbrance, except those created by any loan documents relating to the Project, those which are created pursuant to this Declaration and those which are otherwise permitted encumbrances, as specifically set forth at Exhibit B hereto.

(d) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Project Owner threatened, against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by this Declaration) or would materially adversely affect its financial condition.

(e) The Project constitutes or will constitute, and the Project Owner covenants, that commencing with the last day of the first year of the Credit Period and continuing throughout the Term of this Declaration, it shall maintain the Project as, a "qualified low-income housing project", as defined in Section 42(g) of the Code.

(f) Each Unit in the Project contains separate and complete physical facilities and fixtures for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project) which is to be used on other than a transient basis as provided in Section 42(i)(3) of the Code.

(g) The Project Owner will comply fully and at all times with the Department Rules.

(h) During the Term of this Declaration, the Project Owner covenants, agrees and warrants that each Low-Income Unit is and will remain suitable for occupancy in accordance with regulations prescribed by the Secretary, taking into account local health, safety, and building codes.

(i) The Project Owner covenants that it will not without prior written approval from the Department sell, transfer or exchange any portion of any building in the Project unless it sells, transfers or exchanges the entire building to the same person. Subject to the requirements of Section 42 of the Code and this Declaration, the Project Owner may sell, transfer or exchange the entire Project or any building in the Project at any time, provided that the Project Owner shall require, as a condition precedent to any such sale, transfer or exchange, that the successor owner and operator assume, in writing, in an Assumption Agreement acceptable to the Department, the Project Owner's obligations hereunder and under Section 42 of the Code, which Assumption Agreement shall be delivered to the Department in executed, recordable form prior to any such sale, transfer or exchange. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any building in the Project. The Project Owner agrees that the Department may void any sale, transfer or exchange of the Project if the successor owner and operator fails to execute and deliver an Assumption Agreement or if the Project Owner or the successor owner and operator otherwise acts in contravention of this Section 3(i). This Declaration and the covenants contained herein shall survive and be effective regardless of whether any such successor owner and operator or intended successor owner and operator shall have assumed them pursuant to an executed Assumption Agreement.

(j) The Project Owner agrees to notify the Department in writing prior to any sale, transfer or exchange of the entire Project or any building therein, and to provide to the Department the name(s) and address(es) and financial reports, as applicable, of the prospective successor owner and operator of the Project or building, so the Department can determine the economic viability of such prospective successor and such Project or building and whether such prospective successor is acceptable as Project Owner under the Department Rules. The Project Owner further agrees to notify the Department in writing prior to any change in the identity of a General Partner or other Principal of the Project Owner, and to provide to the Department the name(s), address(es), and financial reports, as applicable, of any successor or additional General Partner or Principal, so the Department can determine whether such party is acceptable in such role with the Project Owner under the Department Rules.

(k) The Project Owner shall not demolish any part of the Project or substantially subtract from any real or personal property of the Project or permit the use of any Unit for any purpose other than rental housing during the Term of this Declaration, unless required by law.

(l) The Project Owner represents, warrants and agrees that if the Project, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the Project Owner will use its best efforts to repair and restore the Project to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of this Declaration.

(m) The Project Owner warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Declaration are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

(n) The Project Owner agrees, warrants, and covenants to comply with all law, ordinances, statutes, codes, orders, rules, regulations and decrees of the United States, the State and any other Governmental Authority applicable to the Owner of the Project, including, without limitation, the following: the Civil Rights Act of 1964 (42 U.S.C. 2000(d); Executive Order 11-63, as amended by Executive Order 12259; Executive Order 11246; Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.); Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.); Fair Credit Reporting Act (15 U.S.C. 1681 et seq.); Fair Housing Act (42 U.S.C. 3601 et seq.); the Americans with Disabilities Act of 1990 (P.L. 101-336; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); Architectural Barriers Act of 1968 (42 U.S.C. 4151 et seq.); Section 3 of the Housing and Urban Development Act of 1968; Executive Orders 11625, 12432 and 12138, as amended; the Copeland "Anti-Kickback" Act (18 U.S.C. § 874 et seq.); the Davis-Bacon Act (40 U.S.C. § 276a et seq.); Sections 103 and 107 of the Work Hours and Safety Standards Act. (40 U.S.C. § 327 et seq.); the Uniform Relocation Assistance and Real Property Acquisition Policies Act (42 U.S.C. § 4201 et seq.); the Housing and Community Development Act of 1974; the National Environmental Policy Act (42 U.S.C. § 4321 et seq.); ("NEPA"); the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. § 4321 et seq.); the State of Texas Senate Bill 1356; Title 8, and Chapter 92 of the Texas Property Code; Solid Waste Disposal Act TEX. HEALTH & SAFETY CODE Ann. Ch. 361 (Vernon's 1992); Comprehensive Municipal Solid Waste Management, Resource Recovery, and Conservation Act. TEX. HEALTH & SAFETY CODE Ann. Ch 363 (Vernon's 1992); County Solid Waste Control Act. TEX. HEALTH & SAFETY CODE Ann. Ch 364 (Vernon's 1992); Texas Clean Air Act, TEX. HEALTH AND SAFETY CODE Ann. Ch. 382 (Vernon's 1992); and Hazardous Communication Act, TEXAS HEALTH AND SAFETY CODE Ann. Ch. 502 (Vernon's 1992); and such Governmental Requirements as may be from time to time amended or superseded and all of their implementing regulations, as may be amended.

(o) The Project Owner agrees to apply for and accept renewal of any rent subsidy contracts from which the Project benefits, if such subsidies are sufficient to maintain the economic viability of the Project.

SECTION 4 - INCOME RESTRICTIONS/RENTAL RESTRICTIONS

The Project Owner represents, warrants and covenants throughout the Term of this Declaration and in order to satisfy the requirements of Section 42 of the Code that:

(a) (1) ☐ At least 20% or more of the Units in the Project are and will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 50% or less of Area Median Gross Income.

(2) ☒ At least 40% or more of the Units in the Project are and will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 60% or less of Area Median Gross Income.

(Check applicable percentage election)

(b) The determination of whether a Tenant is a Low-Income Tenant shall be made by the Project Owner at least annually on the basis of the current income of such Low-Income Tenant. The Project Owner shall utilize forms as permitted from time to time by the Department for providing this certification. If, upon any such annual certification, the Tenant of a Low-Income Unit who was, at the last annual income certification, a Low-Income Tenant, is found no longer to be a Low-Income Tenant, such Unit will continue to be treated as a Low-Income Unit until the next available Unit of comparable or smaller size in the building in which such Unit is located is rented to a person who is not a Low-Income Tenant. A Low-Income Unit that has been vacated will continue to be treated as a Low-Income Unit, provided that (i) reasonable attempts are made to rent the Unit and (ii) no other Units of comparable or smaller size in the Project are rented to persons who are not Low-Income Tenants. In no case will a Unit be treated as a Low-Income Unit if all the Tenants of the Unit are students (as determined under Section 151(c)(4) of the Code); provided, however, that such rule shall not apply to the types of students identified at Section 42(i)(3)(D) of the Code.

(c) The Project will contain a total of 125 Units (including Units occupied by a resident manager or other employee, such that they are not treated as "residential rental units" for purposes of Section 42 of the Code), of which 100 Units treated as residential rental units will be Low-Income Units. The amount of Tax Credits allocated to the Project is based on the requirement that the Minimum Applicable Fraction for each building in the Project will be as specified, building-by-building, at Appendix A hereto. During the Term of this Declaration, Units at the Project shall be leased and rented or made available to members of the general public who qualify as Low-Income Tenants, such that each building in the Project shall at all times satisfy the Minimum Applicable Fraction for such building. The Project Owner's failure to ensure that each building in the Project complies with such requirement will cause the Department to report such fact to the Service and may result in the reduction and recapture by the Service of Tax Credits, as well as other enforcement action.

(d) The Project and the Project Owner are subject to additional and/or modified requirements, if any, set forth at Appendix A, which requirements are incorporated herein and made a part hereof.

(e) The Project Owner shall not discriminate on the basis of race, color, national origin, religion, sex, familial status, or disability in the lease, use or occupancy of the Project Improvements or in connection with the employment or application for employment of persons for the operation and management of the Project and shall not deny admission to any person exclusively on the basis of such person receiving rent assistance payments under a local, state, federal or other housing assistance program, including, but not limited to, Section 8 of the United States Housing Act of 1937 as amended.

(f) The Project Owner acknowledges that whether a Tenant is a Low-Income Tenant is a matter of fact, to be determined in accordance with applicable law, and the Project's Owner's determination as to such matter is not binding upon the Department or the Service.

(g) During the Compliance Period and the Extended Use Period, the Project Owner, notwithstanding anything herein to the contrary, shall not (1) evict or terminate the tenancy of a Tenant of any Low-Income Unit other than for good cause nor (2) increase the gross rent with respect to a low-income unit not otherwise permitted by Section 42 of the Code.

SECTION 5 - TERM OF DECLARATION

(a) This Declaration shall become effective with respect to a building in the Project on the first day of the Compliance Period for such building and shall terminate on the last day of the Extended Use Period, unless this Agreement is earlier terminated pursuant to Section 5(b) hereof (the "Term").

(b) Notwithstanding subsection (a) above, but subject to any modified or additional requirements set forth in Appendix A, in which event the terms of this Agreement shall be modified as applicable, this Declaration shall terminate:

(1) with respect to any building in the Project, on the date such building is acquired by foreclosure (or instrument in lieu of foreclosure), upon the recorded declaration of termination of the party so acquiring the building, unless the Secretary or his delegate determines that such acquisition is part of an arrangement with the taxpayer a purpose of which is to terminate such period. If any party acquiring a building by foreclosure (or instrument in lieu of foreclosure) fails to record a declaration terminating this Declaration, the building shall remain subject to this Declaration, and the eligibility of such party to receive Tax Credits shall not be adversely affected, if such party continues to comply with Section 42 of the Code and the terms of this Declaration; or

(2) following the e[illegible] of the Compliance Period, but not later than 3 [illegible]ears following the date upon which the Project was first placed in service pursuant to the requirements of this Declaration, if the Project Owner has properly requested that the Department assist in procuring a "Qualified Contract", as defined in the Code, for the acquisition of a building and the Department is unable to present a Qualified Contract. To properly request the Department's assistance in procuring a Qualified Contract for the acquisition of a building, the Project Owner must submit a written request to the Department no earlier than one (1) year prior to the expiration of the Compliance Period, or on the last day of any subsequent year of the Extended Use Period. The Department will have one (1) year from the date of the Project Owner's written request to find a buyer to acquire the Project Owner's interest in the building. The Department will attempt to procure a Qualified Contract for the acquisition of any building only once during the Extended Use Period.

(3) following the end of the Compliance Period, subject to the consent of the Department, upon the acquisition of the Project by the Tenants of the Project, a qualified nonprofit organization or a government agency pursuant to a right of first refusal under Section 42(i)(7) of the Code.

(c) If this Declaration is terminated pursuant to subsection (b) above and notwithstanding anything herein to the contrary, the Tenant of any Low-Income Unit on the date of such termination shall be entitled to occupy such Unit in accordance with the provisions of this Declaration for a period of three years following such termination date, provided, however, that upon a showing of good cause, such Tenant's tenancy may be terminated or such Tenant evicted.

SECTION 6 - ENFORCEMENT, ADMINISTRATION AND COMPLIANCE

(a) The Project Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42 of the Code or this Declaration. Moreover, the Project Owner covenants to take any lawful action (including amendment of this Declaration as may be necessary in the sole opinion and at the request of the Department) to comply fully with the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, the Service, or the United States Department of Housing and Urban Development, from time to time, pertaining to the Project Owner's obligations under Section 42 of the Code and affecting the Project.

(b) The Project Owner acknowledges that the primary purpose for requiring compliance by the Project Owner with the restrictions provided in this Declaration is to assure compliance of the Project and by the Project Owner with Section 42 of the Code and the Department Rules, AND BY REASON THEREOF, THE PROJECT OWNER, IN CONSIDERATION FOR RECEIVING THE TAX CREDITS FOR THIS PROJECT, HEREBY AGREES THAT THE DEPARTMENT AND ANY INDIVIDUAL WHO MEETS THE APPLICABLE INCOME LIMITATION UNDER SECTION 42 (WHETHER PROSPECTIVE, PRESENT OR FORMER TENANT) SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE PROJECT OWNER OF ITS OBLIGATIONS UNDER THIS DECLARATION IN A STATE COURT OF COMPETENT JURISDICTION. The Project Owner hereby further specifically acknowledges that the beneficiaries of the Project Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder. The Project Owner, still further, acknowledges and agrees that any party which brings an action to enforce any requirement of this Declaration, whether by specific performance or otherwise, shall be entitled, if successful, to recover such party's reasonable attorney's fees.

(c) The Project Owner hereby agrees that the representations and covenants set forth herein may be relied upon by the Department and all persons interested in Project compliance under Section 42 of the Code.

(d) The Project Owner acknowledges that the Department is required, pursuant to Section 42(m)(1)(B)(iii) of the Code, (i) to monitor the Project Owner's and the Project's compliance with the requirements of Section 42 of the Code, and (ii) to notify the Service in accordance with the Code and the rules of the Service of any noncompliance which is found. The Project Owner agrees (I) to maintain records that substantiate and document such compliance, (II) to take all actions required by the Department pursuant to the Department Compliance Monitoring Procedures to assist or cooperate with the Department in monitoring such compliance, and (III) to pay the fee prescribed by the Department with respect to such monitoring.

(e) The Project Owner agrees that the Department may enforce all state and federal law, the Department Rules and the terms of any allocation of Tax Credits through this Declaration, and utilize for such purposes any and all remedies available to the Department including but not limited to administrative or judicial action, appointment of trustee or receiver, or assume the management and operations of the Development.

(f) The Project Owner agrees the Department may, at reasonable times and upon adequate notice at any time during the construction, rehabilitation, or operation of the Project, enter and inspect the Project to evaluate its physical and financial condition, construction, rehabilitation, operation, management and maintenance.

(g) The Project Owner agrees the Department may, at reasonable times and upon adequate notice, examine all books and records, and request and receive from the Project Owner one or more reports, relating to the ownership, operations, capitalization, reserve funds, income, expenses and other financial and regulatory matters of the Project or the Project Owner. This includes compliance with the Annual Owner's Certification of Project Completion, Fair Housing Sponsor report, and Owner's Financial Certification in a form and timeline as prescribed by the Department.

(h) The Project Owner agrees that the Department may at any time order it and/or its managing agent or Project manager to do whatever is necessary to comply with or refrain from violating an applicable law, ordinance, Department Rules, or term of an agreement regarding the Project, and that the Department may file and prosecute a complaint against a managing agent, Project manager, or the Project Owner for a violation of any applicable law or ordinance. The Project Owner acknowledges and agrees that, in the event that the Project Owner is found to have violated an applicable law, ordinance, Department Rules, or term of an agreement regarding the Project, the Department shall have the right, among other remedies and without limitation, to limit or deny participation by the Project Owner in any of the programs operated or administered by the Department.

(i) Upon a determination by the Department that the Project Owner has failed to maintain the Project in good and habitable condition and suitable for occupancy as hereinabove required, the Project Owner agrees, upon the Department's direction, to establish a reserve for replacement and repairs to the Project in such initial amount and with such monthly deposits as the Department may direct. Such reserve shall be held for the benefit of the Project Owner and the Project by such party as the Department shall direct, and disbursements shall be made there from only upon direction of or approval by the Department.

(j) The Project Owner agrees to indemnify and hold harmless the Board members, Department officers, directors and employees from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the Department as a result of any material inaccuracy in any of the representations and warranties contained in this Declaration, or as a result of any action or inaction by the Project Owner, including claims by third parties.

(k) The Project Owner agrees that should any claims, demands, suits or other legal proceedings be made or instituted by any person against the Department which arise out of any of the matters relating to this Declaration, Project Owner will cooperate fully with the Department in the defense or other disposition thereof.

(l) The Project Owner agrees to furnish the Department within 10 days of receipt with copies of all correspondence between the Project Owner and the Service with respect to the Project, other than tax returns and routine, periodic reports filed with the Service.

(m) The Project Owner agrees to notify the Department and modify the credit allocation identified on the IRS form 8609, if necessary, if any federal grant or loan of below market rate federal funds is received with respect to the Project at any time during the Compliance period.

SECTION 7 - FEES

(a) To compensate the Department for its responsibilities pursuant to the Act and the Code, the Project Owner shall pay to the Department an annual compliance monitoring fee for the first twelve month period of this Declaration in the amount of ☒ $25 or ☐ $40 per Low-Income Unit in the Project. In no event shall the fee be less than $100.

(b) In addition to the compliance monitoring fee required by Section 7(a), the Project Owner shall pay to the Department a building inspection fee for any inspections that the Department requires or performs. The amount of such fee(s) will be determined by the Department in accordance with Department Rules.

(c) If the Department shall find the Project not to be in compliance with the terms hereof, the Project Owner shall pay to the Department (i) an additional administrative fee in an amount prescribed from time to time by the Department, which amount for the first twelve month period of this Declaration, shall not exceed $25 per Unit (without regard to the number of Low-Income Units), for additional monitoring and enforcement activities undertaken with respect to the Project and (ii) all amounts required to reimburse the Department for its expenses in performing such additional monitoring and enforcement activities. The administrative fee payable in the event of noncompliance shall be in addition

to, and distinct from, the amount due pursuant to Section 7(a), as well as any reimbursements of costs and legal fees to which the Department may be entitled as a result of judicial enforcement action, and such fee shall be payable without respect to whether the Department undertakes or succeeds in judicial enforcement activities, and any right to be compensated therefore, for a period of up to three years following its most recent finding of noncompliance with respect to the Project.

(d) For each successive twelve month period following the initial twelve month period of this Declaration, the administrative fees payable to the Department hereunder shall be the amounts established for the most recent administrative fee, multiplied by the increase in the Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the United States Department of Labor (or generally recognized successor to such Index) for the same twelve month period of time.

(e) The Project Owner agrees that it will pay the annual compliance monitoring fee and the building inspection fee(s) at the times required by the Department therefore and that it will pay all additional charges, fees, and expenses assessed hereunder by the Department within ten (10) days of receipt of written notice of any such assessment.

SECTION 8 - MISCELLANEOUS

(a) Severability. This Declaration is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Declaration or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Declaration and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

(b) Notices. All notices to be given pursuant to this Declaration shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, delivered by hand, or delivered by any other method permitted by law, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

To the Department: Texas Department of Housing & Community Affairs
P O Box 13941
Austin, Texas 78711-3941
Attn: Portfolio Management and Compliance Division

To the Project Owner: Pamela P. Barineau
800 Bering Drive
Suite 410
Houston, Texas 77057

The Department, and the Project Owner, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

(c) Amendment. This Agreement may not be amended or modified except by written instrument executed by both Project Owner and Department, or their respective heirs, successors or assigns, which instrument shall not be effective until it is recorded in the real property records in the county where the Property is located. Upon request by the Department, the Project Owner agrees that it will take all actions necessary to effect any amendment of this Declaration which may be necessary in the Department's sole discretion to comply with the Code, and any and all applicable rules, regulations, policies, procedures, rulings or other official statements pertaining to the Tax Credits.

(d) Governing Law. This Declaration shall be governed by the laws of the State of Texas, and, where applicable, the laws of the United States of America.

(e) Survival of Obligations. The obligations of the Project Owner as set forth herein and in the Application shall survive the allocation of the Tax Credit and shall not be deemed to terminate or merge with the awarding of the allocation.

(f) Interpretation. The Department's interpretation of this Declaration shall be controlling for purposes of determining whether (i) the Compliance Period and/or Credit Period shall have commenced, (ii) this Declaration shall have been terminated in accordance with Section 5 hereof, and (iii) the Additional Use Restrictions elected at Appendix A hereto, if any, shall have been complied with.

IN WITNESS WHEREOF, the Project Owner and the Department have caused this Declaration to be signed by their duly authorized representatives, as of the day and year first written above.

PROJECT OWNER:

South Union Place Limited Partnership,
a Texas Limited Partnership

By: Scott Street Group, LLC,
a Texas Limited Liability Company,
its general partner

By: Pamela P Barineau
Name: Pamela P. Barineau
Title: President of Scott Street Group, LLC

THE STATE OF Texas §
§
COUNTY OF Harris §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Pamela P. Barineau, known to me to be the President of Scott Street Group, LLC, a Texas Limited Liabilty Company, general partner of South Union Place Limited Partnership, a Texas limited partnership, the limited partnership that executed the foregoing instrument, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of said limited partnership, and that he/she executed the same as the act of such limited partnership for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 2ND day of OCTOBER, 2006.

(Seal)

MARY H. AINSWORTH
Notary Public
STATE OF TEXAS
My Comm. Exp. 07-09-2009

Mary H Ainsworth
Notary Public, State of Texas

DEPARTMENT:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas

By: _____
Name: Michael Gerber
Title: Executive Director

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Michael Gerber, Executive Director of the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,** a public and official agency of the State of Texas, on behalf of such agency.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13 day of October, 2006.

(Seal)

NIDIA HIROMS
Notary Public, State of Texas
My Commission Expires
NOVEMBER 13, 2007
Notary without Bond

Nidia Hiroms
Notary Public, State of Texas

ADDENDUM A TO DECLARATION - CONSENT AND SUBORDINATION OF LIENHOLDER

[To be executed by each lien holder on the project as of the effective date of the declaration.]

The undersigned lien holder ("Lien holder") hereby consents to the execution by Project Owner of the foregoing Declaration for South Union Place (the "Project Improvements").

Lien holder hereby subordinates its lien(s) to the rights and interests created pursuant to Section 5(c) of the Declaration such that a foreclosure of its lien(s) shall not extinguish such rights and interests.

Lien holder acknowledges and agrees that, pursuant to Section 5(b)(1) of the Declaration, the Declaration will terminate on the date the Project is acquired by foreclosure or deed in lieu of foreclosure, upon the recorded declaration of the party so acquiring the building (unless it is determined that such acquisition is part of an arrangement with Borrower a purpose of which is to terminate such period); provided, however, Lien holder hereby acknowledges and agrees that the acquisition of the Project by any party by foreclosure or instrument in lieu of foreclosure shall be subject to the provisions of Section 5(c) of the Declaration, which provisions shall continue in full force and effect for a period of three (3) years from the date of such acquisition; provided, further, that such provisions shall not apply during such period if and to the extent that compliance therewith is not possible as a consequence of damage, destruction, condemnation or similar event with respect to the project.

Executed to be effective the 29th day of August, 2006.

LIENHOLDER: Washington Mutual Bank

By: _____

Name: Cheryl Wilson

Title: First Vice President

STATE OF California

COUNTY OF Orange

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Cheryl Wilson, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day, being informed of the contents of such document, executed the same voluntarily. Given under my hand, official seal this 29th day of August, 2006

NANCY J.R. MILLER
Commission # 1650877
Notary Public - California
Orange County
My Comm. Expires Mar 11, 2010

Nancy J R Miller

Notary Public

My Commission expires: March 11, 2010

EXHIBIT A TO DECLARATION - LEGAL DESCRIPTION

A 4.3400 ACRE (189,049 SQ.FT.) TRACT OF LAND BEING THE REMAINDER OF THE NORTH ONE-HALF OF LOT TWENTY-FOUR (24) OF INSTITUTE PLACE, A SUBDIVISION RECORDED IN VOLUME 234, PAGE 227 OF THE HARRIS COUNTY DEED RECORDS (H.C.D.R), LOCATED IN THE LOUIS GLADITCH SURVEY, ABSTRACT 304, CITY OF HOUSTON, HARRIS COUNTY, TEXAS; SAID TRACT ALSO BEING THAT SAME TRACT OF LAND CONVEYED BY DEED TO RADNEY MANAGEMENT & INVESTMENTS, INC., TRUSTEE UNDER HARRIS COUNTY CLERK'S FILE NUMBER (H.C.C.F. No.) X968427.

COMMENCING: At a found ½-inch iron pipe at the intersection of the westerly line of Scott Street, an 80-foot right-of-way (R.O.W.) and the northerly line of Mt. Pleasant Street (60-foot R.O.W.), said point being the southeasterly corner of the remainder of Lot 27 in Block 47 of South End Sunny Side, an unrecorded subdivision;

THENCE: Along the westerly line of Scott Street, North 19 deg 47 min 35 sec East, a distance of 40.00 feet to a set 5/8-inch iron rod with cap (LIN 2414) for the POINT OF BEGINNING and the southeast corner of the herein described tract;

THENCE: Along the common line of the northerly line of said Block 47 and the southerly line of the herein described tract, North 69 deg 19 min 09 sec West, a distance of 547.48 feet to a set 5/8-inch iron rod with cap (LIN 2414) in the easterly line of said Block 47, an interior corner of said Block 47 and the southwest corner of the herein described tract;

THENCE: Along the common line of the easterly line of said Block 47 and the westerly line of the herein described tract, North 19 deg 41 min 15 sec East, a distance of 342.09 feet to a set of 5/8-inch iron rod with cap (LIN 2414) in the southerly line of Corder Street (99.7-foot R.O.W.), the northwest corner of the herein described tract;

THENCE: Along the southerly line of Corder Street, South 69 deg 57 min 40 sec East, a distance of 548.05 feet to a set 5/8-inch iron rod with cap (LIN 2414) in the westerly line of Scott Street, the northeast corner of the herein described tract;

THENCE: Along the westerly line of Scott Street, South 19 deg 47 min 35 sec West, a distance of 348.22 feet to the POINT OF BEGINNING and containing 4.3400 acres or 189,049 square feet of land, more or less.

APPENDIX A - ADDITIONAL USE RESTRICTIONS

(Check all restrictions which were elected at the time of Application.)

☒ **Additional Rent and Occupancy Restrictions**

At least 12 Units in the Project must be occupied by Tenants at or below 30% of Area Median Gross Income, with rents for these Units no higher than the allowable tax credit rents at such AMGI level. At least 3 Units in the Project must be occupied by Tenants at or below 40% of Area Median Gross Income, with rents for these Units no higher than the allowable tax credit rents at such AMGI level. At least 25 Units in the Project must be occupied by Tenants at or below 50% of Area Median Gross Income, with rents for these Units no higher than the allowable tax credit rents at such AMGI level. If at re-certification the Tenant's household income exceeds the applicable limit, then the Unit remains as a Unit restricted at the specified level of AMGI until the next available Unit of comparable or smaller size is designated to replace this Unit. Once the Unit exceeding the specified AMGI level is replaced, then the rent for the previously qualified Unit may be increased, subject to applicable Tax Credit requirements, lease provisions and local tenant-landlord laws.

☐ **Additional Rent and Occupancy Restrictions for Developments with below market rate HOME funding included in the total eligible basis and utilizing the "9%" Applicable Percentage**

At least 40% of the Units in each Federal Subsidized Building must be occupied by Tenants whose incomes are at or below 50% of Area Median Gross Income.

☒ **Longer Compliance Period and Extended Use Period**

The Compliance Period shall be a period of 15 consecutive taxable years and the Extended Use Period shall be a period of 40 consecutive taxable years, each commencing with the first year of the Credit Period.

☐ **Material Participation by Qualified Nonprofit Organization**

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall hold a controlling interest the Project as required by the Department Rules, shall materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the Project and shall otherwise meet the requirements of Section 42(h)(5) of the Code. At the time this Declaration is filed, the qualified nonprofit organization which shall own such interest and shall so materially participate in the development and operation of the Project is _____ _____ and is the ☐**[managing General Partner]** or ☐ **[Managing Member]** of the Project Owner. The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified nonprofit organization.

☐ **Joint Venture with Qualified Nonprofit Organization**

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall materially participate as one of the General Partners or Managing Members in the development and operation of the Project. At the time this Declaration is filed, the qualified nonprofit organization which shall own such interest and shall so materially participate in the development and operation of the Project is_____ _____ and is a ☐**[General Partner]** or ☐ **[Managing Member]** of the Project Owner. The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified nonprofit organization.

☒ **Historically Underutilized Businesses (HUB)**

Throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest in the Project. The HUB must also maintain regular, continuous, and substantial participation in the development and operation of the Project. At the time this Declaration is filed, the HUB which holds an ownership interest in the Project is Scott Street Group, LLC.
The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified HUB.

☒ **Supportive Services**

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner has contracted for the provision of the following special supportive services that would not otherwise be available to Tenants: health screening, social events and activities, and computer facilities.

At the time this Declaration is filed, the organization(s) providing these services is Missionary Village Apartments Company.

The Project Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Project and (ii) if such organization is proposed to be replaced by a different qualified provider.

☒ **Transitional Housing for the Homeless**

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project shall provide 12 number of units set aside for transitional housing for homeless persons, on a non-transient basis, with supportive services designed to assist Tenants in locating and retaining permanent housing.

☒ **Public Housing Waiting Lists**

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner shall consider prospective Tenants referred to from the waiting list of the Housing Authority of City of Houston.

QUALIFIED ELDERLY DEVELOPMENTS[1]

☒**Qualified Elderly Projects (2000 and later)**

Throughout the Compliance Period, unless otherwise permitted by the Department, this project must conform to the Federal Fair Housing Act and must be a project which:

(i) is intended for, and solely occupied by Persons 62 years of age or older; or

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

[1] Note: The Federal Fair Housing Act requires, generally, that projects which are limited to occupancy by older persons either (i) be restricted to households in which all members are 62 years or older or (ii) to households in which at least one member is 55 years or older. See 24 C.F.R. §§100.300-100.304 for exact requirements. All tax credit projects must comply with these requirements, as applicable under Federal law, in addition to the Declaration.

☐ **Special Housing Development**

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner shall operate the Project exclusively as one or more of the following:

- ☐ housing for persons with mental health/mental retardation issues;
- ☐ group home;
- ☐ transitional housing;
- ☐ congregate care facility;
- ☐ housing for persons with HIV/AIDS;
- ☐ **[OTHER – SPECIFY]**_____.

APPENDIX A - ADDITIONAL USE RESTRICTIONS - ACCESSIBILITY REQUIREMENTS

(Only Projects which made the applicable Accessibility Requirements election should include this page as part of this Declaration.)

☐ **Accessibility Requirements for 1999 Allocations, Option §50.6(c)(6)(B)(i) and 2000 Allocations, Option §49.6(c)(6)(B)(i)**

Throughout the Compliance Period, unless otherwise permitted by the Department, the Project Owner agrees to set aside Units for Persons with Disabilities. The Department will require a minimum of nine months during which the set aside Units must either be occupied by Tenants who are physically or mentally disabled or held vacant while being marketed to such tenants. The nine month period will begin on the date that each building receives its certificate of occupancy. For buildings which do not receive a certificate of occupancy, the nine month period will begin on the placed in service date as provided in the Cost Certification Manual. When a qualified Tenant is located, the Project Owner will be responsible for adapting the Unit per the tenant's requirements. The cost of adapting the Unit will be borne by the Project Owner. If the Project Owner is unable to locate qualified Persons with Disabilities following a good-faith effort throughout the nine month set aside period, then the Units may be rented to tenants without disabilities, provided that the next available Unit (from among those set aside for Persons with Disabilities) shall first be made available to Persons with Disabilities. To comply with this provision, the Project Owner must maintain a waiting list of qualified Tenants with disabilities throughout the Compliance Period. Each time a Unit set aside for Persons with Disabilities becomes available, the Project Owner must contact persons on the waiting list and/or provide notice to local service providers that such Units are available. If the waiting list or the local service provider cannot locate a qualified Tenant for the next available Unit, then the Unit may be rented to a Tenant without disabilities.

(a) For physical disabilities, such Units must be designed to meet American National Standards for buildings and facilities providing accessibility and usability for Persons with Disabilities (ANSI A117.1 - 1986) and will conform to the Fair Housing Act.

(b) For persons with mental disabilities, there must be a contract to provide appropriate supportive services for persons with mental disabilities between the Project Owner and an experienced service provider.

☐ At least 7% of the Units are set-aside for persons with physical or mental disabilities; or
☐ at least 10% of the Units are set-aside for persons with physical or mental disabilities.

☐ **Accessibility Requirements for 1999 Allocations, Option §50.6(c)(6)(B)(ii) and 2000 Allocations, Option §49.6(c)(6)(B)(ii)**

The Project provides Units specifically accessible to persons with physical, visual or hearing disabilities as required by §504 of the Rehabilitation Act of 1973. As required by §504, a one time inspection and corresponding Accessibility Transition Plan will be required upon completion of construction. Project Owners making this election must also comply with the Fair Housing Act.

☐ At a minimum, 5% of the Units must be usable for persons with mobility impairments and 2% of the Units shall be made accessible for people with hearing or visual impairments; or
☐ At a minimum 10% of the Units must be usable for persons with mobility impairments and 2% of the Units shall be made accessible for people with hearing or visual impairments.

☐ **Accessibility Requirements for 2001 Allocations, Option §50.7(d)(1)(C)**

For up to 5% of all LIHTC Units, the Project Owner shall provide reasonable accommodation(s) or modification(s) on a one-time basis in conformance with ANSI A117.1-1986 construction standards as requested by the tenant with a disability. The Project Owner shall incur the related expense(s) for the reasonable accommodation(s) and/or modification(s). For properties that are designed as townhouse units, the Project Owner must include one bathroom and one bedroom on the ground level of 5% of the LIHTC Units and meet standards of the Fair Housing Act.

☒ **Accessibility for 2002 and later Allocations**

The Development will comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C. A minimum of five percent of the total dwelling Units or at least one Unit, whichever is greater, shall be made accessible for persons with mobility impairments. A Unit that is on an accessible route and is adaptable and otherwise compliant with sections 3–8 of the Uniform Federal Accessibility Standards (UFAS), meets this requirement. An additional two percent of the total dwelling Units, or at least one Unit, whichever is greater, shall be accessible for persons with hearing or vision impairments. Additionally, for Developments where some Units are two-story dwelling Units, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and include a minimum of one bedroom and one bathroom or powder room at the entry level.

FILED
2006 OCT 24 PM 2:34
COUNTY CLERK
HARRIS COUNTY, TEXAS

APPENDIX A - ADDITIONAL USE RESTRICTIONS - RIGHT OF FIRST REFUSAL

(Only Projects which made a Right of First Refusal election beginning in 2001 should include this page as part of the LURA.)

☒ **Right of First Refusal to a Tenant or Qualified Nonprofit Organizations for 2001 and later allocations**
The Project Owner has entered into an Agreement for Provision of the Right of First Refusal with the Department. If at any time after the fifteenth year of the Compliance Period, the Project Owner shall determine to sell the Project, this Declaration shall serve as evidence that the Project Owner agrees to provide, and provides, to a qualified nonprofit organization (as defined in §42 (h) (5) (C) of the Code) or a tenant organization determined to be such by the Department (a "Tenant Organization"), a right of first refusal to purchase the Project for the Minimum Purchase Price provided in, and in accordance with the requirements of §42 (i) (7) (B) of the Code as shown below.

"(B) Minimum purchase price. The minimum purchase price under this subparagraph is an amount equal to the sum of-

(i) the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the 5-year period ending on the date of the sale to the tenants), and

(ii) all Federal, State, and local taxes attributable to such sale.

Except in the case of Federal income taxes, there shall not be taken into account under clause (ii) any additional tax attributable to the application of clause (ii)."

The following terms are hereby incorporated into this Declaration:

(i) Upon the earlier to occur of:

(I) the Project Owner's determination to sell the Project, or (II) the Project Owner's request to the Department, pursuant to §42 (h)(6)(I) of the Code, to find a buyer who will purchase the Project pursuant to a "qualified contract" within the meaning of §42 (h)(6)(F) of the Code, the Project Owner shall provide a notice of intent to sell the Project ("Notice of Intent") to the Department and to such other parties as the Department may direct at that time. If the Project Owner determines that it will sell the Project at the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to expiration of the Compliance Period.

(ii) During the two years following the giving of Notice of Intent, the Project Owner may enter into an agreement to sell the Project only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:

(I) during the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. § 92.1 (a "CHDO") and is approved by the Department;

(II) during the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and

(III) during the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department.

(iii) At any time after the fifteenth year of the Compliance Period, but no earlier than two years after delivery of a Notice of Intent, the Project Owner may sell the Project without regard to any right of first refusal established by this Declaration if: (x) no offer to purchase the Project at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or (y) a period of 120 days has expired from the date of acceptance of such offer without the sale having occurred, provided that the failure to close within such 120-day period shall not have been caused by the Project Owner or matters related to the title for the Project.

(iv) At any time prior to the giving of the Notice of Intent, the Project Owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Project for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Project by such organization in accordance with and subject to the priorities set forth in paragraph (ii) of this section.

(v) The Department shall, at the request of the Project Owner, identify in this Declaration a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Project at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in paragraph (ii) of this section.

APPENDIX A - MINIMUM APPLICABLE FRACTION BY BUILDING

Building Number	Building Identification Number (BIN)	Minimum Applicable Fraction
1.	TX-04-02401	80%
2.	TX-	N/A
3.	TX-	N/A
4.	TX-	N/A
5.	TX-	N/A
6.	TX-	N/A
7.	TX-	N/A
8.	TX-	N/A
9.	TX-	N/A
10.	TX-	N/A
11.	TX-	N/A
12.	TX-	N/A
13.	TX-	N/A
14.	TX-	N/A
15.	TX-	N/A
16.	TX-	N/A
17.	TX-	N/A
18.	TX-	N/A
19.	TX-	N/A
20.	TX-	N/A
21.	TX-	N/A
22.	TX-	N/A
23.	TX-	N/A
24.	TX-	N/A
25.	TX-	N/A
26.	TX-	N/A
27.	TX-	N/A
28.	TX-	N/A
29.	TX-	N/A
30.	TX-	N/A
31.	TX-	N/A
32.	TX-	N/A
33.	TX-	N/A
34.	TX-	N/A
35.	TX-	N/A
36.	TX-	N/A
37.	TX-	N/A
38.	TX-	N/A

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW

THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in file number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED. In the Official Public Records of Real Property of Harris County Texas on

OCT 24 2006

COUNTY OF HARRIS COUNTY, TEXAS

Beverly B. Kaufman

COUNTY CLERK
HARRIS COUNTY TEXAS

Exhibit C

2024 Propert Condition Report Excerpts

Property Condition Report

REPORT DATE: February 21, 2024

DRAFT

PROPERTY INFORMATION:
South Union
7210 Scott Street
Houston, Harris County, Texas 77021

PROJECT INFORMATION:
AEI Project No. 489072
Site Assessment Date: February 15, 2024

PURPOSE:
Pre-Acquisition only

PREPARED FOR:
The ITEX Group
9 Greenway Plaza Ste 1250
Houston, Texas 77046

PREPARED BY:
AEI Consultants - Corporate Headquarters
2500 Camino Diablo
Walnut Creek, California 94597

1.800.801.3224
www.aeiconsultants.com

Immediate Repair and Short Term Costs

South Union
7210 Scott Street
Houston, Texas 77021
February 21, 2024

Item	Quantity	Unit	Unit Cost	Replacement Percent	Immediate Total	Short Term Total	Comments
3.1.1 Topography, Storm Water Drainage, and Retaining Walls							
Fill materials, Regrade to slope way from building	1	Allow	$15,000.00	100%	$0	$15,000	Regrade exterior to provide positive drainage
3.1.2 Site Access, Parking, Pavement							
Concrete Pavement, Sectional Replacements & Repairs	55,000	SF	$12.00	10%	$0	$66,000	Sectional repairs at settled areas, concrete repairs at storm drain, crack sealing and curb repair
3.1.3 Sidewalks, Curbing, Site Steps, and Ramps							
Concrete Flatwork, Repair	1	Allow	$15,000.00	100%	$15,000		Sidewalk section replacements at settled areas and trip hazard repairs
3.1.4 Landscaping, Fencing, Signage, Site Lighting							
Dead vegetation, Replace	1	Allow	$3,500.00	100%	$0	$3,500	Replace dead vegetation
Overgrown Trees, Removed and/or Trim Away From Building	1	Allow	$7,500.00	100%	$0	$7,500	Trim overgrown trees and remove trees in close proximity to building
Irrigation System, Repair	1	Allow	$1,500.00	100%	$0	$1,500	Repair inoperable landscaping irrigation system
Fencing (Wooden and Metal), Repair	1	Allow	$3,000.00	100%	$0	$3,000	Wood fence and metal gate (fire department entrance) repairs
3.2.1 Foundations							
Foundation Settlement, Investigate	1	Allow	$3,000.00	100%	$0	$3,000	Evaluate settlement and suggest repairs
3.2.3 Cladding							
Exterior Walls, Repaint and Recaulk	125	Unit	$400.00	100%	$0	$50,000	Repaint and caulk exterior walls. Repair minor damage
3.2.4 Roof Systems							
Asphalt Composition Roof Shingles, Replace	66,750	SF	$5.00	100%	$0	$333,750	Replace roof shingles
Modified Bitumen Roof, Replace	6,800	SF	$12.00	100%	$0	$81,600	Replace flat roof area
3.2.8 Common Area Finishes							
Common Area Walls and Ceilings, Repair	1	Allow	$10,000.00	100%	$0	$10,000	Repair and repaint walls and ceilings
Common Area Carpet, Replace	1,000	SY	$32.00	100%	$0	$32,000	Replace stained and dirty common corridor carpet

DRAFT

Item	Quantity	Unit	Unit Cost	Replacement Percent	Immediate Total	Short Term Total	Comments
3.3.2 Heating, Cooling, and Ventilation							
Furnace (Electric), Replace	10	EA	$3,500.00	100%	$0	$35,000	Replace in conjunction with R22 units
Split-system Condensing unit, Replace	10	TON	$1,500.00	100%	$0	$15,000	Replace older units utilizing R22
Total Repair Cost					$15,000.00	$656,850.00	

DRAFT

Photographs



Standing water in parking lot



Sediment from standing water in parking lot



Erosion along building foundation



Erosion along building foundation

Cost Summary

Cost Recommendation	EUL	EFF AGE	RUL	Year	Cost
Fill materials, Regrade to slope way from building	-	-	-	Short Term	$15,000
Total					$15,000

3.1.2 Site Access, Parking, Pavement

Site Access, Parking, Pavement Descriptions			
Items	**Description**	**Action**	**Condition**
Asphalt Pavement Uses and Locations	Not Applicable		
Concrete Pavement Uses and Locations	Concrete pavement is utilized for the drive aisles and parking areas throughout the property.	ST/RR	Fair/Poor
Other Pavement and Locations	Not Applicable		
Asphalt Pavement Seal Coating	Not Applicable		
Pavement Striping	Painted parking striping faded and worn	RR	Fair
Total Number of Parking Stalls	156 as per ALTA Survey		

DRAFT



Minor siding damage



Siding separation from settlement



Floor tile cracking in office area from foundation settlement



Sheetrock cracking in office area from foundation settlement



Sheetrock cracking in office area from foundation settlement



Sheetrock cracking in office area from foundation settlement

DRAFT

Should the Property ownership be transferred, any existing roof warranty should be re-assigned to the new building owner. Warranties should not be relied upon without close examination of the language of the document, research into the issuing company, and historic information concerning installation and maintenance.

Photographs



Asphalt shingle roofing



Asphalt shingle roofing



Asphalt shingle roofing



Flat, modified bitumen roofing



Flat, modified bitumen roofing



Roof scupper

DRAFT

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1328 **Agenda Date:** 2/5/2026 **Agenda #:** 21.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(viii) for Travis Street Plaza

RECOMMENDED ACTION

WHEREAS, Travis Street Plaza is a proposed 2026 9% Housing Tax Credit Application for the acquisition and rehabilitation of 192 Units in Houston, Harris County;

WHEREAS, to ensure the best use of the Department's limited resources, 10 TAC §11.101(b)(1)(A)(viii) establishes that a Competitive Housing Tax Credit Application is not eligible if it involves the rehabilitation of an existing Housing Tax Credit Development that has any building that placed in service on or after January 1, 2006;

WHEREAS, Travis Street Plaza placed in service at the end of 2012, and therefore is not eligible to compete without a waiver of the age requirement; and

WHEREAS, the Applicant has requested such a waiver;

NOW, therefore, it is hereby

RESOLVED, that the waiver of 10 TAC §11.101(b)(1)(A)(viii) for Travis Street Plaza is denied.

BACKGROUND

Travis Street Plaza is a proposed 2026 9% Housing Tax Credit Application for the acquisition and rehabilitation of 192 Units in Houston, Harris County.

The 2026 Qualified Allocation Plan (QAP) includes a new provision that makes the following Applications ineligible:

> (viii) Competitive Housing Tax Credit Applications that involve any existing Housing Tax Credit Development that has any building that placed in service on or after January 1, 2006, for its most recent award of Housing Tax Credits.

This rule was added to prevent Developments that have already been funded with Housing Tax Credits from prematurely applying for additional Rehabilitation funding. 2006 was chosen as a cutoff, as twenty years is a general benchmark for when some major systems and components such as roofing and HVAC should be replaced.

Travis Street Plaza was initially funded with Housing Tax Credits and placed in service in December 2012. Because of this, the project does not meet age requirements to be eligible to apply for a new award of tax credits. The Applicant has requested a waiver of this requirement on the basis that current conditions at the Development represent an overwhelming need. Specifically, the request asserts that the project was initially built incorrectly by the General Contractor, which has caused continuous and ongoing water penetration issues with the building's windows. To support this, the applicant has submitted an Award of Arbiter judgment, as well as several diagnostic reports and repair proposals from various companies. The judgement

determines that the General Contractor was at fault for the water penetration issues; however, it does not award the Owner the full amount of claimed damages on the basis that the Owner did not, "did not provide by a preponderance of evidence that the problems in the building were in fact systemic." In total, approximately $840 thousand in damages were awarded to the Applicant as part of this arbitration.

The Board may grant waivers of non-statutory rules if certain criteria are met. The waiver must demonstrate how it better serves the policies and purposes outlined for the Department in Tex. Gov't Code §2306, which are general in nature and include items such as assisting local governments in providing essential services, providing for the housing needs of those with moderate incomes, and contributing to the preservation and development of communities. The waiver must also demonstrate that the need for it is either outside of the control of the Applicant or is the result of an overwhelming need.

Staff has reviewed the information provided by the Applicant. The project's current condition is complex, and the Department does not hold a position in the dispute between the Owner and the former General Contractor. In evaluating this request, staff is unable to determine that the Department's policies and purposes are better served by granting this request, nor can staff determine that the LIHTC program is better served by allowing a 14-year-old project to be rehabilitated with additional tax credits. Accordingly, staff recommends that the Board deny the request.

January 5, 2025

Cody Campbell
Director of Multifamily Programs
Texas Department of Housing and Community Affairs 221 E 11th Street
Austin, Texas 78701

Re: TDHCA Application 26104 - Travis Street Plaza Apartments - Request for Waiver Regarding Age Requirement

Dear Mr. Campbell:

I am writing on behalf of the Applicant for Travis Street Plaza Apartments, an existing development located in Urban Region 6. The housing tax credit request is for 192 multifamily units, all of which will be affordable for the general population. In preparation for filing its pre-application, the Applicant requests an eligibility waiver of the age requirements for rehabilitation.

Background

- The existing development received a $1,325,820 housing tax credit award in July of 2010. This equates to $6,905 in credits per unit.
- Total Development Costs were $18,977,751. Construction costs were $11,742,099.
- The LURA is dated August 28, 2006, and recorded October 24, 2006.
- Travis Street Plaza Apartments was placed in service December 31, 2012.
- There are no tax exemptions associated with Travis Street Plaza Apartments.
- The development suffers from manufacturing defaults and faulty construction as verified by multiple third parties and an independent Arbiter.

Request

The current 2026 Qualified Allocation Plan precludes any rehabilitation that was placed in service on or after January 1, 2006 from being eligible to compete for 2026 tax credits. See the following excerpt from the QAP for ineligibility.

(*viii) Competitive Housing Tax Credit Applications that involve any existing Housing Tax Credit Development that has any building that placed in service on or after January 1, 2006, for its most recent award of Housing Tax Credits.*

The applicant is seeking a determination of eligibility for its Development Site, and a waiver if deemed applicable as permitted by §11.207.Waiver of Rules of the Qualified

Allocation Plan as follows.

- *The need for the waiver is* ***not within the control of the Applicant or is due to an overwhelming need.***
- *The waiver request must establish how, by granting the waiver, it better serves the policies and purposes articulated in Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701, (which are general in nature and apply to the role of the Department and its programs, including the Housing Tax Credit program) than not granting the waiver.*

Merit

Travis Street Plaza Apartments is a 9% LIHTC 2010 award placed in service at the end of 2012. The restriction listed above prevents the development from being eligible for rehabilitation funds this tax credit cycle. Despite this time constraint, the request has merit consistent with the approval conditions that justifies the Board's approval.

- The building contains defective windows and was built incorrectly by the General Contractor, at no fault of the owner or developer. Water penetration issues have been continuous and ongoing; left unresolved they will cause further damage to the building which impacts the ability of tenants to use the units and will likely result in increased vacancies which endangers the financing of the building.
- Allowing the Application to proceed will improve quality of life of 192 households. The attached assessments from Building Diagnostics and Capital Project Management show that the development needs significant work to repair manufacturing defects and faulty construction by the initial General Contractor.
- While 20 years is a reasonable round number, 20 is not necessarily consistent with the lifespan of all building products. Especially when initial construction was faulty and repeated water damage has occurred.
- Allowing rehabilitation to start in 2026, will be more cost effective and prevent additional issues from occurring.

Faulty Construction

Water infiltration began to occur soon after construction completion and Travis Street Plaza LP (the owner) formally complained to the General Contractor in 2014. The General Contractor attempted remediation at that time, however these efforts were unsuccessful. Documentation includes proposals and invoices for water infiltration studies and repair work completed in 2014, 2015, 2018, and 2020, which are included as attachments. Travis Street Plaza LP successfully sued the General Contractor, with Arbitration completed and a judgment in the Owner's favor in 2022. A copy of the Judgment is attached.

A report from Engineering Diagnostics dated November 25, 2020 found extensive water damage and numerous faulty construction items. This report identifies specific defects – faulty

windows, a lack of construction control joints, a lack of drip screed, missing sealants, flaws in the installation of the water resistive barrier and flashing, and missing weeps above windows. Moisture penetration has not only destroyed areas around windows, but has impacted the stucco, metal siding, and HVAC systems, causing a ripple effect of increasingly costly damage.

An estimate of the cost to make all repairs in 2020 was $3,250,000. This proposal came from a third party – Cotton Commercial - and was validated in the 2020 Engineering Diagnostics report. In fact, Engineering Diagnostics recommended **adding** to the budget for repairs to structural framing.

Capital Project Management, one of Texas' most esteemed construction management companies also evaluated the extent of repairs needed in 2021. In their expert opinion, to remedy the situation, the owner needs to remove the entire façade and all windows of the building. **Their independent estimate came to $5,429,000** in repairs, which does not include additional costs such as hazardous material abatement, tenant relocation, or un-recouped costs to the owner for utilities, taxes and other operational costs.

Summary

TDHCA is an organization that distributes tax credits to support Texans through **quality,** affordable housing. The Qualified Allocation Plan delineates eligibility of development sites and is a guideline to prevent misuse or appropriation of funds. Travis Street Plaza apartments furthers this mission by providing affordable housing to some of Houston's most vulnerable, including Veterans, persons with disabilities and formerly homeless individuals. As the condition of the building continues to decline, the lives of residents are negatively affected. It has become increasingly clear that delaying repairs will negatively impact operational income and expenses. habitability, and loss of affordable units.

The construction defects are in no way the fault of the owner or developer, as assessed by multiple third parties. The conditional clearly falls into the QAP outlined categories of "not in the control of the applicant" and "overwhelming need."

By granting a waiver to the Applicant, and should the rehabilitation be awarded tax credits, the purposes and policies stated in Texas Government Code §§2306.001, 2306.002, 2306.359, and 2306.6701 will be upheld and furthered. The Applicant respectfully requests a waiver based on the information provided.

We appreciate your time and consideration.

Sarah Andre
Consultant to the Project

Exhibit A – Award of Arbiter

Exhibit B – Taylor Waterproofing Proposals for Services:

- Water Infiltration in Units 2014
- Water Infiltration Study 2015
- Window Repair 2018
- Cladding and Interior Repairs 2020 – Contains Extensive Photos

Exhibit C – Lawson Construction Invoices:

- Interior Repairs 2021

Exhibit D – Engineering/Building Diagnostics Proposals:

- Report of Findings 2020
- Remedial Design Services 2022
- Invoice for Repairs 2022

Exhibit E – Proposal for Repair from Cotton Commercial 2020

Exhibit F – Report from Capital Project Management, 2021

AMERICAN ARBITRATION ASSOCIATION

CONSTRUCTION INDUSTRY ARBITRATION TRIBUNAL

AAA Case No. 02-14-0002-3106

IN THE MATTER OF THE ARBITRATION BETWEEN:

TRAVIS STREET PLAZA, L.P.	§	BEFORE ARBITRATOR:
	§	
CLAIMANT	§	
	§	
and	§	**W. JERRY HOOVER, Esq.**
	§	
COMANCHE CONTRACTORS, L.P.	§	
CANTWELL-ANDERSON COMANCHE, LLC	§	
	§	
RESPONDENTS	§	HOUSTON, TEXAS

AWARD OF ARBITRATOR

I, THE UNDERSIGNED ARBITRATOR in this matter, having been designated as the sole Arbitrator in accordance with the Regular procedures of the American Arbitration Association (AAA) Construction Industry Arbitration Rules, as amended, and the arbitration agreement entered into on behalf of the above-named parties dated August 15, 2011, and having been duly sworn and having heard the proofs, testimony and allegations of the parties, and after due consideration and deliberation of all the credible evidence and argument of counsel, hereby find and AWARD as follows:

The final evidentiary hearings in this matter between **TRAVIS STREET PLAZA, L.P.** (Claimant) and **COMANCHE CONTRACTORS, L.P. AND CANTWELL-ANDERSON COMANCHE, LLC** (Respondents), sometimes hereinafter referred to as the "Parties", were convened in-person at the AAA Houston offices as scheduled and agreed by the Parties, on August 22, 2022, in Houston, Texas. Claimant, **TRAVIS STREET PLAZA, L.P.** appeared with its lead counsel, William F. Morfey with the law firm of Spencer Fane, LLP and announced ready for Final Hearing. Respondent, **COMANCHE CONTRACTORS, L.P.** appeared with its lead counsel, Rocky

Feemster with the law firm Touchstone Bernays, and announced ready for Final Hearing. **CANTWELL-ANDERSON COMANCHE, LLC** was not represented by counsel at the Final Hearings. Thereafter, opening statements were heard by the Arbitrator. Witnesses were called and sworn, and all the witnesses presented testimony and evidence under oath. All testimony and exhibits offered, and not withdrawn, were admitted. Objections made to evidence from witnesses or documents or exhibits were considered by the Arbitrator, so that the objectionable material was given its appropriate weight, if any, but all was admitted. The proceedings were transcribed by court reporters working through ALVS Production each day of the Final Hearings, which transcripts became the official record of the hearings. The evidentiary hearings were concluded on August 26, 2022, after a total of five (5) days of Final Hearings.

Prior to adjourning the evidentiary hearings on August 26, 2022, each party confirmed to the Arbitrator that they had a full and fair opportunity to present their case in chief and/or defenses.

After the Final Hearings concluded, the hearings were officially closed by the AAA after all requested post-hearing submittals were timely filed by counsel. All of the evidence was considered and given the appropriate weight as determined by the Arbitrator. Considering the pleadings, the evidence, the arguments of counsel, both oral and written, and relevant Texas law, the Arbitrator further reasons, finds and AWARDS as follows:

BRIEF HISTORICAL FACTS

Claimant Travis Street Plaza, L.P.'s ("TSP") claims arise from the construction of Travis Street Plaza Apartments ("the Apartments"), an affordable housing project located at 4500 Travis Street in Houston. TSP brought this arbitration against Respondents to recover damages for alleged construction defects at the Apartments. According to TSP, those construction defects have led to water infiltration and damage at the Apartments. TSP states claims against Comanche Contractors, LP ("Comanche") and Cantwell-Anderson Comanche, LLC ("CAC") for: (i) Breach of Warranty / Breach of Guarantee / Breach of Contract; (ii) Deceptive Trade Practices; (iii) Negligence; and (iv) Estoppel / Quasi Estoppel / Equitable Estoppel. Comanche raised various affirmative defenses including: (i) No privity of contract, nor is TSP an intended beneficiary; (ii) waiver; (iii) estoppel; (iv) acceptance and payment; (v) release; (vi) failure to mitigate; (vii) conditions precedent; (viii) failure to comply; (ix) contributory negligence; (x) damages caused by actions of other parties;

(xi) warranty exclusions; (xii) warranty expired; (xiii) waiver of consequential damages; (xiv) Comanche not responsible for damages from weather or fire; and (xv) one cannot seek DTPA damages for its own violations. Comanche also argued in the alternative and assuming a contractual relationship between Comanche and TSP a breach of contract cause of action.

The contractual deal structure between the parties was somewhat complex as the Apartment's construction was financed in part from the City of Houston's (COH) housing community development and from an investor in Low-Income Housing Tax Credits. The timing of naming the General Contractor for the project was frustrated due to the COH's qualification requirements for minority-owned businesses of an owner-builder for this type of project. Ultimately, the entity Cantwell-Anderson Comanche, LLC was formed with 100 per cent pass-through of the construction contract and all obligations to Comanche as the General Contractor. CAC did not receive compensation for serving as a contractor.

TSP complained of moisture intrusion into the Apartments soon after construction, and documented same by letter dated August 29, 2014 to Comanche, as well as several subsequent email threads regarding TSP's concerns about exterior water penetration. Comanche sent a letter to TSP dated December 19, 2014 acknowledging receipt of these complaints, and stated in part … "By way of this letter we acknowledge Travis Street Plaza's concerns and guarantee that should these issues or others are determined to be caused from faulty workmanship Comanche will remedy the issue."

This arbitration was filed thereafter on December 31, 2014, however, an abatement in the case ensued not long after the arbitration was filed. After efforts to remedy the construction defect issues were not addressed to the satisfaction of TSP, the arbitration proceedings were re-initiated through the AAA which led to the aforementioned Final Hearings on the merits.

FINDINGS

I find by a preponderance of the credible evidence in this case the following:

1) TSP is a third-party beneficiary of the CAC-Comanche contract as the evidence proved that CAC and Comanche intended to secure a benefit to TSP and entered into the contract

directly for TSP's benefit. It was clear that CAC and Comanche intended for TSP to have third-party beneficiary status.

2) The deal structure as between the Parties put Comanche's role as the General Contractor with all relationships that inures to a General Contractor in a construction industry case to include the subcontracting of bids, the procurement of the bonds and the supervision and execution of the construction work.

3) Comanche breached the contract. Construction defects existed at the Apartments. Comanche's experts conceded that construction defects were present at the Apartments. Under the General Conditions of the contract, Comanche warranted that the materials and equipment furnished would be of good quality and that the work would meet the requirements of the contract and be free of defects. TSP suffered damages as a result of Comanche's breach and should be compensated as set forth below for the reasonable costs to remediate and repair.

4) Breach of Warranty. Comanche issued warranties to TSP including guarantees of workmanship and materials and stated in writing its responsibility for any construction defects on the Apartments. The Contractor's Warranty in Section 3.5 of the General Conditions, which is a warranty from the Contractor to the Owner, is a warranty from Comanche to TSP. Those warranties had not expired as TSP gave Comanche notice of construction defects within one year of Substantial Completion. I find that Comanche breached its express warranty to TSP. TSP suffered damages as a result of Comanche's breach and should be compensated as set forth below for the reasonable costs to remediate and repair.

5) Mitigation of Damages: Comanche did not fully establish or prove its mitigation affirmative defense, however, this arbitrator has taken into consideration in his damages analysis the fact that TSP undertook no significant work to repair issues identified and recommended by its own expert in 2015. This delay in addressing certain water intrusion issues by TSP may have enhanced the overall level of damages Claimant is currently seeking in its claims against Comanche.

6) DTPA Claims: The DTPA was not intended to apply to commercial transactions exceeding $500,000 in consideration. TSA's DTPA claim against Comanche is therefore exempted from the DTPA.

7) Negligence: Respondents owed a duty to Claimant to construct the Apartments in a non-negligent manner. Respondents breached that duty causing injury which the Claimant should be compensated for as set forth below.

8) Estoppel/Quasi Estoppel/Equitable Estoppel: Respondent Comanche warranted to Claimant that all materials and workmanship would be free of defects for a period of one year from substantial completion. Respondent Comanche also made a promise to Claimant guaranteeing that it would remedy any construction defects caused by Comanche. Claimant reasonably and substantially relied on the warranty and promise to its detriment, and such reliance was foreseeable by Respondent Comanche. Justice in this matter may be achieved by enforcing Comanche's warranty and promise, and awarding damages as set forth herein.

9) Comanche's Breach of Contract claim: I do not find that Comanche's Breach of Contract claim is meritable.

10) TSP's Damages Estimates: I find that TSP is not entitled to the full amount of damages as estimated by its experts, as a "full repair" of the Apartments is flawed due to their reliance on an assumption that construction defect problems in the Apartments were systemic. TSP did not prove by a preponderance of the evidence that the problems in the building were in fact systemic. Thus an award for recladding the entire building is not supported or justified, however, TSP did suffer some damages to the interior and exterior of the building, and should be compensated accordingly. Furthermore, ample evidence was found justifying the costs of repair to the Apartments' HVAC system. For the record, this arbitrator did not consider any costs for the replacement of the windows as previously stipulated by the Parties. Lastly, in reviewing damages related to this case, no consideration was given to any design defects applicable to the Apartments. It should be noted that TSP's own expert asserted that the percentage of difficulties at the building could be allocated to no more than 65% to construction problems.

DAMAGES

Based on the findings above, the awarded damages can be broken down as follows:

I) **REPAIRS**

A) Repairs previously performed at the Apartments:

1) Framing repairs (Lawson Constr.) $33,840.00

2) Design of framing repair (Building Diagnostics) $3,500

3) Framing repairs (Cotton) $13,192.29

4) Repairs in Apartments (Juan Garcia) $4,470

5) Repairs for leakage (Taylor Waterproofing) $1,394.26

Total repairs previously performed: $56,396.55

B) Repairs to be done:

1) Repair of HVAC units: $307,200

2) Repair of Apartments (Interior & Exterior): $476,000

Total repairs to be done: $783,200

TOTAL DAMAGES: $839,596.55

II) **PRE-AWARD INTEREST**: The abatement of the AAA arbitration in this matter ended on August 25, 2017, thus Pre-Award Interest shall be calculated as follows: $839,596.55 x 5.5% x 5 years = **$230,889.00**

III) **EXPERT FEES**: **$327,281.00**

IV) **ATTORNEY'S FEES: $501,691.00**

TOTAL Damages, Pre-Award Interest, Expert Fees and Attorney's Fees to be Awarded to Claimant Travis Street Plaza, L.P. = **$1,899,457.55**

AWARD

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT RESPONDENTS, COMANCHE CONTRATORS, L.P. AND CANTWELL-ANDERSON COMANCHE, LLC SHALL, JOINTLY AND SEVERALLY, PAY TO CLAIMANT, TRAVIS STREET PLAZA, L.P., THE TOTAL SUM OF ONE MILLION EIGHT HUNDRED NINETY-NINE THOUSAND FOUR HUNDRED FIFTY-SEVEN AND 55/100 DOLLARS ($1,899,457.55).

Post-Award Interest

Claimant is entitled to recover post-Award interest on the total amount of this Award at the rate of five and one-half percent (5.5%) per annum, compounded annually, commencing thirty (30) days from the date of this Award until it is paid in full.

AAA Fees/Arbitrator Compensation

The administrative fees and expenses of the American Arbitration Association totaling $16,000.00 shall be borne as incurred, and the compensation and expenses of the Arbitrator totaling $50,674.00 shall be borne as incurred by the Parties.

CONCLUSION

This Award of Arbitrator is in full and final settlement of all claims, counterclaims and defenses that have been brought or may have been brought by any of the Parties against any of the other Parties with respect to the subject matter making the basis of the claims or counterclaims in this arbitration and all claims, counterclaims, motions or other relief not expressly granted herein are hereby DENIED. This Award of Arbitrator is intended to dispose of all claims, counterclaims and Parties to this arbitration.

SIGNED this 23rd day of November, 2022

By: _____
W. JERRY HOOVER, Arbitrator

Taylor Waterproofing Plus, Inc.

October 17, 2014

Mr. Peter Postlmayr
TRAVIS STREET PLAZA, LP
414 South Marengo Ave.
Pasadena, CA 91101
Mobile: 310/877.8909
Email: ppostlmayr@cantwell-anderson.com

Subject: **Leakage at Units 2236,2234 and 4500 Travis Street / Houston, TX**

Dear Mr. Postlmayr:

Taylor Waterproofing Plus, Inc. proposes to furnish labor, material and equipment to complete the following scope of work:

SCOPE OF WORK:

Water appears to be entering through open selant joint at base of brick wall and extends over to metal sheeting at elevator. We suggest sealing this joinjt as follows:

- Remove existing sealant from joint by hand held razor and scraping method (grinding not included).
- Thoroughly clean all residue from cavity.
- Prime side of joint using masonry primer.
- Install an open cell backer rod under 20% compression to ensure an even depth and to avoid three-sided adhesion.
- Install a bead of Sonneborn NP2, a multi-part epoxidized sealant and tool to a smooth professional finish
- Water Test at completion of work

PRICE **$1,288.00 Plus Tax**

Exclusions: Please refer to Taylor Waterproofing's Standard Statement excluding Mold Abatement (see attached).

Please Note: All sealant work carries Taylor Waterproofing Standard 1 year Written Warranty unless otherwise specified (available upon request).
Standard Taylor Waterproofing's terms and conditions apply.
Pricing is based on work being performed during regular business hours.
Proposal is good for 30 days from date on proposal.
Quote is based on a mutually agreeable contract.

If I can be of further assistance, please feel free to give me a call.

Respectfully submitted,
William O Herring
William O. Herring
Vice-President

Accepted By: _____
Date: 10/30/2014

WH/tb

P.O. Box 16069 • Houston, TX 77222-6069
Telephone: (713) 691-1430
Fax: (713) 699-5766

Taylor Waterproofing Plus, Inc.

POLICY on MOLD & MILDEW

Taylor Waterproofing Plus, Inc. are Roofing/Waterproofing Contractors and Roofing/Waterproofing Service Providers. We take responsibility for furnishing the labor component in installing new roofing/waterproofing construction, and roofing/waterproofing maintenance services. We do NOT accept responsibility for environmental impact issues such as mold and mildew assessment or remediation. We are NOT an environmental services company and do not carry the necessary licensing, insurances, permitting, or specially trained technicians and hygienists to perform this type of work. Please consult with a specialist for assistance with any of these environmental issues.

Furthermore, Taylor Waterproofing Plus, Inc. does not assume responsibility for any pr-existing mold or mildew problems in buildings that we may be commissioned to work on, nor do we assume added responsibility for mold or mildew conditions that may develop in buildings or facilities that we may have performed roofing/waterproofing services work on for our customers.

No employee of our firm(s) is authorized to vary this disclaimer and any questions concerning this policy should be directed to:

Taylor Waterproofing Plus, Inc.
P.O. Box 16069
Houston, TX 77222-6069
713 691-1430

Taylor Waterproofing Plus, Inc.

January 15, 2015

Travis Street Plaza, LP
414 S. Marengo
Pasadena, CA 91101
Ph: 310/568-9100
Email: ppostlmayr@cantwell-anderson.com

Subject: 4500 Travis- Water Infiltration Investigation
Houston, Texas
Building Diagnostics Project No. 842-3905-AO1

Assistance with water infiltration study and cladding excavations, see Request for Proposal No. 1 dated January 7, 2015:

Proposed Contract Time Fifteen (15) Days (including excavation repairs)

Description

Excavate and repair stucco and EIFS trim	$ 850.00	Lump Sum
Excavate and repair metal siding	$ 1,530.00	Lump Sum
Excavate and repair thin-brick masonry	$ 930.00	Lump Sum
Excavate and repair cement board siding	$ 815.00	Lump Sum
Excavate and repair interior finishes	$ 3,300.00	Lump Sum
Miscellaneous, access and mobilization, etc.	$ 2,850.00	Lump Sum
Total- LUMP SUM	$10,275.00	

Standard Unit Rates for any Additional Authorized Work

Labor (Journeyman Mechanic)	$ 48.50	Per hour
Labor (Other Mechanics)	$ 48.50	Per hour
Mark-up on Materials	20	Percent
Overhead and Profit (Mark-up on Subs)	15	Percent

Exclusions: Please refer to Taylor Waterproofing Standard Statement excluding Mold Abatement (see attached).
Please Note: All sealant work carries Taylor Waterproofing's Standard Written Warranty unless otherwise specified (available upon request).
Standard Taylor Waterproofing's terms and conditions apply.
Price is based on work being performed during regular business hours.
Proposal is good for 30 days from date on proposal.

If I can be of further assistance, please feel free to contact me.

Respectfully submitted,

William O. Herring

William O. Herring
Vice-President

Accepted by: _____

Date: 1-20-2015

WH/tb

Taylor Waterproofing Plus, Inc.

Exclusions: Please refer to Taylor Waterproofing Standard Statement excluding Mold Abatement (see attached).

Please Note: All sealant work carries Taylor Waterproofing's Standard Written Warranty unless otherwise specified (available upon request).
Standard Taylor Waterproofing's terms and conditions apply.
Price is based on work being performed during regular business hours.
Proposal is good for 30 days from date on proposal.

If I can be of further assistance, please feel free to contact me.

Respectfully submitted,

Accepted by:_____

William O. Herring

Date:_____

William O. Herring
Vice-President

WH/tb

P.O. Box 16069 • Houston, TX 77222-6069
Telephone: (713) 691-1430
Fax: (713) 699-5766

Taylor Waterproofing Plus, Inc.

June 12, 2018

Mr. Peter Postlmayr
TRAVIS STREET PLAZA, LP
414 South Marengo Avenue
Pasadena, CA 91101
Main: 310 568 9100
Mbl: 310 877 8909
Email: ppostlmayr@cantwell-anderson.com

Subject: **Water Test/Repair at Five (5) Different Window Types / 4500 Travis, Houston, Texas**

Dear Mr. Postlmayr:

We are pricing repairing, water testing/investigate leakage at Five (5) locations that would be considered "typical" of the ongoing window leakage problems.

WINDOWS WITH HARDI PLANK	**$7,981.00 Each, Plus Tax**
WINDOWS WITH BRICK	**$8,823.00 Each, Plus Tax**
WINDOWS WITH METAL PANEL	**$5,538.00 Each, Plus Tax**
WINDOWS WITH STUCCO	**$7,185.00 Each, Plus Tax**
WINDOWS WITH FLAT HARDI PLANK IN CENTER	**$7,981.00 Each, Plus Tax**

Our process would be to isolate one (1) type window from each category above, remove the exterior siding, wrap window perimeter with W.R. Meadows 12" wide, 40 mil air shield "peel and stick" using Mel-Prime VOC primer and W.R. Meadows liquid mastic.

Taylor Waterproofing Plus, Inc. will water test each window prior to enclosing.

TOTAL PROJECT FOR FIVE (5) WINDOWS: $37,508.00 Plus Tax

NOTES: We will be using an eighty-five foot (85') lift with a jib extension. We have allowed five (5) days per location. If, for any reason, the lift needs to be in one position for further review, inspection or testing by Others, an additional fee of **$1,381.00** (plus tax) will be charged per day, with approval from Cantwell-Anderson. Any persons not employed by Taylor Waterproofing must sign and Equipment Liability Release Form.

We are not pricing windows on the elevated Plaza side at this time as built-up tube/frame scaffolding would be necessary. We can price additional costs should that become necessary for further review.

We do not have any pricing for an independent Structural Engineer or Consultant. That must be an independent contract from Taylor Waterproofing Plus Inc.

Taylor Waterproofing Plus, Inc.

Exclusions: Please refer to Taylor Waterproofing's Standard Statement excluding Mold Abatement (see attached).

Please Note: All sealant work carries Taylor Waterproofing Standard 1 year Written Warranty unless otherwise specified (available upon request).
Standard Taylor Waterproofing's terms and conditions apply.
Pricing is based on work being performed during regular business hours.
Proposal is good for 30 days from date on proposal.
Quote is based on a mutually agreeable contract.

If I can be of further assistance, please feel free to give me a call.

Respectfully submitted,
William O Herring
William O. Herring
Vice-President

4500 Travis, LLC, Its' General Partner
Accepted By: _____
Peter Postlmayr, Manager
Date: June 13, 2018

WH/tb

For our Phone Conversation, All location will be returned to A finished Condition consistent with the condition prior to work being performed.

P.O. Box 16069 • Houston, TX 77222-6069
Telephone: (713) 691-1430
Fax: (713) 699-5766

Taylor Waterproofing Plus, Inc.

POLICY on MOLD & MILDEW

Taylor Waterproofing Plus, Inc. are Roofing/Waterproofing Contractors and Roofing/Waterproofing Service Providers. We take responsibility for furnishing the labor component in installing new roofing/waterproofing construction, and roofing/waterproofing maintenance services. We do NOT accept responsibility for environmental impact issues such as mold and mildew assessment or remediation. We are NOT an environmental services company and do not carry the necessary licensing, insurances, permitting, or specially trained technicians and hygienists to perform this type of work. Please consult with a specialist for assistance with any of these environmental issues.

Furthermore, Taylor Waterproofing Plus, Inc. does not assume responsibility for any pr-existing mold or mildew problems in buildings that we may be commissioned to work on, nor do we assume added responsibility for mold or mildew conditions that may develop in buildings or facilities that we may have performed roofing/waterproofing services work on for our customers.

No employee of our firm(s) is authorized to vary this disclaimer and any questions concerning this policy should be directed to:

Taylor Waterproofing Plus, Inc.
P.O. Box 16069
Houston, TX 77222-6069
713 691-1430

Taylor Waterproofing Plus, Inc.

July 17, 2020

Mr. Ed ward S. Breeze
Engineering Diagnostics
1200 Smith Street Suite 1600
Houston, TX 77002
Phone: 713.353-8832
Email: ebreeze@buildingdx.com

Subject: **Project No. B42-3905-A06_4500 Travis Field Work Evaluation.**

Dear Mr. Breeze,

Taylor Waterproofing Plus, Inc. proposes to supply labor, material and equipment to complete the following scope of work: *During Normal Business Hours.*

4500 TRAVIS COMPLEXES *(Field work assistance)*

- Provide 2 workers for normal shifts including tools and materials for normal repairs.
- Provide scaffolding up to 5 sections high at 1 location for up to 2 days. Area will be large enough to erect a free-standing self-contained scaffolding
- Provide 80' boom equipment for a single shift to perform visual inspection at elevated heights.
- Remove cladding at 4 locations accessible by ladder or foot 16" x 16"
- Remove and repair 4 interior locations and paint from corner to corner once repair is complete.
- Remove a single window assembly for visual inspection. Replace after inspection is complete

Budgetary Price: $15,748.00 plus Tax

Exclusions: All Gutters will be removed by others. If TWP is required to remove and replace the gutters all required labor, material and equipment owner agrees to pay all associated costs. Areas located within 10' of Primary or Secondary power sources will be isolated by Owner or are excluded from this proposal. Please refer to Taylor Waterproofing Standard Statement excluding Mold Abatement (see attached).

Please Note: All sealant work carries Taylor Waterproofing's Standard Written Warranty unless otherwise specified (available upon request).
Standard Taylor Waterproofing's terms and conditions apply.
Price is based on work being performed during regular business hours.
Proposal is good for 30 days from date on proposal.

If I can be of further assistance, please feel free to give me a call.

Respectfully submitted,
David J. Hoevker
David J. Hoevker

Accepted by: Travis Street Plaza, LP, by 4500 Travis, LLC it's GP
Peter W.. Postlmayr, Manager
Date: August 25th, 2020

Based on Ed Breeze and David Hoevker text on July 21, 2020, This proposal covers 2 days of excavation and repair, if a third day is required, add $1,500 to cover labor and equipment.

Lawson Construction & Builders, Inc.
38 Parker Road • Houston, Texas 77076
Phone (713) 694-7556 Fax (713) 692-7634 Toll Free (877) 694-7557
www.lawsonconstructionandbuildersinc.com

INVOICE

021-8456

INVOICE DATE 12/23/2021

BILL TO:

Cloud Break Communities
4500 Travis
Houston, TX 77002
832-367-2432

Due Upon Receipt

ITEM	DESCRIPTION OF LABOR AND SERVICES FURNISHED ON:	AMOUNT
	Proposal No. 021-7521, Unit #5544 Interior Repairs:	
1	Original Contract	$ 33,840.00
2	Mobilization (Previous Invoice 021-8444)	$ 16,920.00
3	Balance (This Invoice)	$ 16,920.00

Approved
12/23/2021 10:35:34 AM
Steven Wellnitz

Subtotal	$ 16,920.00
Tax Rate	
Tax	
Other	
TOTAL	**$16,920.00**

OTHER COMMENTS

1. Thank You For Your Business
2. Make all checks payable to Lawson Construction & Builders, Inc.
3. Please include the invoice number on your check.
4. 5% Fee applied after 30 days.
5. Liens to be issued after 60 days.

STATE OF TEXAS)

)

COUNTY OF HARRIS)

WAIVER OF LIEN

(Release)

SUBCONTRACTOR

Construction Period from 12/01/2021 to 12/31/2021

To Whom It May Concern:

WHEREAS, the undersigned

Lawson Construction & Builders, Inc. 38 Parker Rd. Houston, TX 77076 (Contractor)	has been employed by	Cloud Break Communities (Owner)

FOR:

Unit #5544 Interior Repairs	of the premises known as	4500 Travis Houston, TX 77002

to furnish Labor, materials, insurance and other requirements necessary for the completion of Prop. No. 021-7521 as detailed in Invoice Number 021-8456 for the above said premises.

NOW, THEREFORE, the undersigned, for and in consideration of the sum of Sixteen thousand nine hundred twenty dollars and 00/100 ($ 16,920.00) and other good and valuable considerations, the receipt where of is hereby acknowledged by the undersigned, does waive and

[ ] Release to the extent of the above indicated amount — Partial Payment

[XXXX] Release any and all — Full Payment

lien or claim or right to lien under the statutes of this State relating to mechanics' liens, with respect to and on the above described premises and the improvements thereon, and on the material, fixtures, apparatus or machinery furnished during the period mentioned above, and on the moneys or other considerations due or to become due from the owner, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished, or which may be furnished at any time hereafter, by the undersigned, to or on account of the said contractor of the said Owner, for the above described premises.

ATTEST

CLAUDIA THOMAS
My Notary ID # 130144645
Expires March 6, 2023

Dated this 23rd day of December 2021

Lawson Construction & Builders, Inc.

(Name of Sole Ownership, Corporation or Partnership)

Notary Public in and for HARRIS County, Texas

My commission expires March 6, 2023
Subscribed and sworn before me the 23rd day
of December, 2021

Signature of Sole Ownership or of Authorized Representative of Corporation

Robert W. Lawson

Claudia E. Thomas

Engineering Diagnostics

Corporate Office:
327 Congress Avenue, Suite 630
Austin, Texas 78701
(512) 474-0400
www.BuildingDX.com
"The Durability Experts"

November 25, 2020

Cloudbreak Communities
414 S. Marengo Avenue
Pasadena, California 91101

Attention: Mr. Peter W. Postlmayr
Director of Land Development

Subject: **REPORT OF FINDINGS**
Cause NO.: AAA Case Number: #02-14-0002-3106
4500 Travis Street, Houston, Texas
Engineering Diagnostics Project No. B42-3905-A06

Engineering Diagnostics is pleased to present this report of our findings regarding water infiltration at 4500 Travis Street in Houston, Texas (the Project). This work was performed in substantial accordance with our proposal dated April 1, 2020. This report supplements our PowerPoint presentation dated February 2, 2015 and our Report of Findings dated January 5, 2018 and October 4, 2018; we stand by our opinions stated in these reports.

The Project is a 5-story multi-family residential building providing affordable housing to veterans. The building was constructed in 2012 and contains 192 residential units. The building is clad with metal panels, stucco, thin brick veneer (TBV), and cement board siding, with insulated glass unit (IGU) punched window openings. The roof consists of a single-ply TPO membrane. There are many offsets and changes in plane (vertical and horizontal) in the wall cladding.

We performed the following services for this project:

- Visited the Project on October 29 and 30, 2020 to conduct destructive testing of the cladding and water testing in general conformance with ASTM E2128 *Standard Guide for Evaluating Water Leakage of Building Walls*[1], except a vacuum chamber was not erected. We documented our findings with field notes and photographs.
- Researched pertinent literature, codes, and standards.
- Reviewed the documents that were provided to us, including the following documents that are discussed below:
  - **Cotton Proposal**. Travis Street Plaza Proposal prepared by Cotton Commercial USA (Cotton) dated November 15, 2018.

[1] This industry standard published by ASTM International is available here: www.astm.org/Standards/E2128.htm

- **DeSimone Report:** Preliminary Building Envelope Evaluation Report by DeSimone Consulting Engineers dated March 2, 2020, prepared on behalf of the Respondent Comanche Contractors, LP.
- **Ross Report:** AAA Case No. 01-14-0002-3106; Travis Street Plaza, L.P. v. Cantwell-Anderson Comanche, LLC and Comanche Contractors, LP by Bill Ross, P.E.-Construction Management Consultant dated December 17, 2018, prepared on behalf of the Respondent Comanche Contractors, LP.

CONCLUSIONS

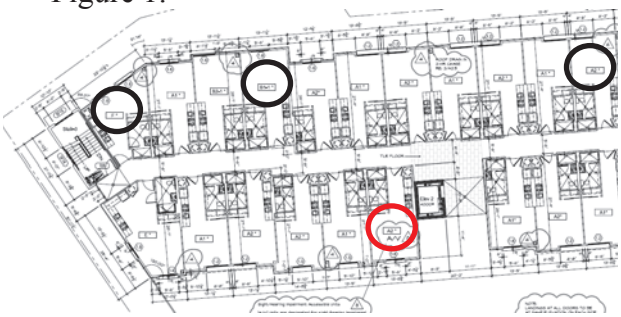
1. We visited the Project on October 29 and 30, 2020 to conduct testing. We selected locations from previous studies of known leak locations to provide data-rich conditions (not random). The objective of this approach is qualitative, purposeful, and intended to address the question of why, how, and to what extent a building leaks.[2]



The typical residential level floor plan (Levels 2 to 5) from Detail 1/A2.2 of drawings prepared by Togawa Smith, Martin, Residential, Inc. (TSMR) dated Rev 8. September 6, 2012.

The area in the red box is enlarged below on the 2nd floor plan.

Figure 1.



On the west wing of the building, we tested the following units.

- 2229
- 2243
- 2248
- 3336 (above 2236, circled in red)

Figure 2.

[2] Haughton, L.L., and Murphy, C.R., "Qualitative Sampling of the Building Envelope for Water Leakage," *Journal of ASTM International*, Vol 4, No. 9, paper ID JAI100815, 2007



Figure 3.

The window of Unit 2229 is circled.

We did not reproduced leakage at Unit 2229 during water testing. We directed water at the spandrel area and sill of the 3rd floor windows.

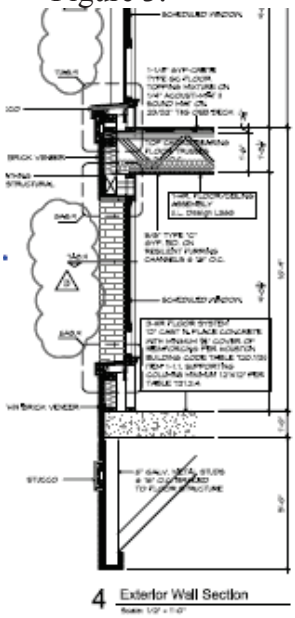


Figure 4.

TSMR's wall section 4/A8.3 shows that the wall transitions from a single wood-framed wall on Level 3 to a double wood-framed wall on Level 2.

When we removed interior gypsum finishes, we could not see to the outer wood-framed cavity.



Figure 5.

This photograph shows the thickness of the wall section of Unit 2229.

The insulated glass unit (IGU) spacer has failed and bowed inward (arrow). In our opinion, this represents a manufacturing defect of the window assembly and their supplied IGU.

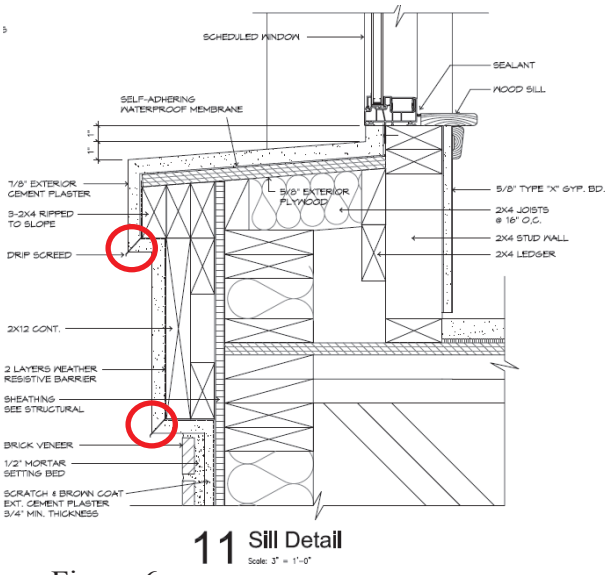


Figure 6.

TSMR's Detail 11/A8.9 represents the sill at Level 3, above Unit 2229. The detail identifies drip screeds at the stucco offset edges (circles).



Figure 7.

We observed no drip screed installed at the stucco offsets as shown in TSMR's Drawings and required by the building code and its incorporated standard ASTM C926. In our opinion, this represents a construction defect.

We observed cracks in the stucco cladding at the ledge. The cracking is likely the result of no construction control joints or expansion joints in the stucco bands. Joints are also not provided in the TBV, which is adhered by stucco.

We also observed efflorescence[3] on the TBV (arrow).

The joints are not shown in the TSMR architectural drawings. However, the TSMR Project Manual and the 2006 International Building Code (IBC) require control joints to comply with ASTM C1063, *Standard Specification for Installation of Lathing and Furring to Receive Interior and Exterior Portland Cement-Based Plaster.*[4]

TSMR's Project Manual (page 09220-7, paragraph 3.4-A.3.b) states, "Distance between Control Joints: Not to exceed 18 feet in either direction or a length-to-width ratio of 2-1/2 to 1." In our opinion, the lack of control joints contributes to water behind the cladding materials and is a construction defect.

---

[3] *Failure Mechanisms in Building Construction*, edited by David H. Nicastro, P.E., ASCE Press, 1994: "**Efflorescence.** Salt accumulation (usually white) on the surface of a building material by drying or evaporation of the water from a salt-laden solution. Efflorescence most commonly consists of calcium and carbon sulfate and chlorides on the surface of masonry. The source is often unhydrated lime, which reacts with water and atmospheric carbon dioxide to form calcium carbonate and calcium sulfate. Efflorescence is generally not harmful, but can be unsightly."

[4] This industry standard published by ASTM International is available here: www.astm.org/Standards/C1063.htm



Figure 8.

We excavated the stucco at the lower offset and found water-damaged wood framing in the concealed cavity. This water appears to be permeating the stucco and becoming trapped at the change in plane because of the lack of a drip screed.

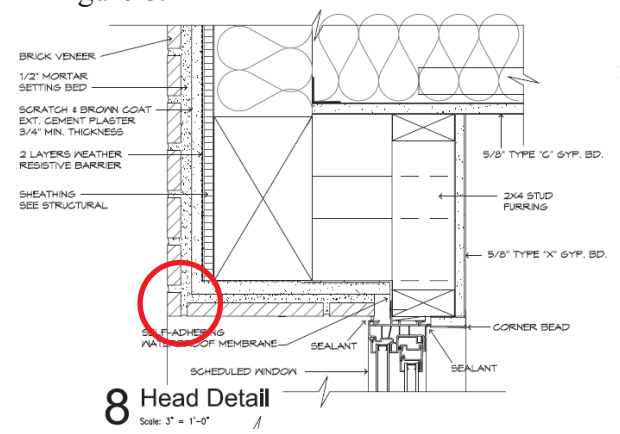


Figure 9.

TSMR's Detail 8/A8.9 represents the windows head at Unit 2229. The detail does not include a weep path for water behind the TBV and stucco (circle) at the window head as required by IBC 2006 and its incorporated standard, ASTM C926, *Standard Specification for Application of Portland Cement-Based Plaster*[5].

We were unable to see this condition from the interior because of a window header (not shown in this detail).



Figure 10.

We excavated the TBV and stucco at the head of Unit 2229. We observed water-damaged wood framing in the concealed cavity. This water appears to be permeating the TBV and stucco and becoming trapped at the change in plane because of the lack of a drip screed.

[5] This industry standard published by ASTM International is available here: www.astm.org/Standards/C926.htm



Figure 11.

The window assemblies contain a weep from the intermediate horizontal rail that is inside the window glazing. Window systems typically direct water from the glazing cavity to the exterior of the building. Here, water drips from the weep and splashes out of the sill extrusion at the bottom of the window.

We observed this manufacturing defect during our earlier studies. In 2016, the manufacturer installed pre-formed seals over some of these weeps, but the work was not comprehensive. We observed no seals at the window weep covers in Unit 2229.

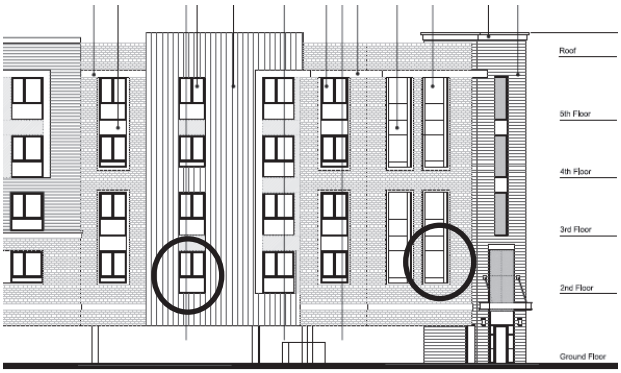


Figure 12.

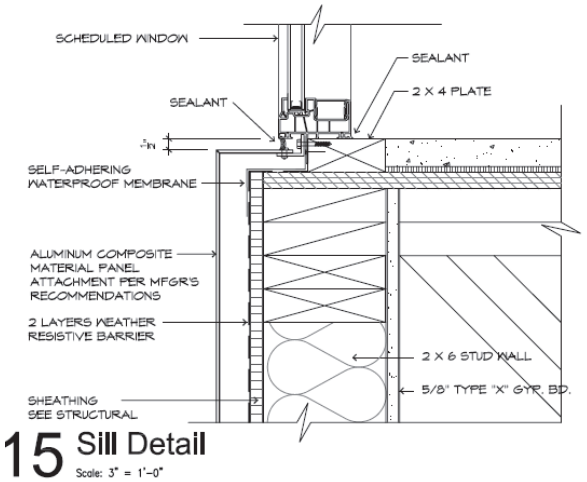
TSMR's Detail 1/A7.2 (partial) shows the locations of Tests 2243 (left) and 2248 (right).



Figure 13.

We reproduced leakage at Unit 2243 by water testing in general conformance with ASTM E2128. We directed water at the spandrel area and sill of the 3rd floor windows.

We reproduced leaks at observed distress at the window head within 2 minutes of testing.



TSMR's Detail 15/A8.8 shows the sill of the 3rd floor windows, above Unit 2243. The cladding at this location consists of fiber cement board (FCB) siding, not the aluminum composite panels shown in the detail.

Figure 14.



We observed the as-built sill projection to contain unsealed joints. We observed failed sealant at the corners.

Figure 15.



We removed the panel to observe the concealed wall conditions. We found wrinkles and tears in the water-resistive barrier (WRB), consistent with our 2018 study. We observed water-damaged wood through the holes in the WRB. In our opinion, these conditions represent construction defects and resultant damage.

Figure 16.

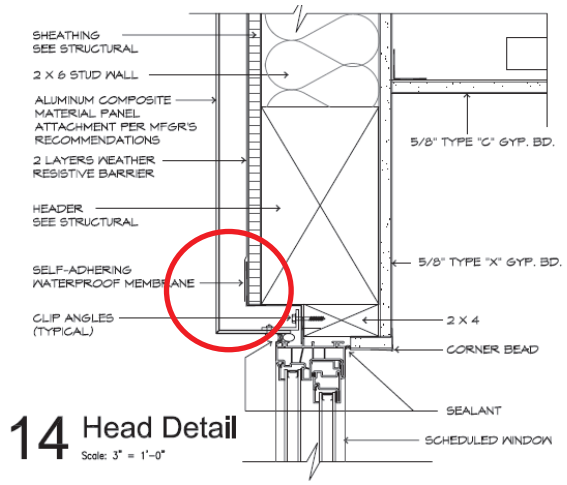


Figure 17.

TSMR's Detail 14/A8.8 shows the head of the 2nd floor windows, at Unit 2243. The cladding at this location consists of FCB siding, not the aluminum composite panels shown in the detail.

TSMR detailed the WRB to lap over the window perimeter flashing at the face of the sheathing (circle), which is the proper sequence for shingling.

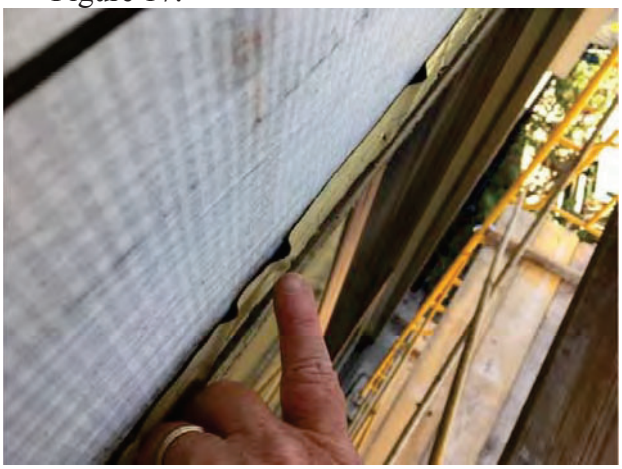


Figure 18.

We observed the window head flashing to be reverse-lapped and to contain "fishmouths" of un-adhered and winkled membrane that allow water to migrate behind the WRB. In our opinion, these conditions represent construction defects.



Figure 19.

No weeps were installed above the window head.



We observed the window head flashing was cut and separated, with a gap at the back corner. In our opinion, these conditions represent construction defects.

Figure 20.



Following removal of the exterior siding, we observed daylight through the framing above the head of the window indicating the WRB is not continuous.

Figure 21.



See comments on interior weeps above.

We observed the pre-formed seals at the interior weep below the intermediate horizontal mullion. This seal was not effective in blocking water from dripping during the water test.

Figure 22.

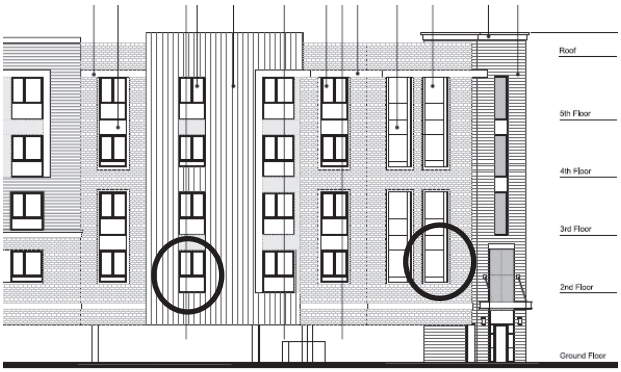


Figure 23.

TSMR's Detail 1/A7.2 (partial) shows the locations of Tests 2243 (left) and 2248 (right).



Figure 24.

The window of Unit 2248 is circled.

We did not reproduce leakage at Unit 2248 during water testing. We directed water at the spandrel area between the windows and at the vent adjacent to the windows.



Figure 25.

This photograph shows the window sill of Unit 2248.

The IGU spacer has failed and bowed inward (arrows). In our opinion, this represents a manufacturing defect of the window assembly and their supplied IGU.

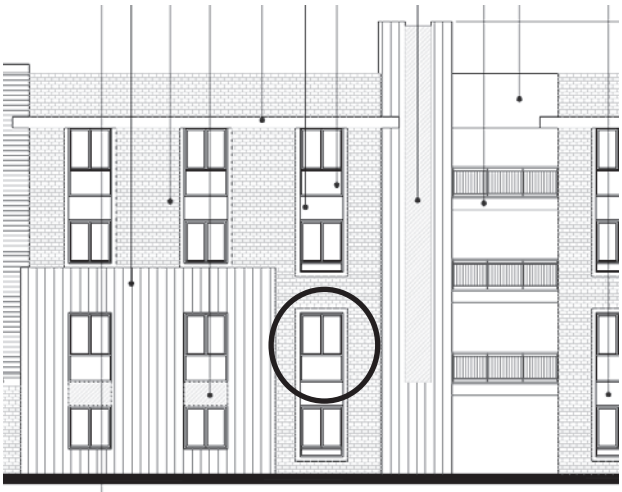


Figure 26.

TSMR's Detail 3/A7.3 (partial) shows the location of Unit 3336, facing the courtyard.

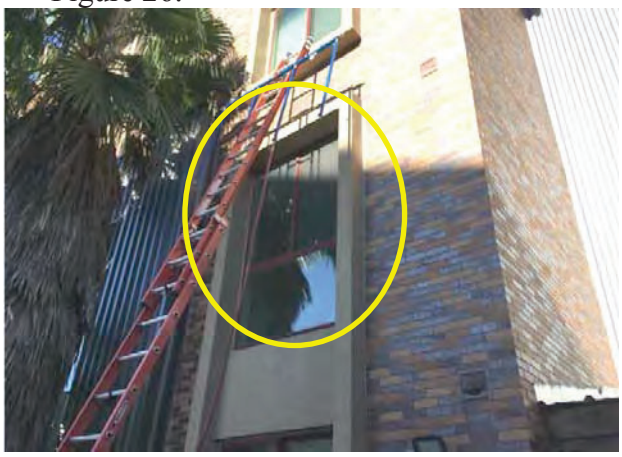


Figure 27.

The window of Unit 3336 is circled.

We reproduced leakage at Units 3336 and 4436 by water testing in general conformance with ASTM E2128. We directed water at the spandrel area and sill of the 4th floor windows.



Figure 28.

We observed leakage in Units 3336 and 4436 during testing. The overspray from the testing was above the intermediate horizontal, and water ran into the operable slider track.

See comments on interior weeps above.

We observed the pre-formed seals at the interior weep below the intermediate horizontal mullion. This seal was not effective in blocking water from dripping during the water test.

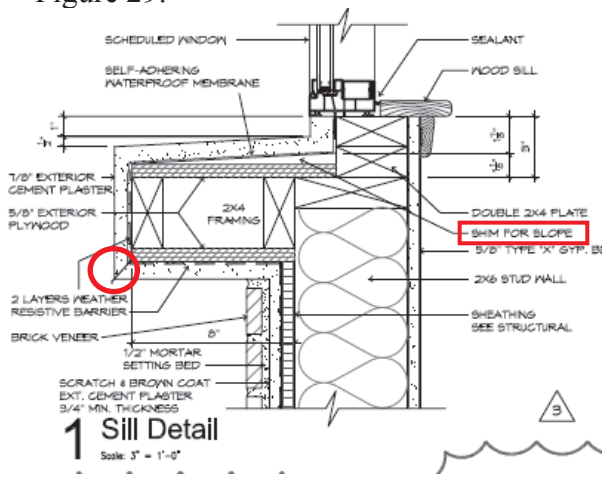
At approximately 10 minutes into the testing, water began dripping from the Unit 3336 south window jamb and the window head.



This photograph shows the window sill of Unit 4336.

The IGU spacer has failed and bowed inward (arrow). In our opinion, this represents a manufacturing defect of the window assembly and their supplied IGU.

Figure 29.



TSMR's Detail 1/A8.8 shows the sill of the 4th floor windows. The detail shows a shim (rectangle) to slope the waterproofing on the stucco extension toward the exterior. It also shows a drip screed at the exterior edge of the stucco consistent with the details above (circle).

Figure 30.



We observed no slope or shim in the structure below the self-adhered membrane and no drip screed at the outer lower edge of the stucco extension. In our opinion, these deviations from the design are construction defects.

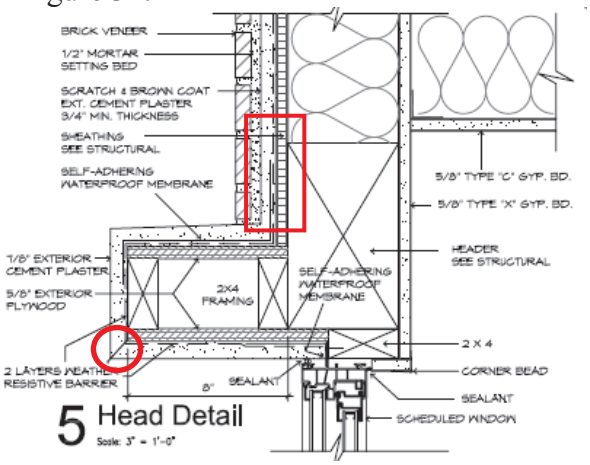
Water-damaged wood was found in the excavation.

Figure 31.



We observed corroded stucco edge accessories at the sill of the 4th floor window from water trapped within the stucco.

Figure 32.



TSMR's Detail 5/A8.8 shows the head of the 3rd floor windows. The detail does not include slope in the decking supporting the horizontal stucco. The detail shows a drip screed at the exterior edge of the stucco consistent with the details above (circle). The detail does not show a weep path for the TBV and stucco above the band. The detail also shows a reverse lap in the self-adhered membrane layering above the band (rectangle).

Figure 33.



We observed cracks in the stucco band when viewed from above.

Figure 34.



This spirit level shows the stucco band sloping toward the building. As water migrates through the stucco, it will become trapped on the self-adhered membrane, eventually resulting in water seepage[6].

Figure 35.



We observed no drip screed in the outer edge of the stucco band and no weeps in the base of the TBV above the stucco band. We observed a fillet bead of sealant between the TBV and the stucco band.

Figure 36.



We observed rust stains on the top and bottom of the ledge outer edges indicating corrosion of the metal lath from moisture trapped within the stucco.

Figure 37.

[6] *Membrane Seepage* by David H. Nicastro, P.E., The Construction Specifier, September 2019.



We observed rotten wood behind the stucco band at the 3rd floor head.

Figure 38.



We observed numerous areas of failed and unsealed joints between wall cladding materials. Many of the joints are too narrow to seal and do not comply with TMSR's Drawings for joint width. Undersized joints contribute to premature failure by not accommodating joint movement.

Figure 39.

We reviewed the reports by DeSimone Report and the Ross Report and we did not find any items in our current study that change the opinions presented in our previous report except as noted below.

REPAIR SCOPE AND COST

2. The Project experiences leakage at multiple locations from defects in the windows, the stucco, and the water resistive barrier (WRB) behind the stucco, masonry, and siding.

3. We observed as-built details that will trap water throughout the building envelope, and evidence that water has already become trapped. At many locations, water can enter the systems through normal openings and defects, but additional defects prevent it from exiting. The bottom of the stucco and TBV does not contain weeps or is sealed to the adjacent materials rather than being flashed to the exterior at ledges as required by codes and standards.

4. Because of the double-walled construction, water may not be detected after it percolates through the outermost components, remaining hidden within the wall cavity. We found concealed water damage in our excavations.

5. Water placed into operable window units during our testing leaked through interior weep holes, bypassing the manufacturer's attempted remedy in the same weep holes.

6. The WRB behind the stucco is a single layer of wrap with an additional layer of felt paper, which is a marginal system when perfectly installed on vertical walls. Additional self-adhered flashing is used at the windows and ledges but is punctured by the stucco lath fasteners. It is not surprising that several of the known leaks occur below these stucco shelves. We observed reverse laps and voids in the WRB and flashings.

7. Our water testing confirmed that there are breaches in the WRB, with leaks occurring in less than 5 minutes after spraying water on the stucco. For water to leak to the interior, it has to migrate past both the visible exterior finishes and the concealed waterproofing and drainage layers.

8. In addition, we observed rust leaching from stucco at some ledges, indicating that trapped water is corroding the metal lath and accessories. Continued water infiltration can be expected to accelerate the corrosion, causing disintegration of the lath and fasteners that secure the stucco to the framing. Deterioration of wood framing was also observed inside the building.

9. We recommend implementing comprehensive repairs to arrest the current leaks, to repair the current damage, and to prevent further deterioration of the materials. Our article Four Ways to Fix a Problem[7] compares different repair approaches. In our opinion, the appropriate scope for the Project is – Level 3: Comprehensive External Remedy. Specifically, we recommend the following scope of repairs.

    a. Windows and flashing:

        i. In this study and in our previous studies, we found the windows leak from the interior weeps, causing a splash in the sill below, and from the horizontal-to-vertical mullion intersections. The shape of the mullions does not allow effective wet-sealing. In addition, wet-sealing would make the units inoperable. Therefore, we recommend replacing the windows.

        ii. As noted in our previous studies, we observed fogged, stained, and water-filled IGUs. We also observed numerous lites with displaced spacers. These conditions would be addressed by the window replacement.

        iii. We reproduced leaks by directing water at the perimeter cladding of the windows, confirming defects in the WRB and the flashing integration with the windows. These conditions would be addressed by the window replacement.

    b. Stucco and TBV:

        i. Our water testing confirmed that there are breaches in the WRB, with leaks occurring after spraying water on the stucco and TBV. For water to leak to the interior, it has to migrate past both the visible exterior finishes and the concealed waterproofing and drainage layers.

---

7 *Four Ways to Fix a Problem*, by David H. Nicastro, P.E., The Construction Specifier, May 2015.

ii. In our October 4, 2018 report we recommended replacement of the WRB because of construction defects. We confirmed similar construction defects in in this study. It is possible that during remedial construction some areas may be found to be salvageable without replacement.

iii. Our previous recommendations included covering the stucco ledges with a metal flashing. Based on our observation of extensive framing deterioration, we recommend coring the stucco ledges and repairing any wood damage found before installing the metal flashing.

c. FCB Siding

i. We recommend inspection of the WRB and sheathing during window replacement. Where water damage is discovered, the repair area should be extended until undamaged materials are encountered.

ii. We recommend installing though-wall flashing at the transitions between dissimilar cladding materials.

d. Metal Panels

i. In our opinion, the sheathing behind the metal panels is the least likely to be damaged by water. We recommend inspection of the WRB and sheathing during window replacement. Where water damage is discovered, the repair area should be extended until undamaged materials are encountered.

e. Exhaust Vents

i. In our previous studies, we observed exhaust vent covers that were not flashed and were not connected to the ducts. We recommend removing the cladding and reconstructing the vents and flashing to close these penetrations.

10. The Cotton Proposal estimates $3.25M to replace all cladding, repair waterproofing and sheathing, and repair interior gypsum board. In our opinion, this represents the reasonable cost of necessary repairs. Alternative repair strategies that include core sampling could potentially limit some of the work items.

a. The Cotton Proposal does not provide a breakdown of the unit costs for the individual work items. We compared the square footage of the exterior with the square footage of similar projects and find the repair costs to be competitive.

b. The Cotton Proposal excludes structural framing; this cost would need to be added. We recommend budgeting an additional $50,000 as the reasonable and necessary cost to repair an estimated 25 percent of the framing at the eyebrows.

c. In our opinion, these costs can be allocated to the responsible parties based on defects within wall types as follows:

i. Window manufacturing issues: 15%

ii. Design issues: 20%.

iii. Construction Defects: 65%

STANDARD REPORT LIMITATIONS

This report is the rendering of a professional service, the essence of which entails professional judgment, opinion, and/or skill. This report is for the exclusive use of the client; except with express permission from Building Diagnostics, Inc. (BDI), no other party may rely on it. All information contained in or disclosed by this report is considered by BDI to be confidential and proprietary information. This report shall not be reproduced or transmitted, in whole or in part, on paper or electronically, except with express permission from BDI.

This report is intended to provide a general overview of the information and conditions observed at the Project at the time of our site visit(s). A comprehensive study was not conducted to identify, document, and evaluate every existing defect or deficiency, nor every building code, accessibility, or life safety violation. In some cases, additional study may be required to fully evaluate deficiencies noted. The opinions and recommendations in this report should not be construed in any way to constitute a representation, warranty, or guarantee regarding the current or future performance of any system identified.

The opinions and recommendations presented are based on observations, a review of available documents as previously noted, and discussions with personnel familiar with the Project. Unless specifically discussed in this report, no calculations have been performed to determine the adequacy of the Project's original design. It is possible that defects and/or deficiencies exist that were not readily accessible or visible, or that were inadvertently overlooked. In addition, other problems that were not evident at the time of the assessment may develop over time.

Our opinions of probable construction cost (if any) for the recommended work are preliminary, order-of-magnitude estimates in today's dollars (not adjusted for inflation or present value) based on conceptual remedial procedures for Projects of similar construction. They do not include mobilization, over-time, or after-hours work, unless otherwise stated. These cost estimates are professional opinions, which we typically base on published data, discussions with local contractors, and/or our past experience. Total repair quantities used to develop opinions of cost are typically based on an extrapolation of quantities of visible distress in representative areas of the Project. The repair quantities should be representative of the magnitude of repairs required; however, in restoration work, concealed deterioration often results in greater repair quantities than indicated by visible distress. These cost estimates should not be interpreted as being a bid, nor an offer to perform the work. Repairs to specific elevations or segmenting the work would likely result in a higher unit cost and mobilization fees. Detailed design services are recommended to obtain firm pricing from contractors. Actual bids based on detailed remedial designs may be either higher or lower than our opinions of cost; we have no control over contractors' methods of pricing labor, equipment, and materials. Professional fees associated with the design and monitoring of the recommended work are not included unless otherwise stated.

CLOSING

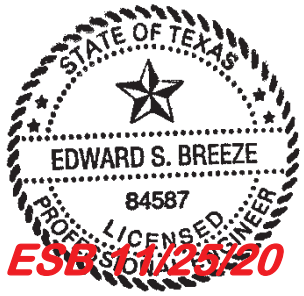
Thank you for the opportunity to serve as your consultant. We will follow up with you soon on this report.

Sincerely,

Building Diagnostics, Inc. d/b/a
ENGINEERING DIAGNOSTICS

Edward S. Breeze, P.E.
Principal Engineer

David H. Nicastro, P.E.
Chief Executive Officer



This document contains an electronically-applied seal authorized on the date imprinted over the seal by Edward S, Breeze, Texas P.E. #84587.
Texas Cert. of Reg. No. F-10471

Building Diagnostics

327 Congress Avenue, Suite 630
Austin, Texas 78701
(512) 474-0400
www.BuildingDX.com
"The Durability Experts"

April 22, 2022

Travis Street Plaza, LP
4500 Travis Street
Houston, Texas 77002

Attention: Mr. Peter Postlmayr
Director of Land Development

Subject: **PROPOSAL TO PROVIDE CONSULTING SERVICES**
Stack 39 Repair Design
4500 Travis Street, Houston, Texas
Building Diagnostics Project No. B42-3905-A08

Building Diagnostics is pleased to submit this proposal for remedial design services for Stack 39 at 4500 Travis in Houston, Texas. This proposal was requested by Mr. Steve Wellnitz during a meeting with our engineer, Mr. Edward Breeze.

SUMMARY OF PROPOSAL

Proposed Approach: Phase 1 – Study, design, and competitive bidding.
Phase 2 – Contract administration and construction monitoring.

Proposed Fee: Phase 1 – Lump Sum $14,900.00 (not including contractor cost)
Phase 2 – Negotiable; to be determined after selection of contractor and remedial scope. We recommend budgeting $8,000 per month. We estimate the construction duration will exceed 3 months.

Proposed Schedule: Phase 1 – We will endeavor to issue the design documents within 5 weeks after receiving written authorization. Bidding is expected to take 3 additional weeks.
Phase 2 – Determined by contractor.

Deliverables: Phase 1 – Bidding documents and transmittal report. Provide recommendation of award at completion of the bidding process.

Background Information

The following pertinent project information that we relied on to prepare this proposal (Background Information) was obtained from Mr. Wellnitz and our observations at the site. The 4500 Travis Street building is a 5-story multi-family residential building providing affordable housing to veterans. We are familiar with the property, having performed previous and on-going consulting services.

The building was constructed in 2012 and contains 192 residential units. The building is clad with metal panels, Portland cement plaster (stucco), adhered masonry veneer, and cement board siding, with insulated glass units (IGUs) in punched window openings. There are many offsets and changes in plane (vertical and horizontal) for the wall cladding. The roof consists of a single-ply thermoplastic polyolefin (TPO) membrane.



Photograph No. 1.

Additional water damage has been discovered at the interiors of Units 2239, 3339, and 4439 (Stack 39). The investigation of leak source(s) is ongoing. Portions of the floor truss top chord, wood studs and floor plates at these units have deteriorated and require repair before installation of the decking, wall, and finishes. The replacement of damaged stud framing will require that portions of the exterior wall cladding be demolished and reconstructed for this stack.

Scope of Services

We understand that you would like to retain Building Diagnostics to provide remedial study, design, bidding, and monitoring services for the conditions outlined above. Specifically, we propose to perform the following services:

Phase 1 – Study, Design, and Bidding

1. **Drawing Review.** We will review available and pertinent construction drawings to determine the design intent of the framing and the cladding transitions at these units.
2. **Study.** We will perform a "walk-through" visual survey of the units in Stack 39 to observe general compliance of the existing structure with the structural drawings, and to document existing conditions that could adversely affect the load capacity and waterproofing. We will document our findings with field notes and photographs.
3. **Calculations.** We will perform limited structural calculations to determine the likely capacity of the existing components in the load path, based on our observations, measurements, and assumed material properties.

   a. This study does not include destructive or non-destructive testing nor material testing to determine in situ strength of materials, nor destructive observation of the structural members to confirm information shown on the structural drawings.

4. **Evaluation.** We will evaluate our findings to hypothesize sources of water infiltration, based on leak locations, related building features, and our observations of the existing conditions.
5. **Design.** We will finalize our design concepts for the remedial work, and select products and installation methods.
   a. It may not be possible to closely match the appearance of the existing adhered masonry veneer (AMV). We will provide recommendations for accommodating the partial replacement appearance, such as using accent bands in a contrasting color.
6. **Bidding Documents.** Once the scope of work is confirmed, we will prepare bidding documents, including EJCDC standard agreement (stipulated price) and general conditions, supplementary conditions, bid form, instructions to bidders, specifications, and drawings.
7. **Bidding.** We will issue the bidding documents to at least 3 mutually-acceptable contractors. We will convene and lead a pre-bid meeting with the bidders and you. During bidding, we will issue addenda as necessary to address bidders' questions and to provide supplementary design information.
8. **Bid Tabulation.** After receiving bids, we will review and tabulate them.
9. **Report.** We will prepare a report documenting our findings, conclusions, recommendations, and the decisions that culminated in the design presented in the bidding documents.
   a. Our report will include our Standard Report Limitations (copy attached).
   b. This report will include our recommendation for the award of a contract to the successful bidder.

Our philosophy is that competitive bidding is an "elimination round", to select the contractor who offers the best price and time to complete the defined scope of work. Subsequently, the contractor, designer, and owner should negotiate the final scope of work, contract price, and contract time. The design process continues through award of a contract to the successful bidder, and throughout construction as we assist the contractor to address unforeseeable conditions.

Phase 2 – Contract Administration and Construction Monitoring

Building Diagnostics' policy is to perform design services only for clients who will allow us to follow through with a reasonable amount of on-site monitoring during implementation. While the contract documents may be thorough, it is essential to follow through during construction with designer involvement to observe the quality and progress of the implemented work; to observe compliance with the design intent and the contract documents; and to investigate and adjust the design to accommodate existing conditions that are discovered during construction.

Specifically, we propose to perform the following construction monitoring and contract administration services during construction:

1. **Contract Award.** After choosing a successful bidder, we will complete the contract documents and forward them to the contractor for signature. We will have the contractor

forward the signed contract documents to you. We will provide a standard EJCDC notice to proceed to you to sign and issue to the contractor when the contract documents have been fully executed and distributed; this will start the Contract Time.

2. **Pre-Construction Meeting.** We will convene a pre-construction meeting with you and the contractor. We will email a summary of action items from this and subsequent meetings (in lieu of formal meeting minutes).

3. **Construction Progress Meetings.** We will convene regularly scheduled construction progress meetings with you and the contractor at the site, typically once per week.

4. **Submittal Review.** We will review the contractor's submittals for compliance with the contract documents, including schedule, shop drawings, product data, samples, and progress payment applications, and, if required, change order requests. We will forward the reviewed copies to you with our recommendation for disposition of each.

5. **Payment Application Review.** We will review the contractor's payment applications and will submit them to you with our recommendations.

    a. Our review of payment applications is for general compliance with the contract documents using a standard checklist. We are not qualified to comment on the appropriateness of sales tax, lien waiver text, or similar legal issues; we merely check whether the information submitted by the contractor complies with the established procedures for this project.

    b. On the contractor's applications for payment, we will apply the following label over the similar text at the lower right corner of the standard AIA G702 form:

ENGINEER'S RECOMMENDATION FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, Engineer states to Owner that to the best of Engineer's knowledge, information, and belief, the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and Contractor is entitled to payment of the AMOUNT RECOMMENDED.

AMOUNT RECOMMENDED ---------- $ _____

(Attach explanation if Amount Recommended differs from the amount applied for. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the Amount Recommended.)

ENGINEER: Building Diagnostics, Inc.

By: _____ Date: _____

6. **Periodic Monitoring.** During construction, we will periodically monitor the work to observe general compliance with the contract documents and the design intent. Site visits will be performed at intervals appropriate to the various stages of construction to observe the general progress and quality of the work. We will prepare a hand-written report after each site visit.

    a. We will also perform the tests (or observe tests performed by the contractor) included in the contract documents. We will perform sealant adhesion testing in general accordance with ASTM C1521, Standard Practice for Evaluating Adhesion of Installed Weatherproofing Sealant.

7. **Additional Study and Design.** If existing conditions are discovered during construction that differ substantially from the expected conditions, we will investigate those conditions and design additional remedies to accommodate them.

a. We will notify you before you incur any additional charge for such services, if those services require a substantial increase in our involvement beyond the routine processing of field information. Typically, if such changes require submitting a Request for Pricing to the contractor, then you should also expect that we will request compensation for the additional study and design services.

8. **Progress Reports.** We will submit a brief, standardized summary email to you at key intervals during the project, transmitting the contractor's payment applications with our recommendations.

9. **Completion.** At substantial completion, we will prepare a punch list of items for the contractor to remedy. After completion of those items, we will perform a final review and prepare a brief final report describing field decisions made during the work and the expected performance of the completed system, and warranty and maintenance instructions.

PROFESSIONAL FEES

We will perform the design and bidding services outlined above (Phase 1) for the lump sum fee stated on Page 1, through recommendation of award of a contract to a successful bidder.

The amount of monitoring we recommend and the amount that is valuable to you will depend on the contractor selected and the final scope and schedule of the remedial work. Therefore, it is difficult to predict the overall cost of monitoring until after receipt of bids. We will confirm a mutually-acceptable budget for Phase 2 (contract administration and construction monitoring) before awarding a contract to one of the bidders.

Typically, we perform services for a lump sum fee, including reports, reimbursable expenses, subcontractor costs, and incidental related consulting fees. Building Diagnostics is committed to a policy of ***No Hassles***; our fees are firm quotations, payable at the conclusion of the authorized services, or in reasonable installments during the course of longer projects. For design projects, our policy is to submit 1 invoice for our services when the design documents are issued; although additional professional services are rendered after issuing the design, the majority of the personnel time is spent prior to issuing the documents. Our fee quotations are based on the following unit rates:

Schedule of Fees

Administrative Services, per hour ……..	$100.00
Technician or Document Manager, per hour ……..	$125.00
Sr. Technician; Staff Engineer or Consultant, per hour ….	$175.00
Project Engineer or Manager, per hour ……..	$225.00
Senior Engineer or Consultant, per hour ……	$300.00
Principal, per hour ……..	$375.00
Corporate Officer, per hour ……	$400.00
Vehicle Mileage, per mile ……...	$0.65
Document Indexing, per page …….	$0.50
Reimbursable Expense, multiplier ……..	1.1 x

If utilized on a project, other personnel charge at rates commensurate with their experience. Overtime is charged at 1.5 times the rates shown above for hourly "non-exempt" personnel working on 1 task for more than 8 hours in 1 day or more than 40 hours in 1 week. Time posted to a task includes portal-to-portal travel where applicable. Special equipment and software use are charged at appropriate hourly or daily rates.

SCHEDULE

We will commence work on this project within 1 week after receiving your written authorization to proceed (the Authorization Date). We will perform our services with due and reasonable diligence consistent with sound professional practices; accordingly, while we cannot state with certainty when we will issue the deliverables, we anticipate issuing them within the number of calendar weeks after the Authorization Date stated on Page 1 in the Summary of Proposal. Bidding is expected to take an additional 3 weeks. If you have other scheduling constraints, please notify us and we will endeavor to accommodate them.

AUTHORIZATION

We propose to perform the services outlined above under the terms and conditions of our existing Agreement signed by Client on November 17, 2021. That Agreement is incorporated herein by reference; if you are not certain what Agreement is referenced, please request a copy. To authorize us to perform the proposed services, please sign and return 1 copy of the attached Task Authorization Sheet.

CLOSING

We look forward to continuing to serve as your facilities consultant. If we can be of service, please do not hesitate to call. We will call you soon to follow up on this proposal.

Sincerely,

BUILDING DIAGNOSTICS, INC.

Edward S. Breeze, P.E.
Principal Engineer

David H. Nicastro, P.E.
Chief Executive Officer

CC: William E. Morfey, Spencer Fane, LLP

Building Diagnostics

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Austin, Texas 78701
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www.BuildingDX.com
"The Durability Experts"

The following Standard Report Limitations will be included as a material part of our report.

STANDARD REPORT LIMITATIONS

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Building Diagnostics

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"The Durability Experts"

Task Authorization Sheet

This Task Number: **B42-3905-A09**

Work Performed Under Master Agreement No.: B42-3905-A06

Referenced Agreement Signed by Client (Date): April 8, 2020

Site: 4500 Travis Street, Houston, Texas

Task Description: Design and Bidding of structural and waterproofing repairs to Stack 39. See proposal dated April 15, 2022.

Additional Information Attached? ☒ Yes ☐ No

Fee: Lump sum $14,900.00.

Deadlines/Schedule: Issue design documents and report within 5 weeks after receiving written authorization.

Authorization

Building Diagnostics, Inc.

Edward Breeze
Signature

Edward S. Breeze, P.E.
Printed Name

April 22, 2022
Date

4500 Travis Street, LLC General Partner for Travis Street Plaza, LP

Steven Wellnitz
Signature

Steven C Wellnitz
Printed Name

09/23/2022
Date

Building Diagnostics

327 Congress Avenue, Suite 630
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(512) 474-0400
www.BuildingDX.com
"The Durability Experts"
A Texas Corporation
Taxpayer ID 26-2245612

INVOICE NUMBER: B42-3905-A09-**10572**

Project Name: **4500 Travis Street Stack 39 Repair**
Design and Monitoring
4500 Travis St., Houston, Texas

Invoice Issued Date: October 7, 2022

Past Due Date: November 6, 2022 (Service charges accrue from Invoice Issued Date above if payment is received later than the Past Due Date.)

Charge To: Peter W. Postlmayr
Cloudbreak Communities
414 S. Marengo Avenue
Pasadena, California 91101

Make Payment To: Building Diagnostics, Inc.
327 Congress Avenue, Suite 630
Austin, Texas 78701

Wire Transfer Instructions:

Bank Name:	Frost Bank
Routing Number:	114 000 093
Account Number:	591 401 432
SWIFT CODE:	FRSTUS44

Amount Due: **$ 14,000.00 FINAL INVOICE**

Edward Beers

(Signature)

Approved
10/10/2022 9:58:31 AM
Steven Wellnitz

Contract Summary	
Approved Budget:	$14,900.00
Previously Invoiced:	$0.00
This Invoice:	**$ 14,000.00**
Budget Remaining:	$900.00

5443 Katy Hockley Cut-off Road Katy, Texas 77493

To: Peter Postlmayr April 9, 2020
4500 Travis Street

RE: Travis Street Plaza Waterproofing Project Proposal

Cotton Commercial USA, Inc. submits for your consideration the following proposal from the Waterproofing Project located at 4500 Travis Street. Our proposal includes mobilization, equipment, labor, material and demobilization to do the follow Scope of Work.

SCOPE OF WORK

A. **Cotton Commercial USA, Inc. responsibilities:**
- Project Management and scheduling
- Shop drawings, Manufacture's documents for Warranties and Guarantees.
- Testing, Inspections and Q/C – Quality Control throughout project.
- Scaffolding and overhead protection is provided

B. **Window Flashing (Approximately 8,000 Square Feet)**
- Install a bead of 925 BES Sealant at rough opening corner interface
- Install Henry Blueskin SA at the windowsill, jams and header prior to window
- Install Henry Bead of 925 BES at all flashing seams
- Once window is installed, install flashing as needed to terminate and tie into existing system
- Cotton will hire a 3rd party to conduct testing at 5 percent of the windows installed
- Penetrations from the 2nd floor and up are included in the proposal

Exclusions: Patching and repairing substrate prior to application, interior sealants, MEP, fire stopping, sealants associated with roofing, site sealants, custom colors, material exposed to UV for more than 30 days if Non-UV stable material, copper materials damaged by other trades and any other work not listed above.

C. **Windows Installation – 216 Jeld-Wen Window Units**
- 6 Window Types – Custom Sizes *Credit for Materials "Noted" at Bottom of Proposal
- All Mulled Sliding/Fixed combinations window units
- Argon Gas
- Nail Fin

D. **Material Removal and Re-Installation**
- R&R Approx. 2,500 SF metal panel surrounding to allow for window R&R
- R&R Approx. 3,800 SF brick surrounding to allow for window R&R

- ❖ R&R Approx. 4,800 SF siding surrounding to allow for window R&R
- ❖ R&R Approx. 6,200 SF stucco surrounding to allow for window R&R
- ❖ Interior repairs from 216 window removal and replacement

E. **Window Removal and Jeld-Wen Glazing – 216 Openings**
- ❖ R&R with new Jeld-Wen windows and disposal of existing windows

Exclusions: Exterior furniture to be moved or replaced. Upon removal of stucco, panels, siding, brick and substrates there is always the possibility that there will be some structural damages. The cost associated with any structural repairs are beyond the scope of this estimate and will be assessed accordingly at the time.

F. **Planter Box Waterproofing**
- ❖ Remove existing waterproofing down to the manufacturer's recommended surface
- ❖ Detail all voids, laps and transitions with Tremco 250 T
- ❖ Furnish and install Tremco 250 GC at 90 wet nails
- ❖ Cotton to conduct a 24-hour water test on each planter box
- ❖ Document and record all test
- ❖ Once planter box passes test, install protection board with termination bar
- ❖ Install drain board with root barrier

Exclusions: Under slab vapor-barrier, structure damage, plants, soil, reinforcements, negative side waterproofing, trenching, backfilling, under slab drainage system, repair installed materials damaged by other trades, repair substrate and any work not listed above.

G. **Brick Sealer – Approximately 30,000 Square Feet**
- ❖ Pressure wash the brick tile at 3000 PSI to remove any bond inhibitor
- ❖ Install Prosco water repellant per manufacture

Exclusions: replacement of existing brick tile or reinforcement, repair of installed materials damaged by others, repair substrate and any work not listed above.

PRICING
Lump sum price per listed scopes of work: **$3,249,742.00**

We would like to thank you for your consideration and look forward to working with you on this project. Please let me know if you have any questions.

Sincerely,

Bill Jatzlau
Cotton Commercial USA, Inc.
281-979-6411
bill.jatzlau@cottonteam.com

December 22, 2021

Mr. William Morfey
Spencer Fane, LLP
3040 Post Oak Blvd. Suite 1300
Houston, Texas 77056

Re: Travis Street Apartments Repair Matter

Gentlemen,

Attached please find our report on the reasonable and necessary costs of the repair work on the above referenced project. The budget included in the report considers both hard and certain soft costs. A complement to this cost estimate is a repair schedule, which will explain the approach taken to develop the repair estimate. Additionally, we are providing notes & qualifications to explain this repair estimate in context.

Please contact me if you have any questions.

Sincerely,

David Stauch
Managing Principal

Executive Summary

The Travis Street Apartment is a 5-story, 192-unit, multi-family building providing affordable housing to Veterans in Houston, Texas. The project is owned by Travis Street Plaza L.P. (Owner). The project was built by Comanche Contractors and was completed in 2012. In the time since opening, the building has experienced building envelope water infiltration and associated damage as noted in several reports by Building Diagnostics dba Engineering Diagnostics (BD/ED). Additionally, a separate consultant noted problems within the HVAC system. This is contained in a report by HMG Associates (HMG).

CPM Texas (CPM) was engaged in August 2021 by the Owner. The scope of our engagement was to provide a detailed cost estimate in response to the repairs noted in the BD/ED reports. In order to produce a credible estimate, we also undertook a scheduling exercise to demonstrate the logistics necessary for working around the building in a reasonably efficient manner.

A necessary part of this effort included detailed quantity surveys, both by floor and by elevation, of each building element involved. These quantities informed our phasing schedule. The pricing of the work itself was accomplished by accessing our internal, historical costs as well as interviews and estimates with local (Houston) contractors experienced in this type of work.

Based upon the information provided to us, and our additional research on this matter, we believe a reasonable repair cost budget will be $5,249,000 – not including:

- Related haz-mat cost,
- Relocation costs,
- Un-recouped taxes & utilities on vacancies,
- Un-recouped building operational costs and
- Associated economic loss.

Background

The Travis Street Apartments complex is a 5-story, 192-unit, multi-family project located in Houston, Texas. The building structure is comprised of a single level concrete parking podium and 4 levels of wood-framed residential floors above. The project was built by Comanche Contractors and was completed in 2012 according to BD/ED reports.

The structural system is a wood frame. According to the reviewed drawings and confirmed with onsite observations, exterior walls are clad with metal panels, conventional 7/8" thick stucco, thin brick veneer, and cement board siding, with insulated glass unit 'punched' window openings. There are numerous offsets and plane changes (both vertical and horizontal) on every exterior elevation of the building.

At some time during the life of the project, the building began experiencing water infiltration and resultant interior damage. The project Owner engaged BD/ED to evaluate these concerns. Upon completion of its evaluation, BD/ED provided a report dated February 2, 2015. Photographic images of apparent defects have been produced and are included in the report. BD/ED then provided subsequent reports in the years 2018, 2019, and 2020 that further highlighted the apparent defects. CPM has relied upon the technical representations in those reports, as well as subsequent clarifications by BD/ED for our estimate.

The HVAC system installation has contributed to moisture problems within the building(s). HMG reported on these in a February 2021 report that also included remedies and anticipated costs.

CPM was engaged to visit the site, to note the existing conditions and the reports by BD/ED and HMG, and to prepare a detailed cost estimate for all associated repair work.

Observations & Findings

Dave Stauch and Brian Wheelis (both of CPM), Ed Breeze (BD/ED), and William Morfey (SF) met onsite on September 28, 2021 to review the current building and site conditions. We were guided around all exterior elevations and into multiple interior units by the Owner's Representative, Steve Wellnitz. This further advanced our understanding of the current conditions, and the prescribed remedies for repairs.

The project is an occupied multi-family building, making any comprehensive repair work a much more detailed and complicated process than if the building was vacant. The articulation of the building, as well as its proximity to the surrounding public roads, makes exterior repair work particularly challenging.

As a part of our analysis, we considered the logistics of temporarily relocation 192-units of low-income veteran housing. It seems more reasonable to break this temporary relocation into smaller subsets. This strategy also supports a shorter cycle time for trades moving through the project. Additionally, this strategy displaces veterans from their homes for the shortest duration possible.

We then undertook a planning exercise to determine the access plan for the building. The geometric shape of the building lends to dividing the perimeter into 5 different "phases" to access the façade for repair activities, while allowing certain areas of the building to remain occupied. These phases are listed below:

Phase 1 – 44 Units Affected
Phase 2 – 56 Units Affected
Phase 3 – 40 Units Affected
Phase 4 – 28 Units Affected
Phase 5 – 24 Units Affected

Traditional scaffolding (ground supported), mast climbing scaffolding (structurally supported), swing stage platforms (roof supported), and boom lifts were all contemplated as means to access the exterior façade for repairs. The building's unique plan and profile as well as the proximity to public roadways makes accessing the exterior face a particular challenge. Ground-supported access scaffolding was ultimately chosen to allow multiple trades to access an elevation simultaneously.

We developed an access / work plan that strikes a balance of building occupancy, building constraints, and resident access to building services and parking. This plan includes erecting traditional scaffolding stages at a maximum of 2 phase areas concurrently. These stages will be moved upon completion of each phase until all 5 phases have been completed. The phases vary in duration between 2 and 3 months depending on the area and quantities of repairs in each phased section. A phasing plan, and a detailed schedule are included as exhibits to further explain sequence and durations of activities. Water damage to interior units was also noted in the BD/ED report. We developed a phasing strategy for the interior (unit) repair work that follows the progression of phases for exterior repairs.

The next step was quantifying the various scopes of work identified in the BD/ED report. This process informs the pricing step, which follows. Our approach to determining the overall costs, for interior and exterior repairs, included a detailed estimate similar to one that a bidding general contractor would include. We then utilized our contacts in the general contractor / supplier community to provide unit pricing based upon the quantities we had independently developed.

We contacted the Houston Associated Builders and Contractors (ABC) and the Houston Apartment Association (HAA) for recommended contractors suitable for this repair work. Fifteen contractors were contacted and four initially responded with interest in providing an estimate for the cost of work. Many contractors were either not interested in the project or were too busy to participate in a pricing exercise. Full pricing was received by two contractors, and one responded with interior repair costs only.

There are certain categories of costs at present that are unknown / undetermined; accordingly, these have been excluded from this exercise. These include mold remediation and abatement, as well as indoor air quality monitoring. A Certified Industrial Hygienist (CIH) may also be a requirement, but this is similarly excluded from our cost model.

In addition to the detailed construction costs included herein, certain soft costs will apply to this comprehensive repair work as well. These are not included in the hard cost estimate in this report but should be considered in the overall settlement. These soft costs include:

- Tenant-specific concerns
  - Interior FF&E relocation, storage, & replacement
  - Tenant relocation (move-out & move-in) on a temporary basis
  - Ongoing taxes & utilities on an unusable residential unit
- Other considerations include:
  - Operational issues, such as preservation of parking, egress pathways, building utility service, etc.
  - Enhanced / increased building security
  - Economic loss, including devaluation of the property / diminution of value

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The scope of work is detailed as follows, and keyed to the BD/ED Reports:

Exterior Repairs

Selective Demolition and Removal

- Removal of existing stucco cladding system
- Removal of metal panels
- Removal of fiber cement siding
- Removal of thin brick
- Removal of exhaust vent covers
- Removal of vinyl windows
- Removal of weather resistive barrier
- Removal of exterior sheathing

Exterior Stucco Cladding system

- Install 5/8" Densglass sheathing
- Install 2-layer self-adhered weather barrier to entirety of areas receiving new stucco cladding system
- Install 7/8" stucco cladding system including metal lath
- Install exhaust vent covers
- Install caulking as required

Exterior corrugated metal panels and aluminum composite panels

- Install 5/8" Densglass sheathing
- Install 2-layer self-adhered weather barrier to entirety of areas receiving corrugated metal panels and aluminum composite panels
- Install metal panels (Attachment per manufacturers recommendations)
- Install exhaust vent covers
- Install caulking as required

Exterior fiber cement panels

- Install 5/8" Densglass sheathing
- Install 2-layer self-adhered weather barrier to entirety of areas receiving 1x4 fiber cement siding
- Install shims for 1x8 fiber cement board trim and sill
- Install fiber cement board lap siding
- Install exhaust vent covers
- Install caulking as required

Exterior thin brick veneer

- Install 5/8" Densglass sheathing
- Install 2-layer self-adhered weather barrier to entirety of areas receiving thin brick veneer
- Install scratch and brow coat cement plaster (3/4" min. thickness)
- Install ½" mortar setting bed
- Install thin brick veneer
- Install exhaust vent covers
- Install caulking as required

Perform following repairs at all windows

- Remove all window units and sub-sills
- Remove any existing waterproofing membrane from the head, sill and jambs
- Apply bond breaker tape and cap bead of silicone over thermal break at these locations:
  Perimeter of each window unit
  Underside of sub-sill at each window
  Lower 16 inches of interior side of receptor frame jamb
  Six inches on receptor frame jamb and head at jamb to head intersection
- Install sub-sill, inject sealant into fastener hole and drive fastener against sub-sill so that sealant is pushed out from below fastener head. Then seal around fastener head
- Install screens over the weeps in the track supporting the operable sash
- Temporary plywood windows will be installed daily during course of work

Interior Repairs

Repairs of interior wall and floor finishes will advance sequentially with the exterior repairs, generally following these sequences:

Sequence 1

- Relocate furniture (by others)
- At every unit remove rubber base and electrical outlet cover plates
- At every unit remove bottom 2' of sheetrock from exterior wall
- At every unit inspect in-wall structural framing

Sequence 2

- At every unit remove all vinyl flooring
- At every unit remove 2' of subfloor
- At every unit inspect subfloor for deterioration
- At every unit, if deterioration is found, remove an additional 2' of subfloor for inspection

Sequence 3

- If necessary, repair in-wall structural framing per detail
- If necessary, repair flooring structural framing per detail

Sequence 4

- Replace subfloor
- Replace sheetrock - Tape, Float, Paint walls
- Re-install electrical outlet cover plates
- Install new vinyl flooring
- Replace vinyl cove base
- Rough clean
- Final clean (by others)

Due to the specialized (and concealed) nature of the HVAC problems, we have relied upon the scope and pricing analysis by HMG. This is found on page 6 of the February 2021 report.

Conclusions & Recommendations

The costs to repair & restore the Travis Street Apartments project must necessarily include more than hard construction costs. Accordingly, any reasonable estimate of repair must include certain soft costs directly related to the occupants and remedial design.

The estimate we prepared is based upon an assumption that the building that remains partially occupied during the repair process. However, given the scope of required repair as determined by BD/ED as well as the HMG prescribed repairs to defective HVAC installation, it is unlikely that life for an individual apartment unit occupant can reasonably continue without major disruption.

Due to the widespread number of problems with different exterior façade material types presented in the BD/ED reports, we believe the entire façade, including all widows, should be removed, and repaired to ensure a proper repair is completed. Exclusive of any costs associated with biohazards (mold) or soft costs associated with relocating tenants and other operational issues, the calculated average cost of repair and reconstruction for the Travis Street Apartments is $5,249,000.

Exhibits

1. List of documents received
2. CPM Project Schedule
3. Graphics
    a. CPM Phasing Elevations – Scaffolding & Exterior Work (Sheets A2.2 thru A2.5)
    b. CPM Exterior Quantities - (Sheets A7.1 thru A7.3 and Sheet A8.3)
4. CPM Project Estimate
    a. Estimate Notes: Inclusions, Exclusions, Assumptions & Allowances
    b. Estimate Summary
    c. Exterior detail
    d. Interior detail
5. Resume – David Stauch

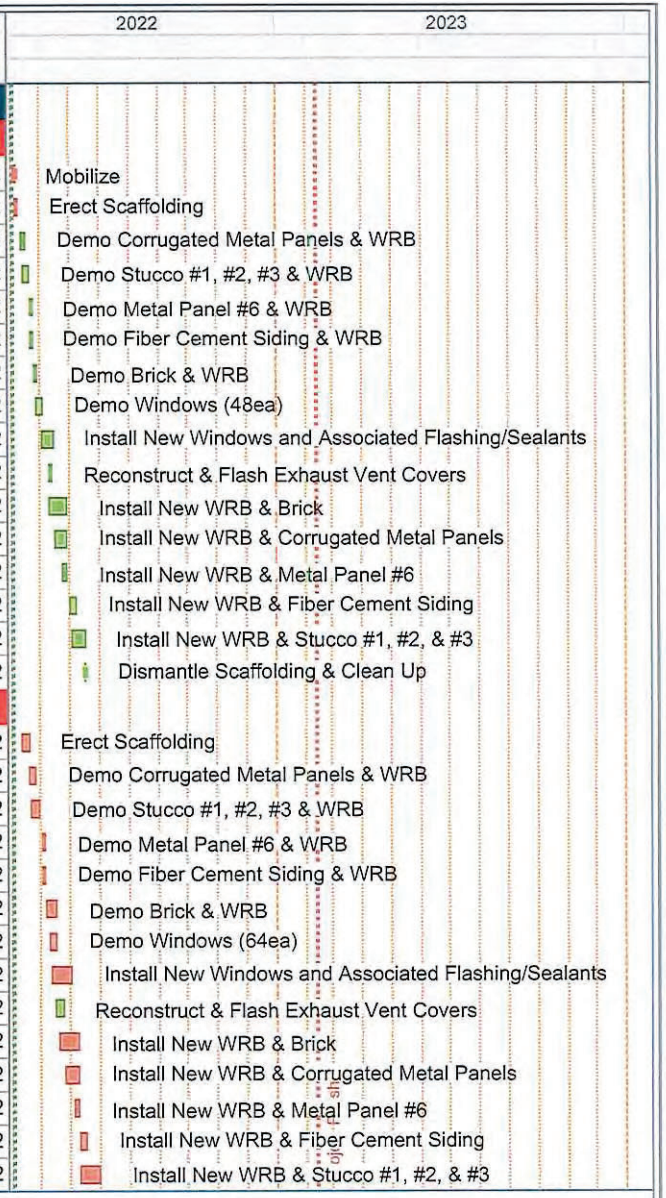
Exhibit 1

Exhibit 1 - List of Documents received:

1. BD/ED reports:
   a. February 2015
   b. January 2018
   c. October 2018
   d. September 2019
   e. November 2020
   f. November 2021 – quantity estimates
2. HMG report of February 2021
3. Cotton files:
   a. September 2018 – Protocol
   b. November 2018 – Estimate
   c. April 2020 - Proposal
4. Original Architectural & Structural plans

Exhibit 2

ID	Description	Original Duration	Start	Finish
Travis Street Apartments - Exterior				
Phase 1 North Elevation #1 - Exterior				
10	Mobilize	1	04/04/22	04/04/22
20	Erect Scaffolding	4	04/05/22	04/08/22
30	Demo Corrugated Metal Panels & WRB	5	04/11/22	04/15/22
40	Demo Stucco #1, #2, #3 & WRB	5	04/13/22	04/19/22
50	Demo Metal Panel #6 & WRB	3	04/20/22	04/22/22
60	Demo Fiber Cement Siding & WRB	3	04/20/22	04/22/22
70	Demo Brick & WRB	4	04/25/22	04/28/22
80	Demo Windows (48ea)	5	04/27/22	05/03/22
90	Install New Windows and Associated Flashing/Sealants	10	05/02/22	05/13/22
100	Reconstruct & Flash Exhaust Vent Covers	4	05/09/22	05/12/22
110	Install New WRB & Brick	15	05/09/22	05/27/22
120	Install New WRB & Corrugated Metal Panels	10	05/16/22	05/27/22
130	Install New WRB & Metal Panel #6	5	05/23/22	05/27/22
140	Install New WRB & Fiber Cement Siding	5	05/31/22	06/06/22
150	Install New WRB & Stucco #1, #2, & #3	10	06/02/22	06/15/22
160	Dismantle Scaffolding & Clean Up	2	06/16/22	06/17/22
Phase 2 West Elevation #2 - Exterior				
170	Erect Scaffolding	6	04/11/22	04/18/22
180	Demo Corrugated Metal Panels & WRB	5	04/19/22	04/25/22
190	Demo Stucco #1, #2, #3 & WRB	7	04/21/22	04/29/22
200	Demo Metal Panel #6 & WRB	3	05/02/22	05/04/22
210	Demo Fiber Cement Siding & WRB	3	05/02/22	05/04/22
220	Demo Brick & WRB	8	05/05/22	05/16/22
230	Demo Windows (64ea)	7	05/09/22	05/17/22
240	Install New Windows and Associated Flashing/Sealants	13	05/12/22	05/31/22
250	Reconstruct & Flash Exhaust Vent Covers	6	05/16/22	05/23/22
260	Install New WRB & Brick	15	05/19/22	06/09/22
270	Install New WRB & Corrugated Metal Panels	10	05/26/22	06/09/22
280	Install New WRB & Metal Panel #6	5	06/03/22	06/09/22
290	Install New WRB & Fiber Cement Siding	5	06/10/22	06/16/22
300	Install New WRB & Stucco #1, #2, & #3	15	06/10/22	06/30/22

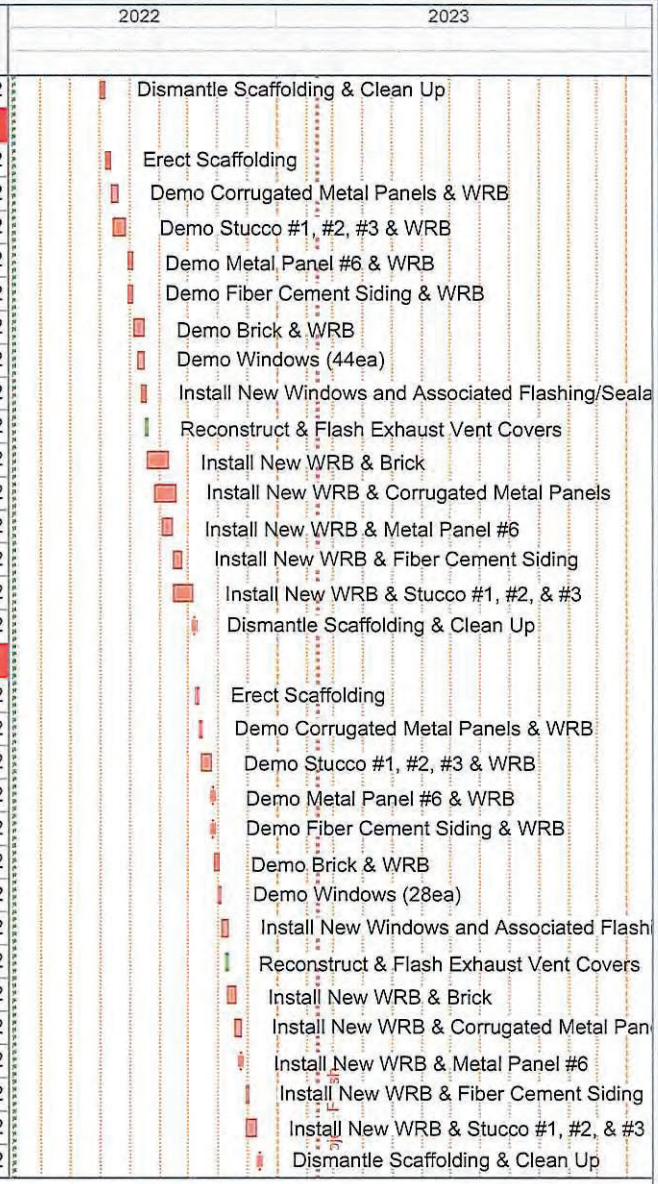


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Travis Street Apartments Repair Schedule

CPM

ID	Description	Original Duration	Start	Finish
310	Dismantle Scaffolding & Clean Up	2	07/01/22	07/05/22
Phase 3 Southwest & Courtyard West Elevation #3 - Exterior				
460	Erect Scaffolding	5	07/06/22	07/12/22
470	Demo Corrugated Metal Panels & WRB	5	07/13/22	07/19/22
480	Demo Stucco #1, #2, #3 & WRB	10	07/15/22	07/28/22
490	Demo Metal Panel #6 & WRB	5	07/29/22	08/04/22
500	Demo Fiber Cement Siding & WRB	5	07/29/22	08/04/22
510	Demo Brick & WRB	7	08/05/22	08/15/22
520	Demo Windows (44ea)	5	08/09/22	08/15/22
530	Install New Windows and Associated Flashing/Sealants	5	08/12/22	08/18/22
540	Reconstruct & Flash Exhaust Vent Covers	4	08/16/22	08/19/22
550	Install New WRB & Brick	15	08/19/22	09/09/22
560	Install New WRB & Corrugated Metal Panels	15	08/26/22	09/16/22
570	Install New WRB & Metal Panel #6	7	09/02/22	09/13/22
580	Install New WRB & Fiber Cement Siding	8	09/14/22	09/23/22
590	Install New WRB & Stucco #1, #2, & #3	15	09/14/22	10/04/22
600	Dismantle Scaffolding & Clean Up	2	10/05/22	10/06/22
Phase 4 Courtyard North & East Elevation #4 - Exterior				
610	Erect Scaffolding	3	10/07/22	10/11/22
620	Demo Corrugated Metal Panels & WRB	3	10/12/22	10/14/22
630	Demo Stucco #1, #2, #3 & WRB	7	10/14/22	10/24/22
640	Demo Metal Panel #6 & WRB	2	10/25/22	10/26/22
650	Demo Fiber Cement Siding & WRB	2	10/25/22	10/26/22
660	Demo Brick & WRB	4	10/27/22	11/01/22
670	Demo Windows (28ea)	3	10/31/22	11/02/22
680	Install New Windows and Associated Flashing/Sealants	6	11/03/22	11/10/22
690	Reconstruct & Flash Exhaust Vent Covers	3	11/07/22	11/09/22
700	Install New WRB & Brick	7	11/10/22	11/18/22
710	Install New WRB & Corrugated Metal Panels	5	11/17/22	11/23/22
720	Install New WRB & Metal Panel #6	2	11/24/22	11/25/22
730	Install New WRB & Fiber Cement Siding	3	11/28/22	11/30/22
740	Install New WRB & Stucco #1, #2, & #3	10	11/28/22	12/09/22
750	Dismantle Scaffolding & Clean Up	2	12/12/22	12/13/22

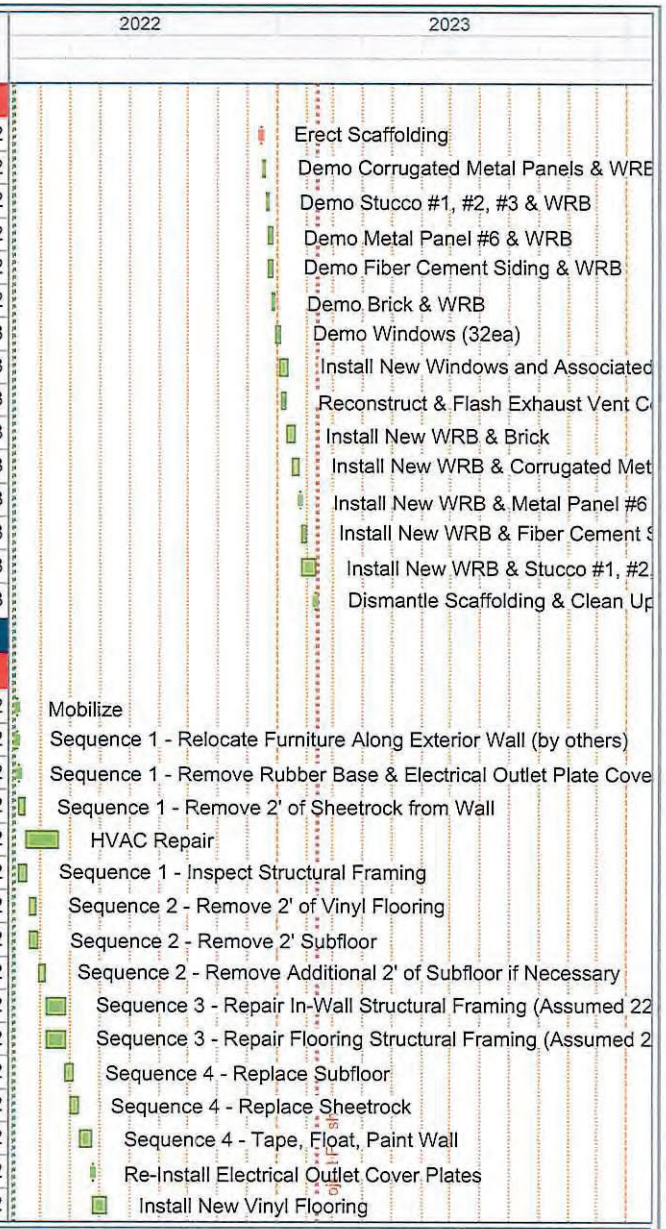


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Travis Street Apartments Repair Schedule

CPM

ID	Description	Original Duration	Start	Finish
Phase 5 Southeast & East Elevation #5 - Exterior				
760	Erect Scaffolding	2	12/14/22	12/15/22
770	Demo Corrugated Metal Panels & WRB	3	12/16/22	12/20/22
780	Demo Stucco #1, #2, #3 & WRB	3	12/20/22	12/22/22
790	Demo Metal Panel #6 & WRB	2	12/23/22	12/26/22
800	Demo Fiber Cement Siding & WRB	2	12/23/22	12/26/22
810	Demo Brick & WRB	3	12/27/22	12/29/22
820	Demo Windows (32ea)	4	12/29/22	01/03/23
830	Install New Windows and Associated Flashing/Sealants	8	01/03/23	01/12/23
840	Reconstruct & Flash Exhaust Vent Covers	3	01/05/23	01/09/23
850	Install New WRB & Brick	7	01/10/23	01/18/23
860	Install New WRB & Corrugated Metal Panels	5	01/17/23	01/23/23
870	Install New WRB & Metal Panel #6	2	01/24/23	01/25/23
880	Install New WRB & Fiber Cement Siding	3	01/26/23	01/30/23
890	Install New WRB & Stucco #1, #2, & #3	10	01/26/23	02/08/23
900	Dismantle Scaffolding & Clean Up	2	02/09/23	02/10/23
Travis Street Apartments - Interior				
Phase 1 North Elevation #1 - Interior (44 Units)				
165	Mobilize	1	04/04/22	04/04/22
167	Sequence 1 - Relocate Furniture Along Exterior Wall (by others)	1	04/05/22	04/05/22
169	Sequence 1 - Remove Rubber Base & Electrical Outlet Plate Covers	1	04/06/22	04/06/22
175	Sequence 1 - Remove 2' of Sheetrock from Wall	7	04/06/22	04/14/22
176	HVAC Repair	25	04/15/22	05/19/22
177	Sequence 1 - Inspect Structural Framing	7	04/07/22	04/15/22
178	Sequence 2 - Remove 2' of Vinyl Flooring	7	04/18/22	04/26/22
179	Sequence 2 - Remove 2' Subfloor	7	04/19/22	04/27/22
185	Sequence 2 - Remove Additional 2' of Subfloor if Necessary	5	04/28/22	05/04/22
187	Sequence 3 - Repair In-Wall Structural Framing (Assumed 22 Units)	15	05/05/22	05/25/22
188	Sequence 3 - Repair Flooring Structural Framing (Assumed 22 Units)	15	05/05/22	05/25/22
189	Sequence 4 - Replace Subfloor	5	05/26/22	06/02/22
195	Sequence 4 - Replace Sheetrock	7	05/31/22	06/08/22
197	Sequence 4 - Tape, Float, Paint Wall	10	06/09/22	06/22/22
198	Re-Install Electrical Outlet Cover Plates	1	06/23/22	06/23/22
199	Install New Vinyl Flooring	10	06/24/22	07/08/22

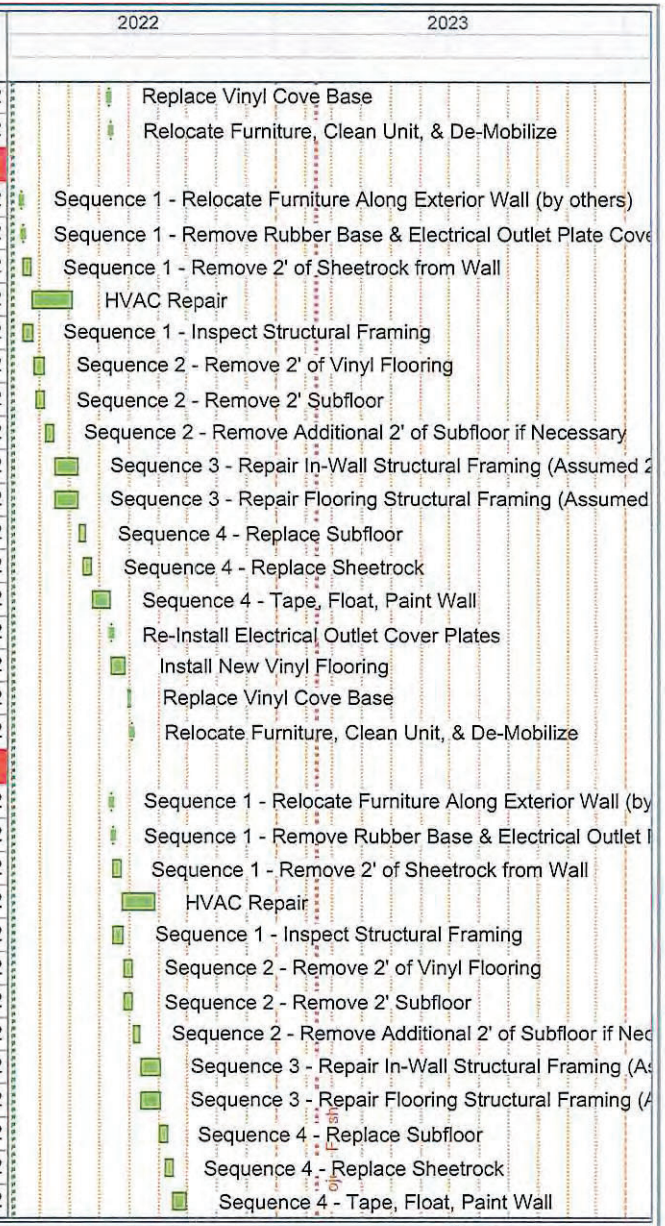


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Travis Street Apartments Repair Schedule

CPM

ID	Description	Original Duration	Start	Finish
205	Replace Vinyl Cove Base	2	07/11/22	07/12/22
207	Relocate Furniture, Clean Unit, & De-Mobilize	1	07/13/22	07/13/22
Phase 2 West Elevation #2 - Interior (56 Units)				
217	Sequence 1 - Relocate Furniture Along Exterior Wall (by others)	1	04/11/22	04/11/22
219	Sequence 1 - Remove Rubber Base & Electrical Outlet Plate Covers	1	04/12/22	04/12/22
225	Sequence 1 - Remove 2' of Sheetrock from Wall	8	04/12/22	04/21/22
226	HVAC Repair	30	04/22/22	06/03/22
227	Sequence 1 - Inspect Structural Framing	8	04/13/22	04/22/22
228	Sequence 2 - Remove 2' of Vinyl Flooring	8	04/25/22	05/04/22
229	Sequence 2 - Remove 2' Subfloor	8	04/26/22	05/05/22
235	Sequence 2 - Remove Additional 2' of Subfloor if Necessary	6	05/06/22	05/13/22
237	Sequence 3 - Repair In-Wall Structural Framing (Assumed 28 Units)	17	05/16/22	06/08/22
238	Sequence 3 - Repair Flooring Structural Framing (Assumed 28 Units)	17	05/16/22	06/08/22
239	Sequence 4 - Replace Subfloor	6	06/09/22	06/16/22
245	Sequence 4 - Replace Sheetrock	8	06/13/22	06/22/22
247	Sequence 4 - Tape, Float, Paint Wall	12	06/23/22	07/11/22
248	Re-Install Electrical Outlet Cover Plates	1	07/12/22	07/12/22
249	Install New Vinyl Flooring	12	07/13/22	07/28/22
255	Replace Vinyl Cove Base	3	07/29/22	08/02/22
257	Relocate Furniture, Clean Unit, & De-Mobilize	1	08/03/22	08/03/22
Phase 3 Southwest and Courtyard West Elevation Interior (40 Units)				
267	Sequence 1 - Relocate Furniture Along Exterior Wall (by others)	1	07/13/22	07/13/22
269	Sequence 1 - Remove Rubber Base & Electrical Outlet Plate Covers	1	07/14/22	07/14/22
275	Sequence 1 - Remove 2' of Sheetrock from Wall	7	07/14/22	07/22/22
276	HVAC Repair	25	07/25/22	08/26/22
277	Sequence 1 - Inspect Structural Framing	7	07/15/22	07/25/22
278	Sequence 2 - Remove 2' of Vinyl Flooring	7	07/26/22	08/03/22
279	Sequence 2 - Remove 2' Subfloor	7	07/27/22	08/04/22
285	Sequence 2 - Remove Additional 2' of Subfloor if Necessary	5	08/05/22	08/11/22
287	Sequence 3 - Repair In-Wall Structural Framing (Assumed 20 Units)	14	08/12/22	08/31/22
288	Sequence 3 - Repair Flooring Structural Framing (Assumed 20 Units)	14	08/12/22	08/31/22
289	Sequence 4 - Replace Subfloor	5	09/01/22	09/08/22
295	Sequence 4 - Replace Sheetrock	7	09/06/22	09/14/22
297	Sequence 4 - Tape, Float, Paint Wall	10	09/15/22	09/28/22

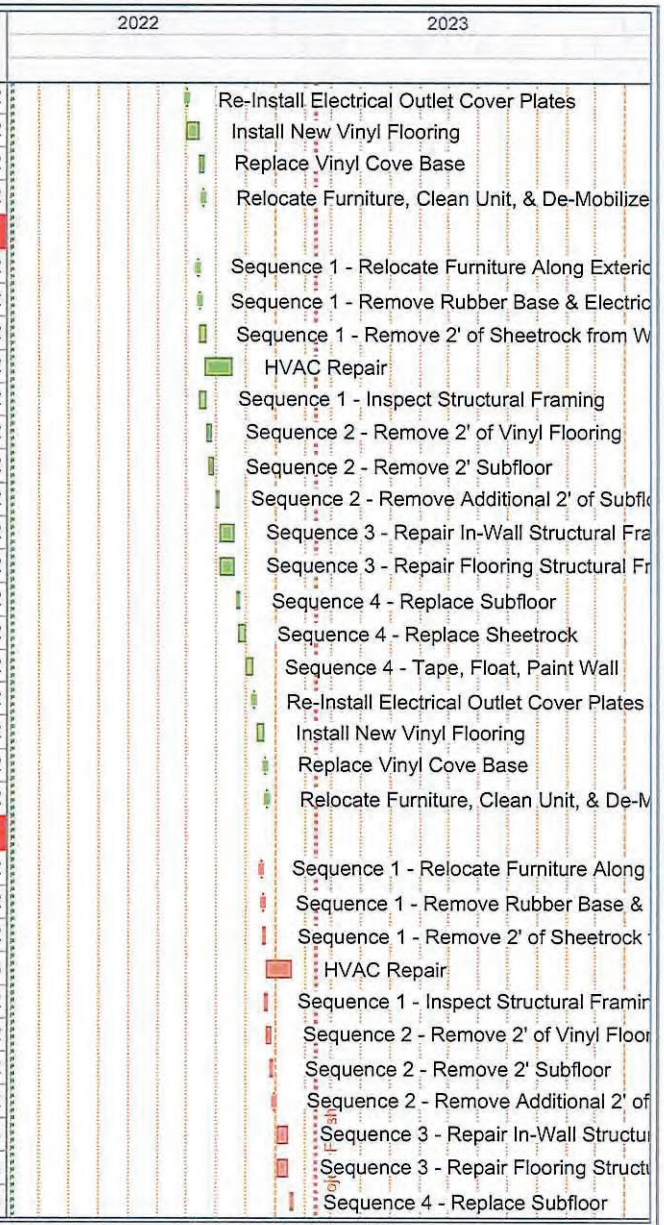


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Travis Street Apartments Repair Schedule

CPM

ID	Description	Original Duration	Start	Finish
298	Re-Install Electrical Outlet Cover Plates	1	09/29/22	09/29/22
299	Install New Vinyl Flooring	10	09/30/22	10/13/22
305	Replace Vinyl Cove Base	2	10/14/22	10/17/22
307	Relocate Furniture, Clean Unit, & De-Mobilize	1	10/18/22	10/18/22
	Phase 4 Courtyard North & East Elevation #4 - Interior (28 Units)			
317	Sequence 1 - Relocate Furniture Along Exterior Wall (by others)	1	10/12/22	10/12/22
319	Sequence 1 - Remove Rubber Base & Electrical Outlet Plate Covers	1	10/13/22	10/13/22
325	Sequence 1 - Remove 2' of Sheetrock from Wall	5	10/13/22	10/19/22
326	HVAC Repair	20	10/20/22	11/16/22
327	Sequence 1 - Inspect Structural Framing	5	10/14/22	10/20/22
328	Sequence 2 - Remove 2' of Vinyl Flooring	5	10/21/22	10/27/22
329	Sequence 2 - Remove 2' Subfloor	5	10/24/22	10/28/22
335	Sequence 2 - Remove Additional 2' of Subfloor if Necessary	3	10/31/22	11/02/22
337	Sequence 3 - Repair In-Wall Structural Framing (Assumed 14 Units)	12	11/03/22	11/18/22
338	Sequence 3 - Repair Flooring Structural Framing (Assumed 14 Units)	12	11/03/22	11/18/22
339	Sequence 4 - Replace Subfloor	4	11/21/22	11/24/22
345	Sequence 4 - Replace Sheetrock	5	11/23/22	11/29/22
347	Sequence 4 - Tape, Float, Paint Wall	7	11/30/22	12/08/22
348	Re-Install Electrical Outlet Cover Plates	1	12/09/22	12/09/22
349	Install New Vinyl Flooring	7	12/12/22	12/20/22
355	Replace Vinyl Cove Base	2	12/21/22	12/22/22
357	Relocate Furniture, Clean Unit, & De-Mobilize	1	12/23/22	12/23/22
	Phase 5 Southeast & East Elevation #5 - Interior (24 Units)			
367	Sequence 1 - Relocate Furniture Along Exterior Wall (by others)	1	12/16/22	12/16/22
369	Sequence 1 - Remove Rubber Base & Electrical Outlet Plate Covers	1	12/19/22	12/19/22
375	Sequence 1 - Remove 2' of Sheetrock from Wall	3	12/19/22	12/21/22
376	HVAC Repair	19	12/22/22	01/17/23
377	Sequence 1 - Inspect Structural Framing	3	12/20/22	12/22/22
378	Sequence 2 - Remove 2' of Vinyl Flooring	3	12/23/22	12/27/22
379	Sequence 2 - Remove 2' Subfloor	3	12/26/22	12/28/22
385	Sequence 2 - Remove Additional 2' of Subfloor if Necessary	2	12/29/22	12/30/22
387	Sequence 3 - Repair In-Wall Structural Framing (Assumed 12 Units)	10	01/02/23	01/13/23
388	Sequence 3 - Repair Flooring Structural Framing (Assumed 12 Units)	10	01/02/23	01/13/23
389	Sequence 4 - Replace Subfloor	3	01/16/23	01/18/23

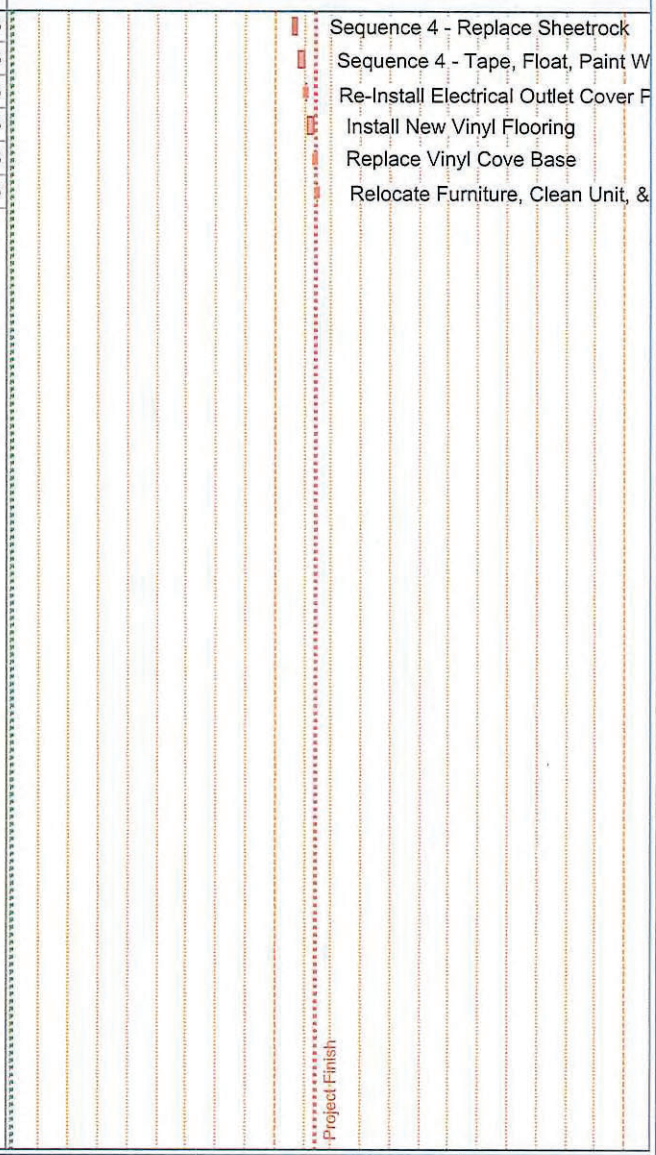


Start Date: 04/04/22
Finish Date: 02/13/23
Data Date: 12/21/21
Run Date: 12/21/21

Travis Street Apartments Repair Schedule

CPM

ID	Description	Original Duration	Start	Finish
395	Sequence 4 - Replace Sheetrock	4	01/18/23	01/23/23
397	Sequence 4 - Tape, Float, Paint Wall	6	01/24/23	01/31/23
398	Re-Install Electrical Outlet Cover Plates	1	02/01/23	02/01/23
399	Install New Vinyl Flooring	6	02/02/23	02/09/23
405	Replace Vinyl Cove Base	1	02/10/23	02/10/23
407	Relocate Furniture, Clean Unit, & De-Mobilize	1	02/13/23	02/13/23



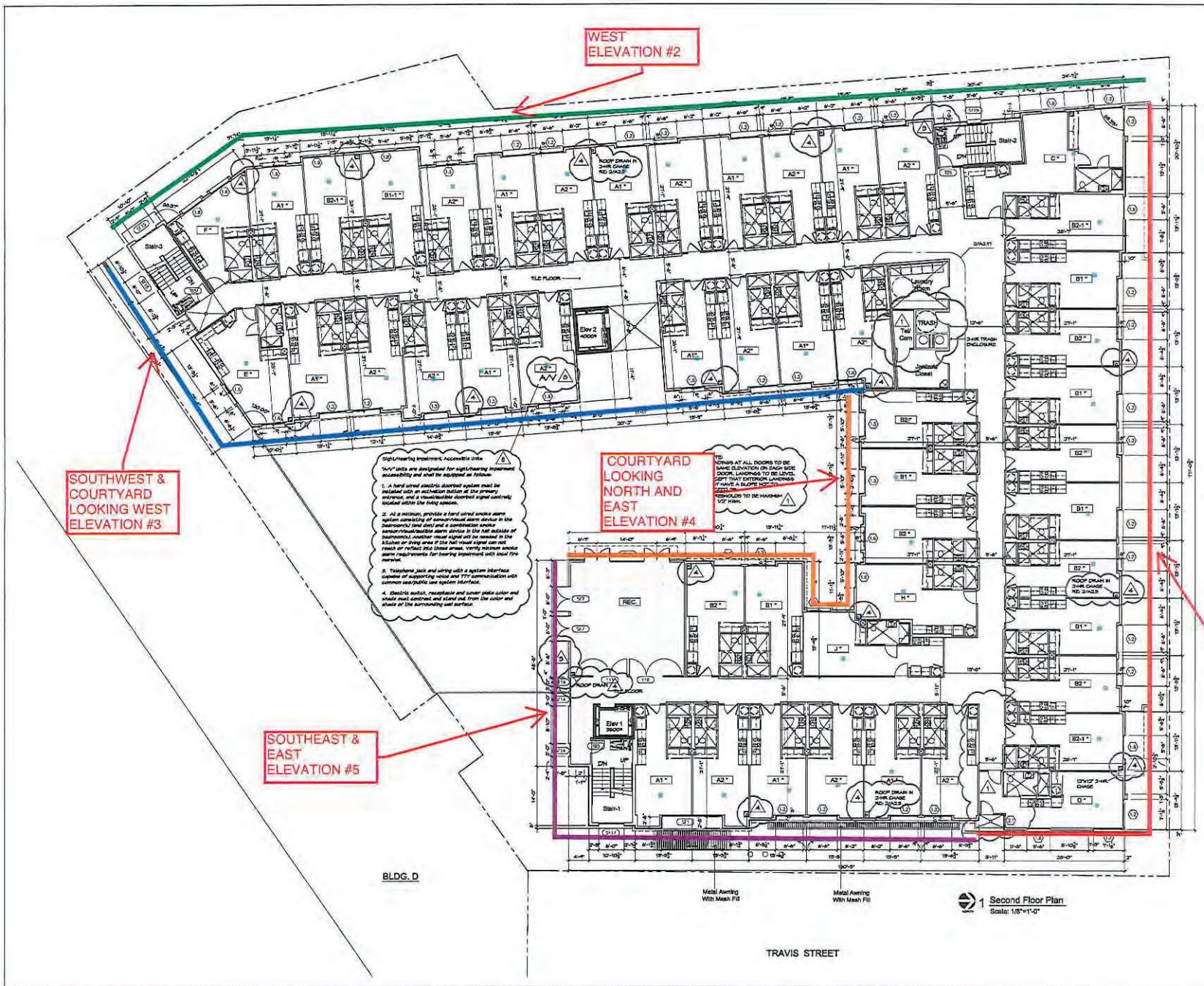
Start Date: 04/04/22
Finish Date: 02/13/23
Data Date: 12/21/21
Run Date: 12/21/21

Page 6A

Travis Street Apartments Repair Schedule

CPM

Exhibit 3



HILL & FRANK ARCHITECTS

Sept. 1, 2011

RESIDENTIAL, INC

Travis Street Plaza Apartments
Houston, Texas
CLOSE READ, HOUSTON, LLC

Sept 6, 2012 - Added A/V Impaired Units	
July 18, 2012 - Revised Sidewalks & Stairs	
May 14, 2012 - Revised Party 4 Corridor Walls	
Apr. 23, 2012 - Revised Garage Entry Gates	
Mar. 30, 2012 - Added Roof Drain Crosses	
Feb. 21, 2012 General Revisions	
Jan. 16, 2012 Issued for Construction	
Nov. 1, 2011 Permit Revisions	
Sept. 1, 2011 Issued for Permit	

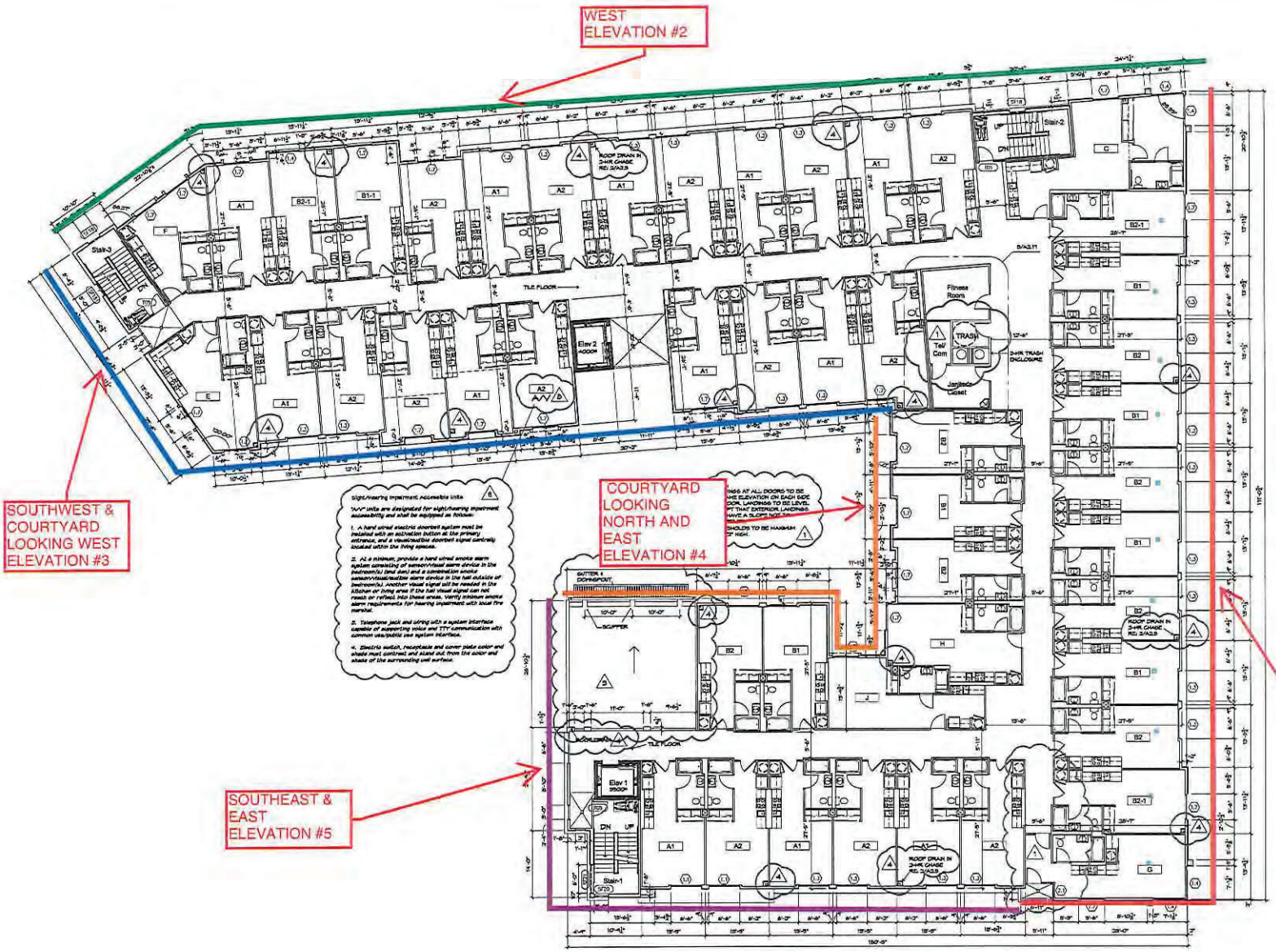
Project: 10466
Date: SEPT. 1, 2011

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1 Third Floor Plan
Scale: 1/8"=1'-0"

HILL & FRANK ARCHITECTS

Sept. 1, 2011

T[illegible] Street Plaza Apartments
Ho[illegible]
CL[illegible]REAK, HOUSTON, LLC

Sept 6, 2012 – Added A/V Impaired Units	
July 15, 2012 – Revised Sidewalks & Stairs	
May 14, 2012 – Revised Parts & Corridor Walls	
Apr. 23, 2012 – Revised Garage Entry Gates	
Mar. 30, 2012 – Added Roof Drain Chases	
Feb. 2, 2012 General Revisions	
Jan. 16, 2012 Issued for Construction	
Nov. , 2011 Permit Revisions	
Sept. 1, 2011 Issued for Permit	

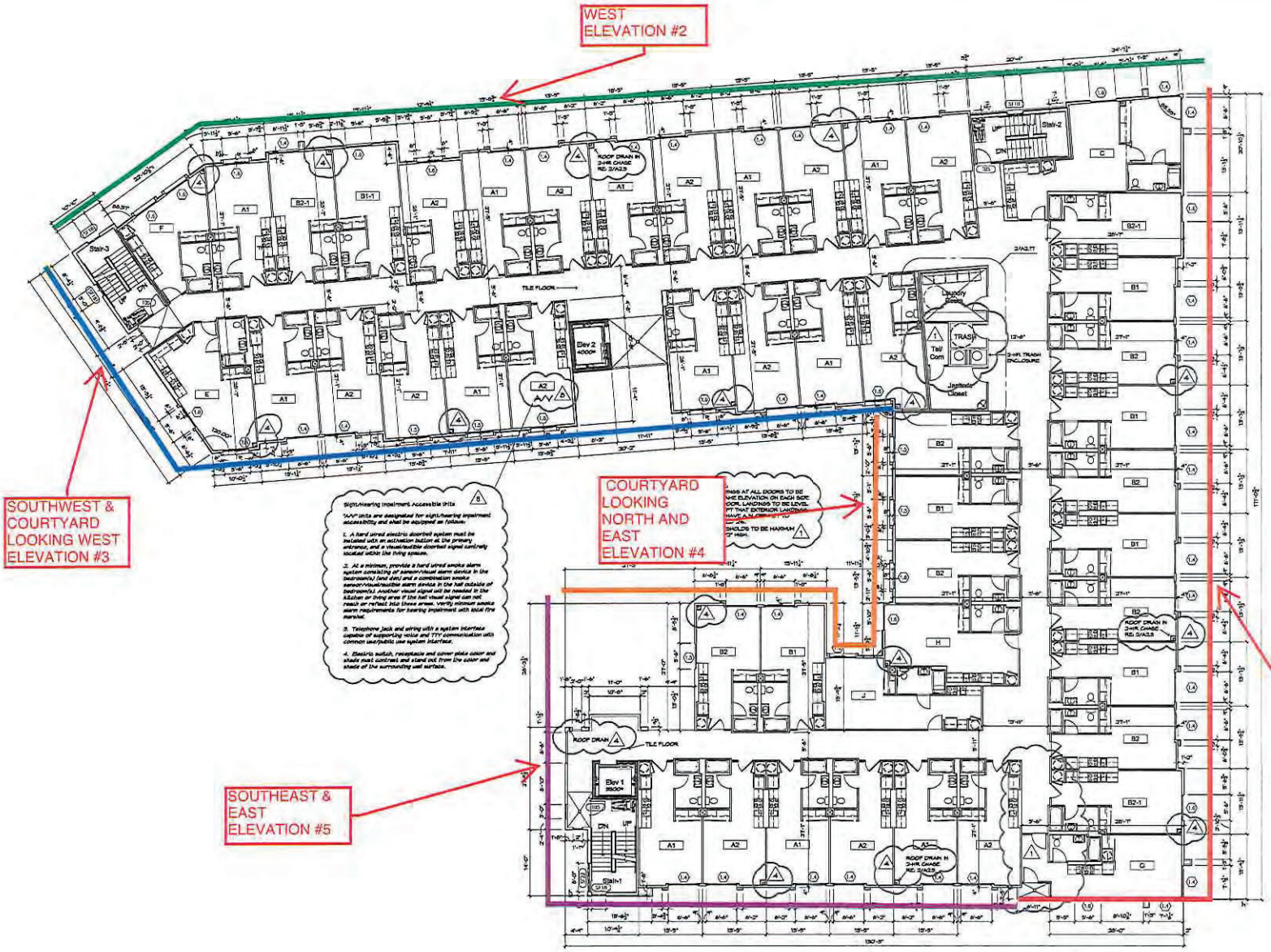
Project: 10466
Date: SEPT. 1, 2011

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1 Fourth Floor Plan
Scale: 1/8"=1'-0"

HILL & FRANK ARCHITECTS

Sept. 1, 2011

RESIDENTIAL, INC

Street Plaza Apartments

Texas

CL

Sept 6, 2012 – Added A/V impaired Units	
July 13, 2012 – Revised Sidewalks & Stairs	
May 14, 2012 – Revised Parking & Corridor Walls	
Apr. 23, 2012 – Revised Dumpster Enclosure Details	
Mar. 30, 2012 – Added Roof Drain Chases	
Feb. 21, 2012 General Revisions	
Jan. 16, 2012 Issued for Construction	
Nov. 1, 2011 Permit Revisions	
Sept. 1, 2011 Issued for Permit	

Project: 10466
Date: SEPT. 1, 2011

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HILL & FRANK ARCHITECTS

Sept. 1, 2011

Texas Street Plaza Apartments

Houston, Texas

CLIENT: BREAK, HOUSTON, LLC

Sept 6, 2012 - Added A/V Impaired Units	
July 13, 2012 - Revised Sidewalks & Stairs	
May 14, 2012 - Revised Party & Corridor Walls	
Apr. 23, 2012 - Revised Garage Trim Detail	
Mar. 30, 2012 - Added Roof Drain Chases	
Feb. 21, 2012 General Revisions	
Jan. 16, 2012 Issued for Construction	
Nov. 1, 2011 Permit Revisions	
Sept. 1, 2011 Issued for Permit	

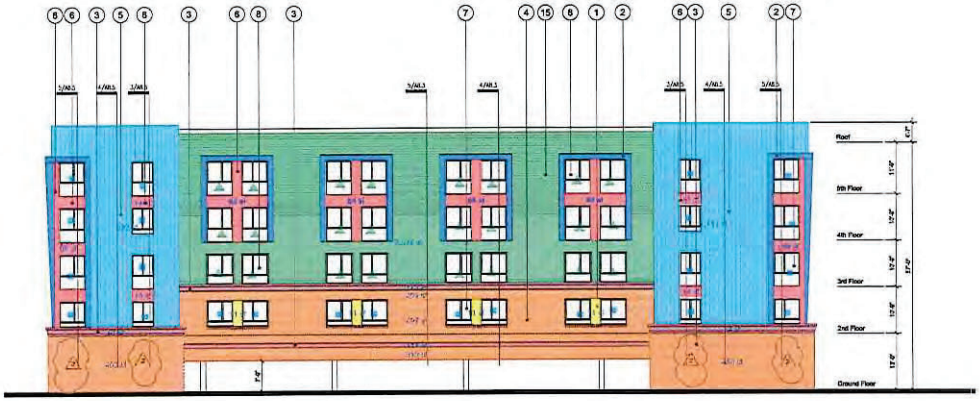
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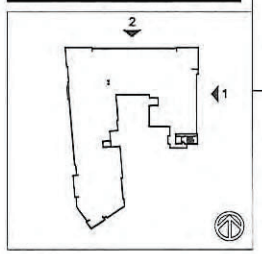


North Elevation 2



East Elevation (Travis St.) 1

ELEVATIONS KEY PLAN



MATERIALS LEGEND

1. Stucco #1- to match DE6143 Almond Latte (Light Sand Finish)
2. Stucco #2- to match DE6141 Salt Box (Smooth Finish)
3. Stucco #3- to match DEC752 Birchwood (Smooth Finish)
4. Brick- Belden Concord Blend or equal
6. Corrugated Metal Panel- Metal Sales Mistique Plus W31-1C72 Wall Panel
6. Metal Panel/ Metal Trellis/ Rafters/ Metal Mesh- to match Metal Sales Mistique Plus W31
7. Vinyl Window- Jeld Wen Arctic Silver- or equal
8. Vinyl Window- Jeld Wen Chestnut Bronze- or equal
9. Aluminum Storefront- Clear Anodized
10. Metal Awning- to match Arctic Silver
11. Metal Rail- to match Chestnut Bronze
12. Standing Seam Metal Roof- Metal Sales Pro Lock II Mistique Plus W31
13. Metal Beam Frame- to match Arctic Silver
14. Aluminum Mesh- Mcnichols 4 Mesh Square 0.0470" #3704473610
16. Fiber Cement Siding - to match DE6143 Almond Latte

- Metal Panel #6
- Fiber Cement Siding
- Brick
- #5 Corrugated Metal Panel
- Stucco #1
- Stucco #2
- Stucco #4
- #8 Vinyl Windows
- #7 Vinyl Windows

HILL & FRANK ARCHITECTS

REGISTERED ARCHITECT STATE OF TEXAS

Sept. 1, 2011

HOUSTON URBAN RESIDENTIAL, INC

Travis Street Plaza Apartments

Houston, Texas

CLOUDBREAK, HOUSTON, LLC

3	Jan. 16, 2012 Issued for Construction
2	Nov. 1, 2011 Permit Revisions
1	Sept. 1, 2011 Issued for Permit

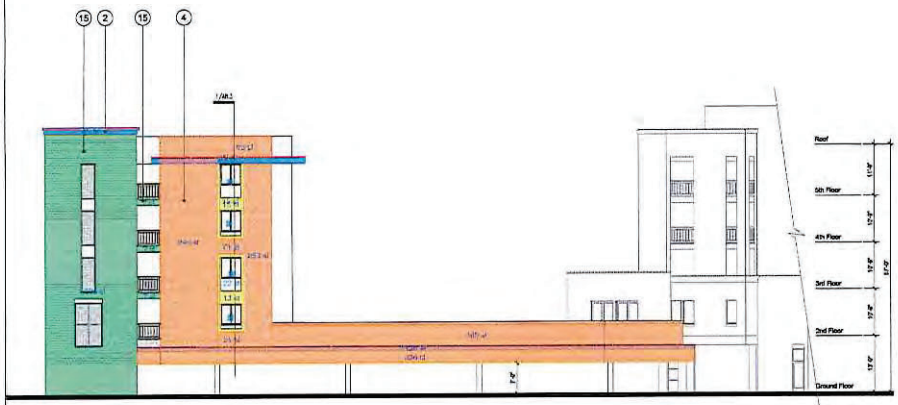
Project: 10466
Date: SEPT 1, 2011

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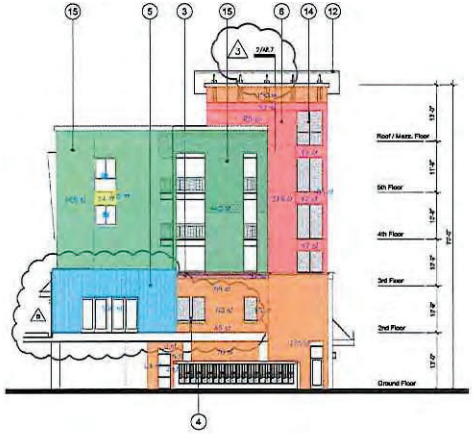
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South Elevation 2

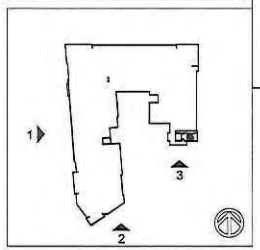


South Elevation 3



West Elevation (Garrott Street) 1

ELEVATIONS KEY PLAN



MATERIALS LEGEND

1. Stucco #1- to match DE6143 Almond Latte (Light Sand Finish)
2. Stucco #2- to match DE6141 Salt Box (Smooth Finish)
3. Stucco #3- to match DEC752 Birchwood (Smooth Finish)
4. Brick- Belden Concord Blend or equal
5. Corrugated Metal Panel- Metal Sales Mistique Plus W31-1C72 Wall Panel
6. Metal Panel/ Metal Trellis/ Rafters- to match Metal Sales Mistique Plus W31
7. Vinyl Window- Jeld Wen Arctic Silver- or equal
8. Vinyl Window- Jeld Wen Chestnut Bronze- or equal
9. Aluminum Storefront- Clear Anodized
10. Metal Awning- to match Arctic Silver
11. Metal Rail- to match Chestnut Bronze
12. Standing Seam Metal Roof- Metal Sales Pro Lock II Mistique Plus W31
13. Metal Beam Frame- to match Arctic Silver
14. Aluminum Mesh- Menichols 4 Mesh Square 0.0470" #3704473610
15. Fiber Cement Siding - to match DE6143 Almond Latte

- Metal Panel #6
- Fiber Cement Siding
- Brick
- #5 Corrugated Metal Panel
- Stucco #1
- Stucco #2
- Stucco #4
- #8 Vinyl Windows
- #7 Vinyl Windows

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Sept. 1, 201

RESIDENTIAL, INC

Travis Street Plaza Apartments

Houston, Texas

CLOUDBREAK, HOUSTON, LLC

6	Feb. 21, 2012 General Revisions
5	Jan. 16, 2012 Issued for Construction
4	Nov. 1, 2011 Permit Revisions
	Sept. 1, 2011 Issued for Permit

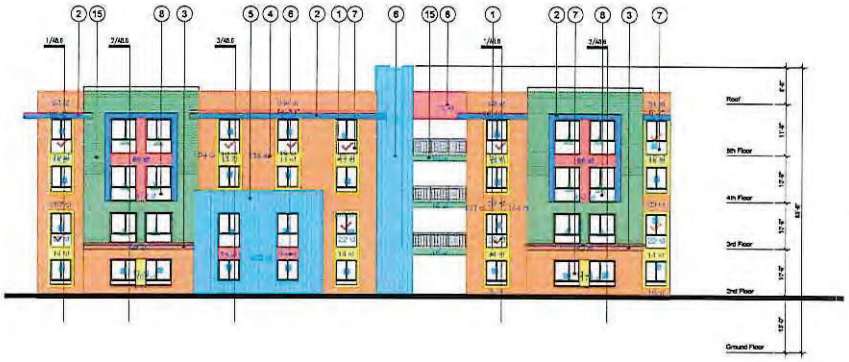
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Date: SEPT. 1, 2011

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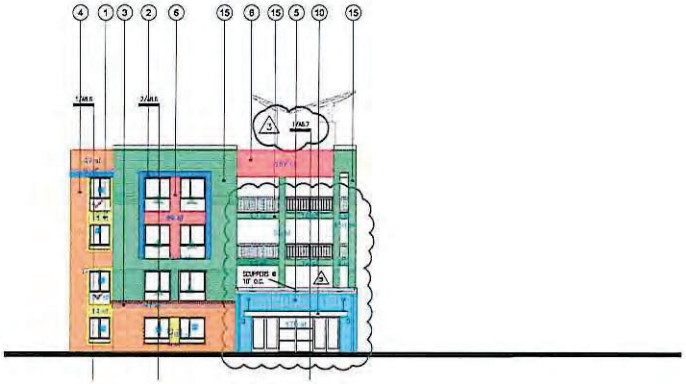
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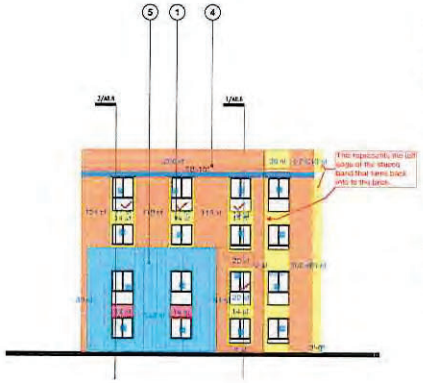
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Courtyard Elevation - Looking West 3

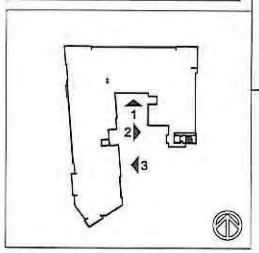


Courtyard Elevation - Looking East 2



Courtyard Elevation - Looking North 1

ELEVATIONS KEY PLAN



MATERIALS LEGEND

1. Stucco #1- to match DE6143 Almond Latte (Light Sand Finish)
2. Stucco #2- to match DE6141 Salt Box (Smooth Finish)
3. Stucco #3- to match DEC752 Birchwood (Smooth Finish)
4. Brick- Belden Concord Blend or equal
5. Corrugated Metal Panel- Metal Sales Mistique Plus W31-1C72 Wall Panel
6. Metal Panel/ Metal Trellis/ Rafters- to match Metal Sales Mistique Plus W31
7. Vinyl Window- Jeld Wen Arctic Silver- or equal
8. Vinyl Window- Jeld Wen Chestnut Bronze- or equal
9. Aluminum Storefront- Clear Anodized
10. Metal Awning- to match Arctic Silver
11. Metal Rail- to match Chestnut Bronze
12. Standing Seam Metal Roof- Metal Sales Pro Lock II Mistique Plus W31
13. Metal Beam Frame- to match Arctic Silver
14. Aluminum Mesh- Menichols 4 Mesh Square 0.0470" #3704473610
15. Fiber Cement Siding - to match DE6143 Almond Latte

Metal Panel #6
Fiber Cement Siding
Brick
#5 Corrugated Metal Panel
Stucco #1
Stucco #2
Stucco #4
#8 Vinyl Windows
#7 Vinyl Windows

HILL & FRANK ARCHITECTS

Sept. 1, 2011

Travis Street Plaza Apartments

Houston, Texas
CLOUDBREAK, HOUSTON, LLC

	Feb. 21, 2012 General Revisions
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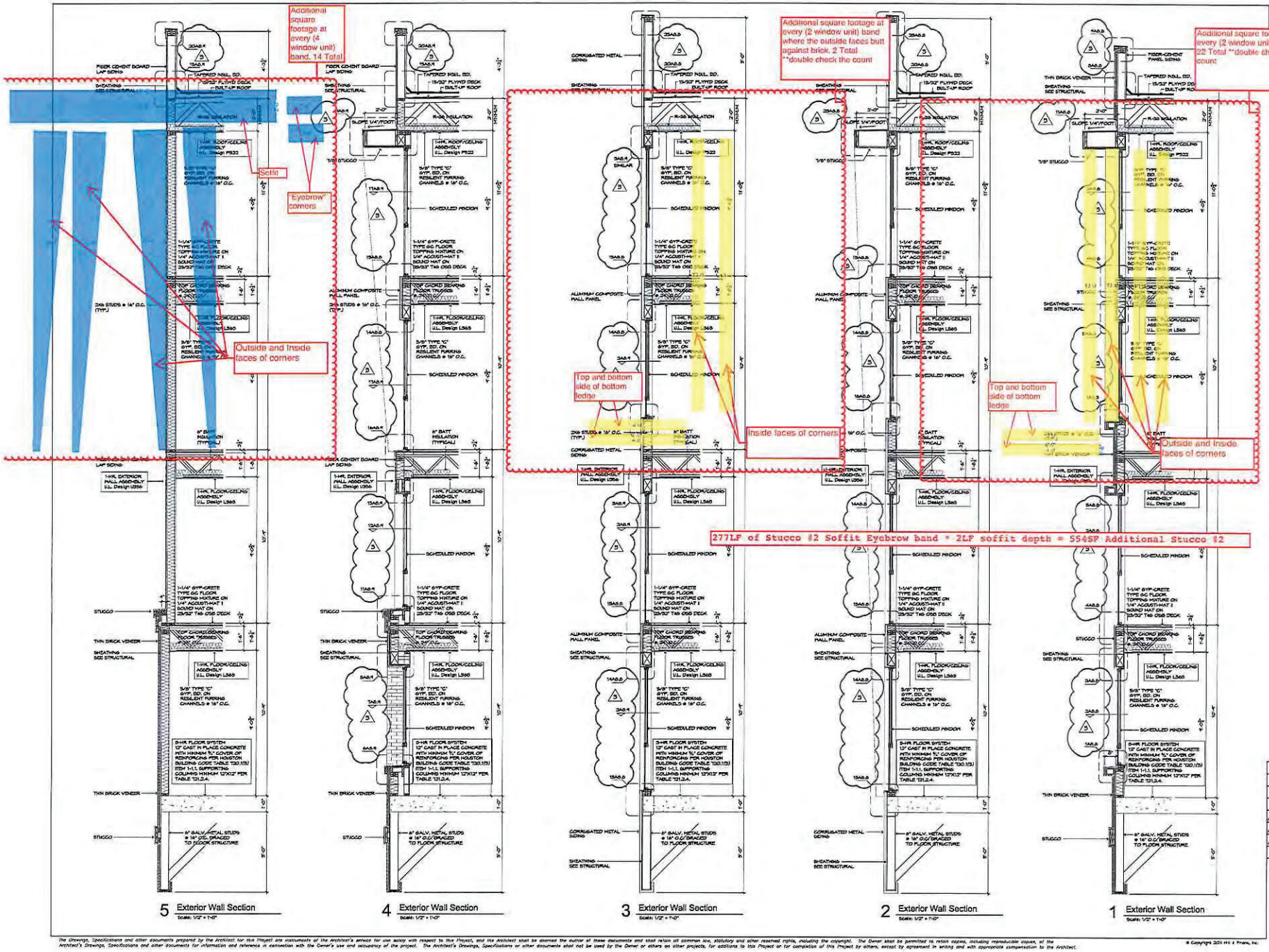
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Sept. 1, 2011

Travis Street Plaza Apartments
Houston, Texas
CLOUDBREAK, HOUSTON, LLC

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4	Nov. 1, 2011 Permit Revisions
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Project: 10466
Date: SEPT. 1, 2011

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Exhibit 4

Travis Street Apartments - Estimate Notes

INCLUSIONS	
1	Replacement of all vinyl windows (Double Single Hung above 2 Lites Series 15105 & 9105)
2	Permits and permitting costs

EXCLUSIONS	
1	Roof repairs - None noted in report
2	Storefront window unit replacement
3	Site paving or planters - Not contributing to envelope damage
4	Costs associated with relocating tenants
5	Project management services
ASSUMPTIONS	
1	Remediation work will begin in April 2022
2	Estimate based on drawings dated September 1, 2011 (Addenda through February 21, 2012)
3	Units will be vacant and empty at time of repairs
4	Power and water available during repair work
5	Detailed repair docs will be provided before repair work begins. Assumed by BD/ED.
6	Assumed 50% of units will need interior structural framing repairs
7	VCT tile replacement will match close enough to avoid removing all VCT from every unit

ALLOWANCES	
1	Design services for exterior and interior repair work = $12,000. (BD/ED)
2	Field work structural inspections and reporting. ($6,000 per Phase = $30,000. (BD/ED)
3	$100/door for water damage at hallway door thresholds - Observed during onsite visit. $19,200.
4	Interior condensate rework $1,600 per A/C unit x 192 units = $307,200. (HMG)

TRAVIS STREET APARTMENTS ESTIMATE SUMMARY

CPM Texas	
Interior Renovation	$892,800
Design Service Allowance	$12,000
Field Work Structural Allowance	$30,000
Hallway Door Threshold Allowance	$19,200
Interior Condensate Rework Allowance	$307,200
Exterior Renovation	$2,282,405
C.O.W. Total	$3,543,605
General Conditions (10%)	$354,361
Insurance/Bonds (2%)	$70,872
Subtotal	$3,968,838
Fee (15%)	$595,326
Escalation (2.37%)	$94,061
SUBTOTAL:	$4,658,225
Contingency (7.5%)	$349,367
TOTAL:	**$5,007,592**

Lawson Construction	
	$329,127
	$12,000
	$30,000
	$19,200
	$307,200
	$2,942,754
C.O.W. Total	$3,640,281
	$364,028
	$72,806
	$4,077,115
	$611,567
	$96,628
SUBTOTAL:	$4,785,310
	$358,898
TOTAL:	**$5,144,208**

FSI Construction	
	$1,198,080
	$12,000
	$30,000
	$19,200
	$307,200
Removed Cont.	$2,400,075
C.O.W. Total	$3,966,555
Gen Cond (13%)	$590,652
	$79,331
Subtotal	$4,636,538
Fee (7%)	$324,558
	$109,886
SUBTOTAL:	$5,070,982
	$380,324
TOTAL:	**$5,451,306**

RAM Construction	
	$906,640
	$12,000
	$30,000
	$19,200
	$307,200
(Average of 3)	$2,541,745
C.O.W. Total	$3,816,785
	$381,678
	$76,336
Subtotal	$4,274,799
	$641,220
	$101,313
SUBTOTAL:	$5,017,331
	$376,300
TOTAL:	**$5,393,63**

Annual Escalation Rate	7.10%
4 Months until bid = 33% factor	2.37%
Average of 4 Estimates	**$5,249,184**

Travis Street Apartment - Exterior Scope of Work Summary

Act #	Activity	North Elevation #1			West Elevation #2			Southwest Elevation #3			Courtyard Looking West #3		
		Qty.	Per Unit	Total	Qty.	Per Unit	Total	Qty.	Per Unit	Total	Qty.	Per Unit	Total
1	Erect Scaffolding (SF)	11,533	$2	$23,066	16,283	$2	$32,566	6,366	$2	$12,732	7,764	$2	$15,528
2	Demo Corrugated Metal Panels & WRB (SF)	1,943	$8	$15,544	1,775	$8	$14,200	0	$8	$0	974	$8	$7,792
3	Demo Metal Panel #6 & WRB (SF)	504	$8	$4,032	466	$8	$3,728	0	$8	$0	239	$8	$1,912
4	Demo Fiber Cement Siding & WRB (SF)	2,074	$8	$16,592	2,549	$8	$20,392	1,117	$8	$8,936	1,013	$8	$8,104
5	Demo Stucco #1 & WRB (SF)	44	$15	$660	353	$15	$5,295	67	$15	$1,005	364	$15	$5,460
6	Demo Stucco #2 & WRB (SF)	474	$15	$7,110	657	$15	$9,855	178	$15	$2,670	403	$15	$6,045
7	Demo Stucco #3 & WRB (SF)	443	$15	$6,645	371	$15	$5,565	126	$15	$1,890	90	$15	$1,350
8	Demo Brick & WRB (SF)	2,100	$10	$21,000	3,968	$10	$39,680	1,832	$10	$18,320	1,798	$10	$17,980
9	Install New Windows & All Flashing/Sealants (EA)	48	$4,500	$216,000	64	$4,500	$288,000	4	$4,500	$18,000	40	$4,500	$180,000
10	Reconstruct & Flash Exhaust Vent Covers (EA)	40	$50	$2,000	56	$50	$2,800	0	$50	$0	40	$50	$2,000
17	Install New WRB & Brick Per Details (SF)	2,100	$20	$42,000	3,968	$20	$79,360	1,832	$20	$36,640	1,798	$20	$35,960
11	Install New WRB & Corrugated Metal Panels (SF)	1,943	$25	$48,575	1,775	$25	$44,375	0	$25	$0	974	$25	$24,350
12	Install New WRB & Metal Panel #6 Per Details (SF)	504	$25	$12,600	466	$25	$11,650	0	$25	$0	239	$25	$5,975
13	(SF)	2,074	$20	$41,480	2,549	$20	$50,980	1,117	$20	$22,340	1,013	$20	$20,260
14	Install New WRB & Stucco #1 Per Details (SF)	44	$22	$968	353	$22	$7,766	67	$22	$1,474	364	$22	$8,008
15	Install New WRB & Stucco #2 Per Details (SF)	474	$22	$10,428	657	$22	$14,454	178	$22	$3,916	403	$22	$8,866
16	Install New WRB & Stucco #3 Per Details (SF)	443	$22	$9,746	371	$22	$8,162	126	$22	$2,772	90	$22	$1,980
	Phase Subtotal Material & Labor (Per Elevation):			$478,446			$638,828			$130,695			$351,570

Note:All material removal includes disposal

Act #	Activity	Courtyard Looking North #4			Courtyard Looking East #4			Southeast Elevation #5			East Elevation #5		
		Qty.	Per Unit	Total	Qty.	Per Unit	Total	Qty.	Per Unit	Total	Qty.	Per Unit	Total
1	Erect Scaffolding (SF)	2,920	$2	$5,840	3,604	$2	$7,208	4,924	$2	$9,848	10,179	$2	$20,358
2	Demo Corrugated Metal Panels & WRB (SF)	547	$8	$4,376	179	$8	$1,432	306	$8	$2,448	818	$8	$6,544
3	Demo Metal Panel #6 & WRB (SF)	28	$8	$224	206	$8	$1,648	417	$8	$3,336	432	$8	$3,456
4	Demo Fiber Cement Siding & WRB (SF)	0	$8	$0	775	$8	$6,200	1,196	$8	$9,568	1,548	$8	$12,384
5	Demo Stucco #1 & WRB (SF)	331	$15	$4,965	80	$15	$1,200	14	$15	$210	54	$15	$810
6	Demo Stucco #2 & WRB (SF)	170	$15	$2,550	98	$15	$1,470	0	$15	$0	306	$15	$4,590
7	Demo Stucco #3 & WRB (SF)	0	$15	$0	47	$15	$705	37	$15	$555	266	$15	$3,990
8	Demo Brick & WRB (SF)	993	$10	$9,930	416	$10	$4,160	683	$10	$6,830	1,894	$10	$18,940
9	Install New Windows & All Flashing/Sealants (EA)	16	$4,500	$72,000	12	$4,500	$54,000	2	$4,500	$9,000	30	$4,500	$135,000
10	Reconstruct & Flash Exhaust Vent Covers (EA)	16	$50	$800	12	$50	$600	0	$50	$0	28	$50	$1,400
17	Install New WRB & Brick Per Details (SF)	993	$20	$19,860	416	$20	$8,320	683	$20	$13,660	1,894	$20	$37,880
11	Install New WRB & Corrugated Metal Panels (SF)	547	$25	$13,675	179	$25	$4,475	306	$25	$7,650	818	$25	$20,450
12	Install New WRB & Metal Panel #6 Per Details (SF)	28	$25	$700	206	$25	$5,150	417	$25	$10,425	432	$25	$10,800
13	Install New WRB & Fiber Cement Siding Per Details (SF)	0	$20	$0	775	$20	$15,500	1,196	$20	$23,920	1,548	$20	$30,960
14	Install New WRB & Stucco #1 Per Details (SF)	331	$22	$7,282	80	$22	$1,760	14	$22	$308	54	$22	$1,188
15	Install New WRB & Stucco #2 Per Details (SF)	170	$22	$3,740	98	$22	$2,156	0	$22	$0	306	$22	$6,732
16	Install New WRB & Stucco #3 Per Details (SF)	0	$22	$0	47	$22	$1,034	37	$22	$814	266	$22	$5,852
	Phase Subtotal Material & Labor (Per Elevation):			$145,942			$117,018			$98,572			$321,334

Note:All material removal includes disposal

$2,282,405

Travis Street Apartment - Typical Interior Scope of Work Summary

Act #	Activity	Sequence 1 Wall Inspection (Per Unit)	Sequence 2 Floor Inspection (Per Unit)	Sequence 3 Structural Repairs (Per Unit)	Sequence 4 Repair & Finish Work (Per Unit)
1	Relocate Furniture Along Exterior Wall	By others			
2	Remove Rubber Base	2 men @ 2 hours per unit			
3	Remove Electrical Outlet Cover Plates				
4	Remove 2' of Sheetrock from Wall 5,693SF (Single Layer 5/8")				
5	Inspect Structural Framing				
6	Remove 2' of Vinyl Flooring		4 men @ 3 hours per unit		
7	Remove 2' Subfloor				
8	If Deterioration is Found, Remove 2 Additional Feet of Subfloor for Repair				
9	If Necessary, Repair In-Wall Structural Framing Per Detail (Provided by others)			4 men @ 8 hours per unit	
10	If Necessary, Repair Flooring Structural Framing Per Detail (Provided by others)				
11	Replace Subfloor				4 men @ 24 hours per unit
12	Replace Sheetrock on Wall				
13	Tape, Float, Paint Wall				
14	Re-Install Electrical Outlet Cover Plates				
15	Install New Vinyl Flooring				
16	Replace Vinyl Cove Base				
17	Rough Clean				
18	Final Clean				By others
	Sequence Subtotal Labor (Per Unit):	$140	$420	$1,120	$3,360	
	Sequence Subtotal Material (Per Unit):	$0	$0	$1,200	$2,500	
	Sequence 1 & 2 Subtotal for All 192 Units	$26,880	$80,640			$107,520
	Assumed Structural & Finish Repairs Subtotal for 50% of Units (96 Units)			$222,720	$562,560	$785,280
	Total:	**$892,800**				

**All material removal includes disposal

Sequence 1 Estimated Labor Costs Per Unit			
Men	**Hours**	**Costs / Hr**	**Total Cost**
2	2	$35.00	$140.00

Sequence 2 Estimated Labor Costs Per Unit			
Men	**Hours**	**Costs / Hr**	**Total Cost**
4	3	$35.00	$420.00

Sequence 3 Estimated Labor Costs Per Unit			
Men	**Hours**	**Costs / Hr**	**Total Cost**
4	8	$35.00	$1,120.00

Sequence 4 Estimated Labor Costs Per Unit			
Men	**Hours**	**Costs / Hr**	**Total Cost**
4	24	$35.00	$3,360.00

Exhibit 5

David Stauch
Managing Principal



Dave's diverse background in program management of large-scale, complex projects, coupled with his positive leadership approach, enables the project team to achieve successful outcomes on our projects.

PROFESSIONAL

State Bar of Texas Construction Law Section
Associate Member

Urban Land Institute
District Council Chair
Governance Committee Chair
Advisory Board

CIVIC

American Red Cross of Central Texas
Board of Directors

Austin Habitat for Humanity
Board of Directors

Western Hills Little League
Coach, Board of Directors (Chair)

Ross Volunteer Association
President

Young Men's Business League

Downtown Austin Alliance

TAMU Corps Development Council

Colorado River Alliance

EDUCATION

Texas A&M University
BS – Building Construction

EXPERIENCE

CPM Texas (2013-present)
Managing Principal

Program / Project Management (major projects) including:

Mason County Courthouse Restoration	$20M
Texas Association of Counties – Office Core & Shell	$25M
Indigo Ridge, 155-acre Mixed-Use Development	$2B
Austin Theatre Alliance-Renovation to Paramount & State Theatres	$21M
Travis County North Campus – Public / Private Partnership (P3) Mixed Use	$46M
The Independent	$245M
University of Texas - Kappa Kappa Gamma House Addition / Renovation	$10M
Austin Ridge Bible Church	$61M
Greater Mt. Zion Baptist Church	$14M
Austin Geriatric Center / RBJ Center Re-Development	$230M
Seaholm Power Plant Re-Development	$150M

Construction Claims Consultant / Expert Witness
Representing a broad range of clients in mediation, arbitration, and litigation

HS&A – Austin, Texas (1995-2012) ***(Formerly Herndon, Stauch & Associates)***
Co-Founder, Managing Principal

Program / Project Management (major projects) including:

UT MD Anderson Cancer Center (BSRB) – Project Recovery	$221M
Travis County Criminal Justice Program – Project Recovery	$92M
St. Edward's University / 7 Projects	$67M
Concordia University Campus Relocation & Expansion	$51M
UT Austin / Applied Computational & Engineering Sciences Bldg.	$38M
St. Andrew's Episcopal School / 2 Projects	$25M
Austin Children's Museum	$20M

Construction Management-At-Risk

Austin ISD, Dripping Springs ISD	$50M
St. Andrew's Episcopal School, UT Austin	
Multiple Private Sector Clients	

Construction Claims Consultant / Expert Witness

State Preservation Board – Austin, Texas (1990-1995)
Construction Manager / Project Manager

Texas Capitol Preservation and Extension Program	$187M

SEMATECH, Inc. – Austin, Texas (1988-1989)
Manager of Planning, Engineering, and Construction

SEMATECH 1A Wafer Fab, 1B Wafer Fab and Office Building	$100M

Prior Experience (1981-1987) General Contracting (Austin Commercial, Badgett Construction) $50M

Stauch & Company (1986-present)
Consultant to area construction lenders (loan portfolio exceeds $4 billion)

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

Agenda Date: 2/5/2026 **Agenda #:** 22

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.4(c)(3)(E) for Frio Bend

PULLED FROM THE AGENDA

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1330 **Agenda Date:** 2/5/2026 **Agenda #:** 23.

Presentation, discussion, and possible action on an extension of the Development Period for Commons at St. Anthony's

RECOMMENDED ACTION

WHEREAS, St. Anthony's Amarillo Housing 20, LP and the Department executed a contract for $2,000,000 sourced from the National Housing Trust Fund (NHTF), effective July 21, 2022, for the Adaptive Reuse of a hospital in Amarillo;

WHEREAS, the contract included a Development Period of up to 36 months, starting from the date of the loan closing, which will expire on February 15, 2026;

WHEREAS, at the Board Meeting on December 10, 2026, Board approved an extension until the end of February for the Owner to submit the final draw for NHTF funds;

WHEREAS, the Owner has yet to request the federally required Final Construction inspections;

WHEREAS, construction is substantially complete, temporary certificates of occupancy have been issued, and the Owner expects the first move-ins in mid-February; and

WHEREAS, administratively the Department cannot disburse the final drawdown of funding without the Development Period being extended;

WHEREAS, the extension of the Development Period is not extending the end of the permanent loan period, unless the first lien lender also extends the end of their permanent loan period up to September 1, 2031**;**

NOW, therefore, it is hereby

RESOLVED, that the Development Period for Commons at St. Anthony's is approved to be extended to August 31, 2026.

BACKGROUND

Commons at St. Anthony's received a loan of $2,000,000 for the Adaptive Reuse of a hospital to a 124-unit affordable housing development in Amarillo. The Contract's development period was initially up to 36 months, which will expire on February 15, 2026. Construction is substantially complete on the project. Temporary certificates of occupancy have been issued, and the owner expects the first move-ins in mid-February. Staff is unable to issue the final disbursement of funds without an extension of the Development period, and accordingly, seeks approval from the Board to extend that period to August 31, 2026, to allow for the processing of the construction inspection and the subsequent final drawdown of funding and to close the development out with the U.S. Department of Housing and Urban Development. In order to ensure completion, the Department's Contract with the Borrower will be amended to outline several interim contract milestones. Except for any federal deadlines, the final draw submission

and the end of the Development Period, these milestones may be extended for up to 30 days by the Executive Director or his designee. The milestones include but are not limited to a March 31, 2026, deadline to request the Final Construction inspections from the Department, a June 30, 2026, deadline to submit the final construction draw, and a deadline of the lesser of 90 days from the issuance of the Final Construction inspections or September 30, 2026, deadline to correct any deficiencies resulting from the Final Construction inspections.

The extension is administrative in nature and does not provide the applicant with additional construction time, nor does it delay housing for any persons in need. Accordingly, staff recommends approval.

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Real Estate Analysis Division
October 28, 2024

Addendum to Underwriting Report

TDHCA Application #: **21506 20042** Program(s): **9% HTC/MDL**

The Commons at St. Anthony's

Address/Location: SWC Amarillo Blvd. and N. Polk Street

City: Amarillo County: Potter Zip: 79107

	APPLICATION HISTORY
Report Date	
10/28/24	**State Housing Tax Credit Memo**
07/08/22	Updated MDL Closing Memo
01/11/22	MDL Closing Memo
10/06/21	MDL Application
06/30/20	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
TDHCA (Deferred Payable)	$2,000,000	0.00%	N/A	30	**$2,000,000**	**0.00%**	**NA**	**15**	**2**
State Housing Tax Credit	$0				**$100,000**				
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 **Receipt and acceptance before Direct Loan 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.

Status: Satisfied

b: Substantially final construction contract with Schedule of Values.

Status: Satisfied

c: Updated term sheets with substantially final terms from all lenders

Status: Satisfied

d: Substantially final draft of limited partnership agreement.

Status: FINAL LPA INCLUDING FINAL STATE AND FEDERAL HISTORIC CREDITS TO BE CLEARED AT CLOSING BY MDL STAFF OR TDHCA LEGAL STAFF

Status: Satisfied

e: 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.

Status: Satisfied

f: Compliance with the Department's NHTF Rehabilitation Standards, as approved by HUD.

Status: Conditioned has been cleared by Program and the alternative requirement for the windows incorporated into the draft MFDL Contract.

2 Receipt and acceptance by Commitment:

a: Documentation of the approved subdivision plat.

Status: Cleared. The City of Amarillo has approved the above Final Plat on 8/4/2020.

b: Revision to the Scope and Cost Review addressing §11.306(d)(6).

Status: Cleared. SCR references Subchapter B along with accessible work included in the scope.

3 Receipt and acceptance by Carryover:

a: Documentation of the status of the Historic Tax Credit application and approval.

Status: Cleared.

b: Documentation of restrictive covenant with SALRC.

Status: Cleared.

4 Receipt and acceptance by Cost Certification:

a: Architect certification that a noise assessment and vapor study were completed, and that all

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

c: Certification that subsurface environmental investigation was performed as specified in the ESA, and

d: Architect certification that buildings were tested for the presence of radon and any recommended

e: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	16
50% of AMI	50% of AMI	22
60% of AMI	60% of AMI	86

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	13

ANALYSIS

The underwriting analysis has been revised based on Applicant's new Schedule of Sources including Applicant's request of $100k in annual State Housing Tax Credits. Applicant will be using the additional equity to help pay for a $1M increase in the total construction contract. REA previously recommended proceeding to close the Direct Loan as a second lien in the amount of $2,000,000 at 0% interest structured as Deferred Payable with a 15 year permanent term to match the senior debt, and a 24 month construction term.

Operating Pro Forma

Applicant reassigned three 50% AMI units to 30% AMI as required by the tie breaker for state credits.

The 60% rents are now budgeted at 95% of the full rent limit since full program rents are not achievable. Underwriting for the MDL Closing Memo assumed 85% of the full rent limit for 60% units.

Underwritten Net Operating Income increased by $4K (1%) from $407k to $411k. That increase is the result of adjusting for 2024 LIHTC rents offset by budgeted increases in operating expenses, which now include $6,600 in supportive services.

As underwritten, 15 year residual cash flow is $698k after repayment of deferred developer fee in year 8.

Development Cost

Building cost increased by $3.7M (18%). However, based on the actual construction contract in place, there was a significant reduction in the cost of site work & site amenities as well as significant reductions in contingency and contractor fees. With those reductions, the total construction contract only increased by $37k.

Developer Fee is unchanged per requirements of the SHTC Rules.

Underwritten Total Development Cost is $34.7M (a 1% increase of $245k from previous underwriting).

Sources of Funds

Underwritten NOI provides 1.27 times debt coverage on the senior debt. The Direct Loan is Deferred Payable.

Applicant added State Housing Credit equity of $529k for an annual State Housing Tax Credit request of $100k at a credit price of $0.53.

Current analysis indicates $653k in Deferred Developer Fee which is $285k less than the last Underwriting. However, total Developer Fee has not increased since MDL Closing or since original underwriting (as required by the rules).

Recommendation

Underwriter recommends Applicant's request for $100,000 in annual State Housing Tax Credits

Furthermore, the prior recommendations for an annual 9% Housing Tax Credit allocation of $1,500,000 and for the $2,000,000 second lien Direct Loan remain unchanged.

Underwriter:	*Eric Weiner*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

LOCATION DATA	
CITY:	Amarillo
COUNTY:	Potter
Area Median Income	$71,600
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	36	29.0%	0	4
1	45	36.3%	0	5
2	43	34.7%	0	4
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	124	100.0%	-	13

54%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	16	12.9%
40%	-	0.0%
50%	22	17.7%
60%	86	69.4%
70%	-	0.0%
80%	-	0.0%
TOTAL	124	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	766 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA 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			
TC 30%	$460	30%/30%	$461	1	0	1	554	$460	$67	$393	$0	$0.71	$393	**$393**	**$393**	$393	$0.71	$0			
TC 30%	$460			3	0	1	605	$460	$67	$393	$0	$0.65	$393	**$1,179**	**$1,179**	$393	$0.65	$0			
TC 60%	$921			5	0	1	605	$921	$67	$854	($46)	$1.34	$808	**$4,040**	**$4,040**	$808	$1.34	($46)			
TC 50%	$767			1	0	1	606	$767	$67	$700	$0	$1.16	$700	**$700**	**$700**	$700	$1.16	$0			
TC 50%	$767			1	0	1	613	$767	$67	$700	$0	$1.14	$700	**$700**	**$700**	$700	$1.14	$0			
TC 50%	$767			3	0	1	622	$767	$67	$700	$0	$1.13	$700	**$2,100**	**$2,100**	$700	$1.13	$0			
TC 60%	$921			7	0	1	622	$921	$67	$854	($46)	$1.30	$808	**$5,656**	**$5,656**	$808	$1.30	($46)			
TC 30%	$460	30%/30%	$461	3	0	1	646	$460	$67	$393	$0	$0.61	$393	**$1,179**	**$1,179**	$393	$0.61	$0			
TC 60%	$921			6	0	1	646	$921	$67	$854	($46)	$1.25	$808	**$4,848**	**$4,848**	$808	$1.25	($46)			
TC 60%	$921			2	0	1	664	$921	$67	$854	($46)	$1.22	$808	**$1,616**	**$1,616**	$808	$1.22	($46)			
TC 60%	$921			4	0	1	667	$921	$67	$854	($46)	$1.21	$808	**$3,232**	**$3,232**	$808	$1.21	($46)			
TC 60%	$987			2	1	1	679	$987	$77	$910	$0	$1.34	$910	**$1,820**	**$1,820**	$910	$1.34	$0			
TC 30%	$493	30%/30%	$493	2	1	1	682	$493	$77	$416	$0	$0.61	$416	**$832**	**$832**	$416	$0.61	$0			
TC 60%	$987			4	1	1	682	$987	$77	$910	($49)	$1.26	$861	**$3,444**	**$3,444**	$861	$1.26	($49)			
TC 60%	$987			3	1	1	694	$987	$77	$910	($49)	$1.24	$861	**$2,583**	**$2,583**	$861	$1.24	($49)			
TC 50%	$822			2	1	1	714	$822	$77	$745	$0	$1.04	$745	**$1,490**	**$1,490**	$745	$1.04	$0			
TC 50%	$822			2	1	1	720	$822	$77	$745	$0	$1.03	$745	**$1,490**	**$1,490**	$745	$1.03	$0			
TC 60%	$987			3	1	1	720	$987	$77	$910	($49)	$1.20	$861	**$2,583**	**$2,583**	$861	$1.20	($49)			
TC 60%	$987			2	1	1	736	$987	$77	$910	($49)	$1.17	$861	**$1,722**	**$1,722**	$861	$1.17	($49)			
TC 60%	$987			2	1	1	739	$987	$77	$910	($49)	$1.17	$861	**$1,722**	**$1,722**	$861	$1.17	($49)			
TC 30%	$493	30%/30%	$493	3	1	1	755	$493	$77	$416	$0	$0.55	$416	**$1,248**	**$1,248**	$416	$0.55	$0			
TC 50%	$822			3	1	1	755	$822	$77	$745	$0	$0.99	$745	**$2,235**	**$2,235**	$745	$0.99	$0			
TC 60%	$987			10	1	1	755	$987	$77	$910	($49)	$1.14	$861	**$8,610**	**$8,610**	$861	$1.14	($49)			
TC 60%	$987			3	1	1	758	$987	$77	$910	($49)	$1.14	$861	**$2,583**	**$2,583**	$861	$1.14	($49)			
TC 50%	$822			3	1	1	778	$822	$77	$745	$0	$0.96	$745	**$2,235**	**$2,235**	$745	$0.96	$0			
TC 60%	$987			1	1	1	805	$987	$77	$910	($49)	$1.07	$861	**$861**	**$861**	$861	$1.07	($49)			
TC 30%	$592	30%/30%	$645	2	2	1	859	$592	$97	$495	$0	$0.58	$495	**$990**	**$990**	$495	$0.58	$0			
TC 60%	$1,185			1	2	1	869	$1,185	$97	$1,088	($59)	$1.18	$1,029	**$1,029**	**$1,029**	$1,029	$1.18	($59)			
TC 60%	$1,185			6	2	1	871	$1,185	$97	$1,088	($59)	$1.18	$1,029	**$6,174**	**$6,174**	$1,029	$1.18	($59)			
TC 50%	$987			2	2	1	886	$987	$97	$890	$0	$1.00	$890	**$1,780**	**$1,780**	$890	$1.00	$0			
TC 50%	$987			2	2	1	903	$987	$97	$890	$0	$0.99	$890	**$1,780**	**$1,780**	$890	$0.99	$0			
TC 60%	$1,185			3	2	1	903	$1,185	$97	$1,088	($59)	$1.14	$1,029	**$3,087**	**$3,087**	$1,029	$1.14	($59)			
TC 60%	$1,185			1	2	1	906	$1,185	$97	$1,088	($59)	$1.14	$1,029	**$1,029**	**$1,029**	$1,029	$1.14	($59)			
TC 50%	$987			2	2	1	911	$987	$97	$890	$0	$0.98	$890	**$1,780**	**$1,780**	$890	$0.98	$0			
TC 60%	$1,185			4	2	1	911	$1,185	$97	$1,088	($59)	$1.13	$1,029	**$4,116**	**$4,116**	$1,029	$1.13	($59)			
TC 30%	$592	30%/30%	$645	1	2	1	925	$592	$97	$495	$0	$0.54	$495	**$495**	**$495**	$495	$0.54	$0			
TC 60%	$1,185			10	2	1	925	$1,185	$97	$1,088	($59)	$1.11	$1,029	**$10,290**	**$10,290**	$1,029	$1.11	($59)			
TC 50%	$987			1	2	1	929	$987	$97	$890	$0	$0.96	$890	**$890**	**$890**	$890	$0.96	$0			
TC 60%	$1,185			5	2	1	929	$1,185	$97	$1,088	($59)	$1.11	$1,029	**$5,145**	**$5,145**	$1,029	$1.11	($59)			
TC 60%	$1,185			1	2	1	979	$1,185	$97	$1,088	($59)	$1.05	$1,029	**$1,029**	**$1,029**	$1,029	$1.05	($59)			
TC 60%	$1,185			1	2	1	1,040	$1,185	$97	$1,088	($59)	$0.99	$1,029	**$1,029**	**$1,029**	$1,029	$0.99	($59)			
TC 30%	$592	30%/30%	$645	1	2	1	1,103	$592	$97	$495	$0	$0.45	$495	**$495**	**$495**	$495	$0.45	$0			
TOTALS/AVERAGES:				**124**			**94,989**				**($35)**	**$1.08**	**$825**	**$102,239**	**$102,239**	**$825**	**$1.08**	**($35)**			
ANNUAL POTENTIAL GROSS RENT:														**$1,226,868**	**$1,226,868**						

STABILIZED PRO FORMA

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

	STABILIZED FIRST YEAR PRO FORMA																					
	COMPARABLES				APPLICANT				MDL Closing	MDL App	Original UW		MDL App	MDL Closing	TDHCA				VARIANCE	
	Database		3 Local Comps		% EGI	Per SF	Per Unit	Amount	Applicant	Applicant	Applicant	TDHCA	TDHCA	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.08	$825	$1,226,868	$1,087,716	$1,056,996	$1,076,640	$1,077,037	$1,076,328	$1,087,716	$1,226,868	$825	$1.08		0.0%	$0
late fees, app fees, retained deposits							$10.00	$14,880	$14,880	$14,880	16,368									
Total Secondary Income							$10.00					16,368	$14,880	$14,880	$14,880	$10.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,241,748	$1,102,596	$1,071,876	$1,093,008	$1,093,405	$1,091,208	$1,102,596	$1,241,748				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(93,131)	(82,695)	(80,391)	(81,976)	(82,005)	(81,841)	(82,695)	(93,131)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,148,617	$1,019,901	$991,485	$1,011,032	$1,011,400	$1,009,367	$1,019,901	$1,148,617				0.0%	$0
General & Administrative	$41,623	$336/Unit	$39,166	$316	4.71%	$0.57	$436	$54,085	$50,380	$24,265	$28,840	$39,166	$39,166	$39,166	$46,500	$375	$0.49	4.05%	16.3%	7,585
Management	$35,899	4.4% EGI	$44,422	$358	4.25%	$0.51	$394	$48,806	$42,842	$42,268	$42,969	$42,984	$42,898	$43,346	$48,816	$394	$0.51	4.25%	0.0%	(10)
Payroll & Payroll Tax	$151,697	$1,223/Unit	$164,829	$1,329	13.44%	$1.63	$1,245	$154,396	$154,396	$141,071	$142,216	$142,216	$141,071	$154,396	$154,396	$1,245	$1.63	13.44%	0.0%	-
Repairs & Maintenance	$79,071	$638/Unit	$84,156	$679	8.84%	$1.07	$819	$101,540	$114,540	$84,500	$77,160	$80,600	$80,600	$86,800	$86,800	$700	$0.91	7.56%	17.0%	14,740
Electric/Gas	$27,207	$219/Unit	$21,731	$175	1.74%	$0.21	$161	$20,000	$15,000	$15,000	$15,000	$21,731	$21,731	$21,731	$21,731	$175	$0.23	1.89%	-8.0%	(1,731)
Water, Sewer, & Trash	$65,043	$525/Unit	$69,950	$564	7.70%	$0.93	$714	$88,500	$65,940	$59,400	$59,500	$59,500	$59,400	$69,950	$88,500	$714	$0.93	7.70%	0.0%	-
Property Insurance	$38,927	$0.41 /sf	$40,947	$330	14.90%	$1.80	$1,380	$171,120	$86,641	$86,641	$43,400	$43,400	$86,641	$86,641	$171,289	$1,381	$1.80	14.91%	-0.1%	(169)
Property Tax (@ 100%) 1.371090	$54,327	$438/Unit	$56,547	$456	4.87%	$0.59	$451	$55,979	$47,440	$84,803	$113,444	$108,237	$85,064	$58,107	$55,979	$451	$0.59	4.87%	0.0%	-
Reserve for Replacements				$0	2.70%	$0.33	$250	$31,000	$31,000	$37,200	$37,200	$37,200	$37,200	$31,000	$31,000	$250	$0.33	2.70%	0.0%	-
Supportive Services				$0	0.57%	$0.07	$53	$6,600	$0	$0	$0	$0	$0	$0	$6,600	$53	$0.07	0.57%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.43%	$0.05	$40	$4,960	$4,960	$4,960	$4,960	$4,960	$4,960	$4,960	$4,960	$40	$0.05	0.43%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)				$0	0.04%	$0.00	$4	$442	$0	$0	$0	$0	$442	$0	$442	$4	$0.00	0.04%	0.0%	-
TOTAL EXPENSES					**64.20%**	**$7.76**	**$5,947**	**$ 737,428**	**$ 613,139**	**$580,108**	**$564,689**	**$579,994**	**$599,173**	**$596,097**	**$717,013**	**$5,782**	**$7.55**	**62.42%**	**2.8%**	**$20,415**
NET OPERATING INCOME ("NOI")					**35.80%**	**$4.33**	**$3,316**	**$411,189**	**$406,762**	**$411,377**	**$446,343**	**$431,406**	**$410,194**	**$423,805**	**$431,604**	**$3,481**	**$4.54**	**37.58%**	**-4.7%**	**$ (20,415)**
CONTROLLABLE EXPENSES							$3,375/Unit									$3,209/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE												AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							MDL Closing	MDL App	Original UW		MDL App	MDL Closing					Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	Applicant	Applicant	Applicant	TDHCA	TDHCA	TDHCA	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Walker and Dunlop		1.33	1.27	324,086	5.45%	40	15	$5,271,000	$5,271,000	$5,978,403	$6,700,000	$6,700,000	$5,978,403	$5,271,000	$5,271,000	15	40	5.45%	$324,086	1.27	15.2%
CASH FLOW DEBT / GRANTS																					
TDHCA (Deferred Payable)		1.33	1.27		0.00%	NA	15	$2,000,000	$2,000,000	$2,000,000	$500	$500	$2,000,000	$2,000,000	$2,000,000	15	NA	0.00%		1.27	5.8%
City of Amarillo		1.33	1.27		0.00%	0	0	$500	$500	$500	$0	$0	$500	$500	$500	0	0	0.00%		1.27	0.0%
Potter County ARPA		1.33	1.27		0.00%	0	0	$500,000	$500,000	$0	$0	$0	$0	$500,000	$500,000	0	0	0.00%		1.27	1.4%
City of Amarillo ARPA		1.33	1.27		0.00%	0	0	$1,050,000	$1,050,000	$0	$0	$0	$0	$1,050,000	$1,050,000	0	0	0.00%		1.27	3.0%
COA Fee Waivers		1.33	1.27		0.00%	0	0	$88,098	$88,098	$0	$0	$0	$0	$88,098	$88,098	0	0	0.00%		1.27	0.3%
Rate Lock Refund		1.33	1.27		0.00%	0	0	$105,420	$105,420	$0	$0	$0	$0	$105,420	$105,420	0	0	0.00%		1.27	0.3%
				$324,086	**TOTAL DEBT / GRANT SOURCES**			**$9,015,018**	**$9,015,018**	**$7,978,903**	**$6,700,500**	**$6,700,500**	**$7,978,903**	**$9,015,018**	**$9,015,018**	**TOTAL DEBT SERVICE**			**$324,086**	**1.27**	26.0%
NET CASH FLOW		$107,518	$87,103												**APPLICANT NET OPERATING INCOME**				**$411,189**	**$87,103**	**NET CASH FLOW**

EQUITY SOURCES

		APPLICANT'S PROPOSED EQUITY STRUCTURE										AS UNDERWRITTEN EQUITY STRUCTURE						
						MDL Closing	MDL App	Original UW		MDL App	Closing					Annual		
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	Applicant	Applicant	Applicant	TDHCA	TDHCA	TDHCA	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Credits per Unit**	**Allocation Method**	
Boston Financial	LIHTC Equity	35.5%	$1,500,000	0.82	$12,298,770	$12,298,770	$12,298,770	$13,498,650	$13,498,650	$12,298,770	$12,298,770	$12,298,770	$0.82	$1,500,000	35.5%	$12,097	Previous Allocation	
Boston Financial	Federal Historic Credits	14.6%			$5,042,645	$5,042,645	$4,529,970	$3,806,305	$3,806,305	$4,529,970	$5,042,645	$5,042,645			14.6%			
Commerce Bank	State Historic Credits	20.5%			$7,111,148	$7,111,148	$6,388,172	$3,171,921	$3,171,921	$6,388,172	$7,111,148	$7,111,148			20.5%			
Commonwealth/KRS Housing	Deferred Developer Fee	1.6%	(47% Deferred)		$555,982	$937,681	$978,134	$934,670	$934,669	$978,134	$937,681	$652,810	(28% Deferred)		1.9%	**Total Developer Fee:**		**$2,304,454**
Advantage Capital	SHTC Equity	1.5%	$100,000	0.53	$529,947	$0	$0	$0	$0	$0	$0	$529,947	$0.53	$100,000	1.5%			
Additional (Excess) Funds Req'd		0.0%							$0	$0	$0	$0			0.0%			
TOTAL EQUITY SOURCES		73.7%			$25,538,492	$25,390,244	$24,195,046	$21,411,546	$21,411,545	$24,195,046	$25,390,244	$25,635,320			74.0%			
TOTAL CAPITALIZATION					**$34,553,510**	**$34,405,262**	**$32,173,949**	**$28,112,046**	**$28,112,045**	**$32,173,949**	**$34,405,262**	**$34,650,338**				**15-Yr Cash Flow after Deferred Fee:**		**$697,769**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS										TDHCA COST / BASIS ITEMS						COST VARIANCE	
	Eligible Basis				MDL Closing	MDL App	Original UW		MDL App	Closing				Eligible Basis				
	Acquisition	**New Const. Rehab**	**Total Costs**		Applicant	Applicant	Applicant	TDHCA	TDHCA	TDHCA	**Total Costs**			**New Const. Rehab**	**Acquisition**		%	$
Land Acquisition			$2,618 / Unit	$324,615	$324,615	$324,615	$300,000	$300,000	$324,615	$324,615	$324,615	$2,618 / Unit					0.0%	$0
Closing costs & acq. legal fees				$811	$0	$0	$0	$0	$0	$0	$811							$0
Off-Sites			$ / Unit	$0	$280,000	$210,000	$210,000	$114,745	$210,000	$280,000	$0	$ / Unit					0.0%	$0
Site Work		$398,561	$3,214 / Unit	$398,561	$452,411	$519,570	$1,056,147	$1,523,188	$519,570	$452,411	$394,388	$3,181 / Unit		$398,561			1.1%	$4,173
Site Amenities		$90,207	$727 / Unit	$90,207	$203,505	$200,000	$375,000	$384,400	$270,560	$241,082	$90,207	$727 / Unit		$90,207			0.0%	$0
Building Cost		$23,343,345	$245.75 /sf	$188,253/Unit $23,343,345	$19,824,635	$19,259,858	$15,506,969	$15,125,783	$19,189,298	$19,787,058	$23,444,344	##########	$246.81 /sf	$23,343,345			-0.4%	($100,999)
Contingency		$44,736	0.19%	0.19% $44,736	$2,076,055	$2,018,943	$1,457,590	$1,457,590	$2,018,943	$2,076,055	$44,736	0.19%	0.19%	$44,736			0.0%	$0
Contractor Fees		$1,806,714	7.57%	7.57% $1,806,714	$2,906,474	$3,080,229	$2,599,217	$2,599,217	$3,080,229	$2,906,474	$1,806,714	7.54%	7.57%	$1,806,714			0.0%	$0
Soft Costs	0	$2,414,399	$20,971 / Unit	$2,600,399	$2,341,980	$1,852,833	$1,504,739	$1,504,739	$1,852,833	$2,341,980	$2,600,399	$20,971 / Unit		$2,414,399	$0		0.0%	$0
Financing	0	$1,912,943	$24,460 / Unit	$3,033,035	$3,084,499	$1,815,069	$2,217,562	$2,217,562	$1,815,069	$3,084,499	$3,033,035	$24,460 / Unit		$1,912,943	$0		0.0%	$0
Developer Fee	$0	$2,304,454	7.68%	7.68% $2,304,454	$2,304,454	$2,304,454	$2,304,454	$2,304,454	$2,304,454	$2,304,454	$2,304,454	7.65%	7.68%	$2,304,454	$0		0.0%	$0
Reserves			7 Months	$606,634	$606,634	$588,378	$580,368	$580,368	$588,378	$606,634	$606,634	7 Months					0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$32,315,359**	$278,657 / Unit	**$34,553,511**	**$34,405,262**	$32,173,949	$28,112,046	$28,112,045	$32,173,949	$34,405,262	**$34,650,338**	$279,438 / Unit		**$32,315,359**	**$0**		**-0.3%**	**($96,827)**
Acquisition Cost	$0			$0	$0	$0	$0											
Contingency		$0		$0	$0	($0)	$0											
Contractor's Fee		$0		$0	$0	$0	$0											
Financing Cost		$0																
Developer Fee	$0	$0		$0	$0	$0	$0											
Reserves				$0	$0	$0	$0											
ADJUSTED BASIS / COST	**$0**	**$32,315,359**	$278,657/unit	**$34,553,511**	**$34,405,262**	**$32,173,949**	**$28,112,046**	**$28,112,045**	**$32,173,949**	**$34,405,262**	**$34,650,338**	$279,438/unit		**$32,315,359**	**$0**		**-0.3%**	**($96,827)**

TOTAL HOUSING DEVELOPMENT COSTS	**$34,650,338**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$32,315,359	$0	$32,315,359
Deduction of Federal Historic Credits	$0	($6,592,645)	$0	($6,592,645)
TOTAL ELIGIBLE BASIS	$0	$25,722,714	$0	$25,722,714
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$33,439,528	$0	$33,439,528
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$33,439,528	$0	$33,439,528
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$3,009,558	$0	$3,009,558
CREDITS ON QUALIFIED BASIS	$3,009,558		$3,009,558	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8199	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$3,009,558	$24,675,904	----	----	----
Needed to Fill Gap	$1,579,619	$12,951,580	----	----	----
Previous Allocation	$1,500,000	$12,298,770	**$1,500,000**	**$0**	**$0**

Long-Term Pro Forma

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

	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%	$1,148,617	$1,171,589	$1,195,021	$1,218,921	$1,243,300	$1,372,704	$1,515,576	$1,673,318	$1,847,478	$2,039,765	$2,252,066	$2,486,462
TOTAL EXPENSES	3.00%	$737,428	$759,063	$781,337	$804,269	$827,879	$956,823	$1,106,001	$1,278,604	$1,478,328	$1,709,455	$1,976,943	$2,286,537
NET OPERATING INCOME ("NOI")		**$411,189**	**$412,526**	**$413,684**	**$414,652**	**$415,421**	**$415,880**	**$409,575**	**$394,714**	**$369,150**	**$330,310**	**$275,123**	**$199,925**
EXPENSE/INCOME RATIO		64.2%	64.8%	65.4%	66.0%	66.6%	69.7%	73.0%	76.4%	80.0%	83.8%	87.8%	92.0%
MUST -PAY DEBT SERVICE													
Walker and Dunlop		$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086
TOTAL DEBT SERVICE		$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086	$324,086
DEBT COVERAGE RATIO		1.27	1.27	1.28	1.28	1.28	1.28	1.26	1.22	1.14	1.02	0.85	0.62
ANNUAL CASH FLOW		**$87,103**	**$88,441**	**$89,598**	**$90,566**	**$91,335**	**$91,794**	**$85,489**	**$70,628**	**$45,064**	**$6,225**	**($48,963)**	**($124,160)**
Deferred Developer Fee Balance		$565,707	$477,266	$387,668	$297,102	$205,767	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$254,674	$697,769	$1,084,453	$1,365,663	$1,480,350	$1,353,135	$891,546

Real Estate Analysis Division
July 8, 2022

Addendum to Underwriting Report

TDHCA Application #: **21506 20042** Program(s): **9% HTC/MDL**

The Commons at St. Anthony's

Address/Location: SWC Amarillo Blvd. and N. Polk Street

City: Amarillo County: Potter Zip: 79107

	APPLICATION HISTORY
Report Date	
07/08/22	**Updated MDL Closing Memo**
01/11/22	MDL Closing Memo
10/06/21	MDL Application
06/30/20	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
TDHCA (Deferred Payable)	$2,000,000	0.00%	N/A	30	**$2,000,000**	**0.00%**	**NA**	**15**	**2**
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 **Receipt and acceptance before Direct Loan 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.

Status: Satisfied

b: Substantially final construction contract with Schedule of Values.

Status: Satisfied

c: Updated term sheets with substantially final terms from all lenders

Status: Satisfied

d: Substantially final draft of limited partnership agreement.

Status: **FINAL LPA INCLUDING FINAL STATE AND FEDERAL HISTORIC CREDITS TO BE CLEARED AT CLOSING BY MDL STAFF OR TDHCA LEGAL STAFF**

e: 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.

Status: Satisfied

f: Compliance with the Department's NHTF Rehabilitation Standards, as approved by HUD.

Status: Conditioned has been cleared by Program and the alternative requirement for the windows incorporated into the draft MFDL Contract.

2 Receipt and acceptance by Commitment:

a: Documentation of the approved subdivision plat.

Status: Cleared. The City of Amarillo has approved the above Final Plat on 8/4/2020.

b: Revision to the Scope and Cost Review addressing §11.306(d)(6).

Status: Cleared. SCR references Subchapter B along with accessible work included in the scope.

3 Receipt and acceptance by Carryover:

a: Documentation of the status of the Historic Tax Credit application and approval.

Status: Cleared.

b: Documentation of restrictive covenant with SALRC.

Status: Cleared.

4 Receipt and acceptance by Cost Certification:

a: Architect certification that a noise assessment and vapor study were completed, and that all

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

c: Certification that subsurface environmental investigation was performed as specified in the ESA, and

d: Architect certification that buildings were tested for the presence of radon and any recommended

e: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	13
50% of AMI	50% of AMI	25
60% of AMI	60% of AMI	86

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	13

ANALYSIS

2022 HTC rents and 2021 NHTF rents are underwritten.

The MDL will close as a "Deferred Payable" loan instead of "Deferred Forgivable" at the request of the Applicant. The Application is still consistent with the requirements of NOFA 2021-3.

Underwriting supports the Direct Loan as a second lien in the amount of $2,000,000 at 0% interest structured as Deferred Payable with a 15 year permanent term to match the senior debt, and 30 month construction term.

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

LOCATION DATA	
CITY:	Amarillo
COUNTY:	Potter
Area Median Income	$71,600
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	36	29.0%	0	4
1	45	36.3%	0	5
2	43	34.7%	0	4
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	124	100.0%	-	13

55% Average Income		
Income	# Units	% Total
20%	-	0.0%
30%	13	10.5%
40%	-	0.0%
50%	25	20.2%
60%	86	69.4%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	124	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	766 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA 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
TC 30%	$405	30%/30%	$376	1	0	1	554	$376	$42	$334	$0	$0.60	$334	**$334**	**$334**	$334	$0.60	$0
TC 50%	$676			3	0	1	605	$676	$42	$634	$0	$1.05	$634	**$1,902**	**$1,902**	$634	$1.05	$0
TC 60%	$811			5	0	1	605	$811	$42	$769	($112)	$1.09	$657	**$3,285**	**$3,285**	$657	$1.09	($112)
TC 50%	$676			1	0	1	606	$676	$42	$634	$0	$1.05	$634	**$634**	**$634**	$634	$1.05	$0
TC 50%	$676			1	0	1	613	$676	$42	$634	$0	$1.03	$634	**$634**	**$634**	$634	$1.03	$0
TC 50%	$676			3	0	1	622	$676	$42	$634	$0	$1.02	$634	**$1,902**	**$1,902**	$634	$1.02	$0
TC 60%	$811			7	0	1	622	$811	$42	$769	($112)	$1.06	$657	**$4,599**	**$4,599**	$657	$1.06	($112)
TC 30%	$405	30%/30%	$376	3	0	1	646	$376	$42	$334	$0	$0.52	$334	**$1,002**	**$1,002**	$334	$0.52	$0
TC 60%	$811			6	0	1	646	$811	$42	$769	($112)	$1.02	$657	**$3,942**	**$3,942**	$657	$1.02	($112)
TC 60%	$811			2	0	1	664	$811	$42	$769	($112)	$0.99	$657	**$1,314**	**$1,314**	$657	$0.99	($112)
TC 60%	$811			4	0	1	667	$811	$42	$769	($112)	$0.99	$657	**$2,628**	**$2,628**	$657	$0.99	($112)
TC 60%	$869			2	1	1	679	$869	$48	$821	($81)	$1.09	$740	**$1,480**	**$1,480**	$740	$1.09	($81)
TC 30%	$434	30%/30%	$403	2	1	1	682	$403	$48	$355	$0	$0.52	$355	**$710**	**$710**	$355	$0.52	$0
TC 60%	$869			4	1	1	682	$869	$48	$821	($81)	$1.09	$740	**$2,960**	**$2,960**	$740	$1.09	($81)
TC 60%	$869			3	1	1	694	$869	$48	$821	($81)	$1.07	$740	**$2,220**	**$2,220**	$740	$1.07	($81)
TC 50%	$724			2	1	1	714	$724	$48	$676	$0	$0.95	$676	**$1,352**	**$1,352**	$676	$0.95	$0
TC 50%	$724			2	1	1	720	$724	$48	$676	$0	$0.94	$676	**$1,352**	**$1,352**	$676	$0.94	$0
TC 60%	$869			3	1	1	720	$869	$48	$821	($81)	$1.03	$740	**$2,220**	**$2,220**	$740	$1.03	($81)
TC 60%	$869			2	1	1	736	$869	$48	$821	($81)	$1.01	$740	**$1,480**	**$1,480**	$740	$1.01	($81)
TC 60%	$869			2	1	1	739	$869	$48	$821	($81)	$1.00	$740	**$1,480**	**$1,480**	$740	$1.00	($81)
TC 30%	$434	30%/30%	$403	3	1	1	755	$403	$48	$355	$0	$0.47	$355	**$1,065**	**$1,065**	$355	$0.47	$0
TC 50%	$724			3	1	1	755	$724	$48	$676	$0	$0.90	$676	**$2,028**	**$2,028**	$676	$0.90	$0
TC 60%	$869			10	1	1	755	$869	$48	$821	($81)	$0.98	$740	**$7,400**	**$7,400**	$740	$0.98	($81)
TC 60%	$869			3	1	1	758	$869	$48	$821	($81)	$0.98	$740	**$2,220**	**$2,220**	$740	$0.98	($81)
TC 50%	$724			3	1	1	778	$724	$48	$676	$0	$0.87	$676	**$2,028**	**$2,028**	$676	$0.87	$0
TC 60%	$869			1	1	1	805	$869	$48	$821	($81)	$0.92	$740	**$740**	**$740**	$740	$0.92	($81)
TC 30%	$521	30%/30%	$549	2	2	1	859	$521	$61	$460	($38)	$0.49	$422	**$844**	**$844**	$422	$0.49	($38)
TC 60%	$1,042			1	2	1	869	$1,042	$61	$981	($21)	$1.10	$960	**$960**	**$960**	$960	$1.10	($21)
TC 60%	$1,042			6	2	1	871	$1,042	$61	$981	($21)	$1.10	$960	**$5,760**	**$5,760**	$960	$1.10	($21)
TC 50%	$868			2	2	1	886	$868	$61	$807	$0	$0.91	$807	**$1,614**	**$1,614**	$807	$0.91	$0
TC 50%	$868			2	2	1	903	$868	$61	$807	$0	$0.89	$807	**$1,614**	**$1,614**	$807	$0.89	$0
TC 60%	$1,042			3	2	1	903	$1,042	$61	$981	($34)	$1.05	$947	**$2,841**	**$2,841**	$947	$1.05	($34)
TC 60%	$1,042			1	2	1	906	$1,042	$61	$981	($34)	$1.05	$947	**$947**	**$947**	$947	$1.05	($34)
TC 50%	$868			2	2	1	911	$868	$61	$807	$0	$0.89	$807	**$1,614**	**$1,614**	$807	$0.89	$0
TC 60%	$1,042			4	2	1	911	$1,042	$61	$981	($34)	$1.04	$947	**$3,788**	**$3,788**	$947	$1.04	($34)
TC 30%	$521	30%/30%	$549	1	2	1	925	$521	$61	$460	($38)	$0.46	$422	**$422**	**$422**	$422	$0.46	($38)
TC 60%	$1,042			10	2	1	925	$1,042	$61	$981	($34)	$1.02	$947	**$9,470**	**$9,470**	$947	$1.02	($34)
TC 50%	$868			1	2	1	929	$868	$61	$807	$0	$0.87	$807	**$807**	**$807**	$807	$0.87	$0
TC 60%	$1,042			5	2	1	929	$1,042	$61	$981	($34)	$1.02	$947	**$4,735**	**$4,735**	$947	$1.02	($34)
TC 60%	$1,042			1	2	1	979	$1,042	$61	$981	($34)	$0.97	$947	**$947**	**$947**	$947	$0.97	($34)
TC 60%	$1,042			1	2	1	1,040	$1,042	$61	$981	($34)	$0.91	$947	**$947**	**$947**	$947	$0.91	($34)
TC 30%	$521	30%/30%	$549	1	2	1	1,103	$521	$61	$460	($38)	$0.38	$422	**$422**	**$422**	$422	$0.38	($38)
TOTALS/AVERAGES:				**124**			**94,989**				**($51)**	**$0.95**	**$731**	**$90,643**	**$90,643**	**$731**	**$0.95**	**($51)**
ANNUAL POTENTIAL GROSS RENT:														**$1,087,716**	**$1,087,716**			

STABILIZED PRO FORMA

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				MDL App	Original UW		MDL App	TDHCA				VARIANCE	
	Database		3 Local Comps		% EGI	Per SF	Per Unit	Amount	Amount	Applicant	TDHCA	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.95	$731	$1,087,716	$1,056,996	$1,076,640	$1,077,037	$1,076,328	$1,087,716	$731	$0.95		0.0%	$0
late fees, app fees, retained deposits							$10.00	$14,880	$14,880	16,368								
Total Secondary Income							$10.00				16,368	$14,880	$14,880	$10.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,102,596	$1,071,876	$1,093,008	$1,093,405	$1,091,208	$1,102,596				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(82,695)	(80,391)	(81,976)	(82,005)	(81,841)	(82,695)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,019,901	$991,485	$1,011,032	$1,011,400	$1,009,367	$1,019,901				0.0%	$0
General & Administrative	$41,623	$336/Unit	$39,166	$316	4.94%	$0.53	$406	$50,380	$24,265	$28,840	$39,166	$39,166	$39,166	$316	$0.41	3.84%	28.6%	11,214
Management	$35,899	4.4% EGI	$44,422	$358	4.20%	$0.45	$346	$42,842	$42,268	$42,969	$42,984	$42,898	$43,346	$350	$0.46	4.25%	-1.2%	(504)
Payroll & Payroll Tax	$151,697	$1,223/Unit	$164,829	$1,329	15.14%	$1.63	$1,245	$154,396	$141,071	$142,216	$142,216	$141,071	$154,396	$1,245	$1.63	15.14%	0.0%	-
Repairs & Maintenance	$79,071	$638/Unit	$84,156	$679	11.23%	$1.21	$924	$114,540	$84,500	$77,160	$80,600	$80,600	$86,800	$700	$0.91	8.51%	32.0%	27,740
Electric/Gas	$27,207	$219/Unit	$21,731	$175	1.47%	$0.16	$121	$15,000	$15,000	$15,000	$21,731	$21,731	$21,731	$175	$0.23	2.13%	-31.0%	(6,731)
Water, Sewer, & Trash	$65,043	$525/Unit	$69,950	$564	6.47%	$0.69	$532	$65,940	$59,400	$59,500	$59,500	$59,400	$69,950	$564	$0.74	6.86%	-5.7%	(4,010)
Property Insurance	$38,927	$0.41 /sf	$40,947	$330	8.50%	$0.91	$699	$86,641	$86,641	$43,400	$43,400	$86,641	$86,641	$699	$0.91	8.50%	0.0%	-
Property Tax (@ 100%) 1.371090	$54,327	$438/Unit	$56,547	$456	4.65%	$0.50	$383	$47,440	$84,803	$113,444	$108,237	$85,064	$58,107	$469	$0.61	5.70%	-18.4%	(10,667)
Reserve for Replacements				$0	3.04%	$0.33	$250	$31,000	$37,200	$37,200	$37,200	$37,200	$31,000	$250	$0.33	3.04%	0.0%	-
Supportive Services				$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.49%	$0.05	$40	$4,960	$4,960	$4,960	$4,960	$4,960	$4,960	$40	$0.05	0.49%	0.0%	-
TOTAL EXPENSES					**60.12%**	**$6.45**	**$4,945**	**$ 613,139**	$580,108	$564,689	$579,994	$599,173	**$596,097**	**$4,807**	**$6.28**	**58.45%**	**2.9%**	**$17,042**
NET OPERATING INCOME ("NOI")					**39.88%**	**$4.28**	**$3,280**	**$406,762**	$411,377	$446,343	$431,406	$410,194	**$423,805**	**$3,418**	**$4.46**	**41.55%**	**-4.0%**	**$ (17,042)**
CONTROLLABLE EXPENSES							$3,228/Unit							$3,000/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE											AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							MDL App	Original UW		MDL App						Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	Applicant	Applicant	TDHCA	TDHCA	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Walker and Dunlop		1.20	1.15	353,460	6.12%	40	15	$5,271,000	$5,978,403	$6,700,000	$6,700,000	$5,978,403	$5,271,000	15	40	6.12%	$353,327	1.15	15.3%
CASH FLOW DEBT / GRANTS																			
TDHCA (Deferred Payable)		1.20	1.15		0.00%	NA	15	$2,000,000	$2,000,000	$500	$500	$2,000,000	$2,000,000	15	NA	0.00%		1.15	5.8%
City of Amarillo		1.20	1.15		0.00%	0	0	$500	$500	$0	$0	$500	$500	0	0	0.00%		1.15	0.0%
Potter County ARPA		1.20	1.15		0.00%	0	0	$500,000	$0	$0	$0	$0	$500,000	0	0	0.00%		1.15	1.5%
City of Amarillo ARPA		1.20	1.15		0.00%	0	0	$1,050,000	$0	$0	$0	$0	$1,050,000	0	0	0.00%		1.15	3.1%
COA Fee Waivers		1.20	1.15		0.00%	0	0	$88,098	$0	$0	$0	$0	$88,098	0	0	0.00%		1.15	0.3%
Rate Lock Refund		1.20	1.15		0.00%	0	0	$105,420	$0	$0	$0	$0	$105,420	0	0	0.00%		1.15	0.3%
				$353,460	**TOTAL DEBT / GRANT SOURCES**			**$9,015,018**	$7,978,903	$6,700,500	$6,700,500	$7,978,903	**$9,015,018**			**TOTAL DEBT SERVICE**	**$353,327**	**1.15**	26.2%
NET CASH FLOW		$70,345	$53,302										**APPLICANT**	**NET OPERATING INCOME**		**$406,762**	**$53,436**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE								AS UNDERWRITTEN EQUITY STRUCTURE						
						MDL APP	Original UW	MDL APP							
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	Applicant	Applicant	TDHCA	TDHCA	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
Boston Financial	LIHTC Equity	35.7%	$1,500,000	0.82	$12,298,770	$12,298,770	$13,498,650	$13,498,650	$12,298,770	$12,298,770	$0.82	$1,500,000	35.7%	$12,097	Previous Allocation
Federal Historic Credits - BFIM		14.7%			$5,042,645	$4,529,970	$3,806,305	$3,806,305	$4,529,970	$5,042,645			14.7%		
State Historic Credits-Commerce		20.7%			$7,111,148	$6,388,172	$3,171,921	$3,171,921	$6,388,172	$7,111,148			20.7%		
Commonwealth/KRS Housing	Deferred Developer Fees	2.7%	(41% Deferred)		$937,681	$978,134	$934,670	$934,669	$978,134	$937,681	(41% Deferred)		2.7%	**Total Developer Fee:**	**$2,304,454**
TOTAL EQUITY SOURCES		73.8%			$25,390,244	$24,195,046	$21,411,546	$21,411,545	$24,195,046	$25,390,244			73.8%		
TOTAL CAPITALIZATION					**$34,405,262**	**$32,173,949**	**$28,112,046**	**$28,112,045**	**$32,173,949**	**$34,405,262**			**15-Yr Cash Flow after Deferred Fee:**		**$52,207**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS						COST VARIANCE	
	Eligible Basis				MDL APP	Original UW	MDL APP					Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**		Applicant	Applicant	TDHCA	TDHCA	**Total Costs**			**New Const. Rehab**	**Acquisition**	%	$
Land Acquisition			$2,618 / Unit	$324,615	$324,615	$300,000	$300,000	$324,615	$324,615	$2,618 / Unit				0.0%	$0
Off-Sites			$2,258 / Unit	$280,000	$210,000	$210,000	$114,745	$210,000	$280,000	$2,258 / Unit				0.0%	$0
Site Work		$452,411	$3,648 / Unit	$452,411	$519,570	$1,056,147	$1,523,188	$519,570	$452,411	$3,648 / Unit		$452,411		0.0%	$0
Site Amenities		$30,000	$1,641 / Unit	$203,505	$200,000	$375,000	$384,400	$270,560	$241,082	$1,944 / Unit		$30,000		-15.6%	($37,577)
Building Cost		$19,824,635	$208.70 /sf	$159,876/Unit	$19,824,635	$19,259,858	$15,506,969	$15,125,783	$19,189,298	$19,787,058	$159,573/Unit	$208.31 /sf	$19,787,058	0.2%	$37,577
Contingency		$2,076,055	10.22%	10.00%	$2,076,055	$2,018,943	$1,457,590	$1,457,590	$2,018,943	$2,076,055	10.00%	10.00%	$2,026,947	0.0%	$0
Contractor Fees		$2,906,474	12.99%	12.73%	$2,906,474	$3,080,229	$2,599,217	$2,599,217	$3,080,229	$2,906,474	12.73%	13.04%	$2,906,474	0.0%	$0
Soft Costs	0	$1,947,882		$18,887 / Unit	$2,341,980	$1,852,833	$1,504,739	$1,504,739	$1,852,833	$2,341,980	$18,887 / Unit		$1,947,882	$0	0.0%	$0
Financing	0	$1,484,021		$24,875 / Unit	$3,084,499	$1,815,069	$2,217,562	$2,217,562	$1,815,069	$3,084,499	$24,875 / Unit		$1,484,021	$0	0.0%	$0
Developer Fee	$0	$2,304,454	8.02%	7.90%	$2,304,454	$2,304,454	$2,304,454	$2,304,454	$2,304,454	$2,304,454	7.90%	8.05%	$2,304,454	$0	0.0%	$0
Reserves				8 Months	$606,634	$588,378	$580,368	$580,368	$588,378	$606,634	8 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$31,025,932**		$277,462 / Unit	**$34,405,262**	$32,173,949	$28,112,046	$28,112,045	$32,173,949	**$34,405,262**	$277,462 / Unit		**$30,939,247**	**$0**	**0.0%**	**$0**
Acquisition Cost	$0				$0	$0	$0									
Contingency		($45,350)			$0	($0)	$0									
Contractor's Fee		$0			$0	$0	$0									
Financing Cost		$0														
Developer Fee	$0	$0			$0	$0	$0									
Reserves					$0	$0	$0									
ADJUSTED BASIS / COST	**$0**	**$30,980,582**		$277,462/unit	**$34,405,262**	$32,173,949	$28,112,046	$28,112,045	$32,173,949	**$34,405,262**	$277,462/unit		**$30,939,247**	**$0**	**0.0%**	**$0**

TOTAL HOUSING DEVELOPMENT COSTS	**$34,405,262**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$30,980,582	$0	$30,939,247
Deduction of Federal Historic Credits	$0	($5,042,645)	$0	($5,042,645)
TOTAL ELIGIBLE BASIS	$0	$25,937,937	$0	$25,896,602
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$33,719,318	$0	$33,665,582
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$33,719,318	$0	$33,665,582
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$3,034,739	$0	$3,029,902
CREDITS ON QUALIFIED BASIS	$3,034,739		$3,029,902	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8199	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$3,029,902	$24,842,715	----	----	----
Needed to Fill Gap	$1,614,363	$13,236,451	----	----	----
Previous Allocation	$1,500,000	$12,298,770	**$1,500,000**	**$0**	**$0**

Long-Term Pro Forma

The Commons at St. Anthony's, Amarillo, 9% HTC #21506 20042

	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%	$1,019,901	$1,040,299	$1,061,105	$1,082,327	$1,103,974	$1,218,876	$1,345,738	$1,485,804	$1,640,447	$1,811,186	$1,999,696	$2,207,826
TOTAL EXPENSES	3.00%	$613,139	$631,105	$649,601	$668,643	$688,248	$795,308	$919,154	$1,062,432	$1,228,205	$1,420,023	$1,641,997	$1,898,888
NET OPERATING INCOME ("NOI")		**$406,762**	**$409,195**	**$411,504**	**$413,684**	**$415,726**	**$423,568**	**$426,584**	**$423,372**	**$412,242**	**$391,163**	**$357,699**	**$308,938**
EXPENSE/INCOME RATIO		60.1%	60.7%	61.2%	61.8%	62.3%	65.2%	68.3%	71.5%	74.9%	78.4%	82.1%	86.0%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		$353,327	$353,327	$353,327	$353,327	$353,327	$353,327	$353,327	$353,327	$353,327	$353,327	$353,327	$353,327
DEBT COVERAGE RATIO		1.15	1.16	1.16	1.17	1.18	1.20	1.21	1.20	1.17	1.11	1.01	0.87
ANNUAL CASH FLOW		**$53,436**	**$55,868**	**$58,178**	**$60,357**	**$62,399**	**$70,241**	**$73,257**	**$70,045**	**$58,915**	**$37,837**	**$4,373**	**($44,389)**
Deferred Developer Fee Balance		$884,245	$828,378	$770,200	$709,842	$647,443	$310,238	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$52,207	$411,662	$732,044	$967,819	$1,062,109	$944,457

Real Estate Analysis Division
January 11, 2022

Addendum to Underwriting Report

TDHCA Application #: **21506 20042** Program(s): **9% HTC/MDL**

The Commons at St. Anthony's

Address/Location: SWC Amarillo Blvd. and N. Polk Street

City: Amarillo County: Potter Zip: 79107

	APPLICATION HISTORY
Report Date	
01/11/22	**MDL Closing Memo**
10/06/21	MDL Application
06/30/20	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
TDHCA (Deferred Payable)	$2,000,000	0.00%	N/A	30	**$2,000,000**	**0.00%**	**35**	**15**	**2**
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 **Receipt and acceptance before Direct Loan 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: 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.

Status: Conditions a-e satisfied.

f: Compliance with the Department's NHTF Rehabilitation Standards, as approved by HUD.

Status: Conditioned has been cleared by Program and the alternative requirement for the windows incorporated into the draft MFDL Contract.

2 Receipt and acceptance by Commitment:

a: Documentation of the approved subdivision plat.

Status: Cleared. The City of Amarillo has approved the above Final Plat on 8/4/2020.

b: Revision to the Scope and Cost Review addressing §11.306(d)(6).

Status: Cleared. SCR references Subchapter B along with accessible work included in the scope.

3 Receipt and acceptance by Carryover:

a: Documentation of the status of the Historic Tax Credit application and approval.

Status: Cleared.

b: Documentation of restrictive covenant with SALRC.

Status: Cleared.

4 Receipt and acceptance by Cost Certification:

a: Architect certification that a noise assessment and vapor study were completed, and that all

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

c: Certification that subsurface environmental investigation was performed as specified in the ESA, and

d: Architect certification that buildings were tested for the presence of radon and any recommended

e: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	13
50% of AMI	50% of AMI	25
60% of AMI	60% of AMI	86

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	13

ANALYSIS

The MDL will close as a "Deferred Payable" loan instead of "Deferred Forgivable" at the request of the Applicant. Underwriting has been updated with a small revision to the construction contract. The Application is still consistent with the requirements of NOFA 2021-3.

Underwriting supports the Direct Loan as a second lien in the amount of $2,000,000 at 0% interest structured as Deferred Payable with a 15 year term and 35 year amortization to match the senior debt.

Director of Real Estate Analysis: *Jeanna Adams*

Commons at St. Anthony, 9%HTC/MDL, 21506_20042
Unit Mix

# Units	Bed rooms	Bath rooms	Unit Size (NRA SF)	Total NRA (sf)	Tax Credit Designation	MF Direct Loan Designation
1	0	1	554	554	TC 30%	30%/30%
3	0	1	605	1,815	TC 50%	0
5	0	1	605	3,025	TC 60%	0
1	0	1	606	606	TC 50%	0
1	0	1	613	613	TC 50%	0
3	0	1	622	1,866	TC 50%	0
7	0	1	622	4,354	TC 60%	0
3	0	1	646	1,938	TC 30%	30%/30%
6	0	1	646	3,876	TC 60%	0
2	0	1	664	1,328	TC 60%	0
4	0	1	667	2,668	TC 60%	0
2	1	1	679	1,358	TC 60%	0
2	1	1	682	1,364	TC 30%	30%/30%
4	1	1	682	2,728	TC 60%	0
3	1	1	694	2,082	TC 60%	0
2	1	1	714	1,428	TC 50%	0
2	1	1	720	1,440	TC 50%	0
3	1	1	720	2,160	TC 60%	0
2	1	1	736	1,472	TC 60%	0
2	1	1	739	1,478	TC 60%	0
3	1	1	755	2,265	TC 30%	30%/30%
3	1	1	755	2,265	TC 50%	0
10	1	1	755	7,550	TC 60%	0
3	1	1	758	2,274	TC 60%	0
3	1	1	778	2,334	TC 50%	0
1	1	1	805	805	TC 60%	0
2	2	1	859	1,718	TC 30%	30%/30%
1	2	1	869	869	TC 60%	0
6	2	1	871	5,226	TC 60%	0
2	2	1	886	1,772	TC 50%	0
2	2	1	903	1,806	TC 50%	0
3	2	1	903	2,709	TC 60%	0
1	2	1	906	906	TC 60%	0
2	2	1	911	1,822	TC 50%	0
4	2	1	911	3,644	TC 60%	0
2	2	1	925	1,850	TC 30%	30%/30%
9	2	1	925	8,325	TC 60%	0
1	2	1	929	929	TC 50%	0
5	2	1	929	4,645	TC 60%	0
1	2	1	979	979	TC 60%	0
1	2	1	1,040	1,040	TC 60%	0
1	2	1	1,103	1,103	TC 60%	0
124				94,989		

Commons at St. Anthony, 9%HTC/MDL, 21506_20042
Sources of Funds

		Interim		Permanent Period			
Source	**Type**	**Principal**	**Rate**	**Principal**	**Term**	**Amort**	**Rate**
TDHCA (Deferred Payable)	MF Direct Loan Const. to Perm. (Repayable)	$2,000,000	0.00%	$2,000,000	15	35	0.00%
Walker and Dunlop	Conventional Loan			$5,899,000	15	35	4.77%
Rate Lock Refund				$117,980	0	0	0%
First United Bank	Conventional Loan	$25,500,000	3.50%				
TOTAL		**$27,500,000**		**$8,016,980**			
Boston Financial	HTC Equity	$2,264,909		$12,298,770			
Federal Historic Credits - BFIM	Federal Historic Credits	$0		$4,529,817			
State Historic Credits-Commerce	State Historic Credits	$0		$6,387,957			
TOTAL		**$2,264,909**		**$23,216,544**			
PARTNERSHIP DEBT							
Commonwealth/KRS Housing	Deferred Developer Fee	$1,410,637		$951,461			
TOTAL		**$1,410,637**		**$951,461**			
CASH FLOW DEBT / GRANTS							
City of Amarillo	§11.9(d)(2)LPS Contribution	$500		$500			
TOTAL		**$500**		**$500**			
TOTAL CAPITALIZATION		**$31,176,046**		**$32,185,485**			

Commons at St. Anthony, 9%HTC/MDL, 21506_20042
Uses of Funds

Description	Hard Cost	Total Development Cost
Land Acquisition		$324,615
Building Acquisition		$0
		$0
Off-Sites	$280,000	$280,000
Site Work	$452,411	$452,411
Site Amenities	$203,505	$203,505
Building Cost	$18,804,923	$18,804,923
Contingency		$1,974,084
Contractor Fees		$2,933,312
Soft Costs		$2,358,480
Financing		$1,961,075
Developer Fee		$2,304,454
Reserves		$588,626
Totals	$19,740,839	$32,185,485

Real Estate Analysis Division
October 6, 2021

Addendum to Underwriting Report

TDHCA Application #: **21506 20042** Program(s): **9% HTC/MDL**

The Commons at St. Anthony's

Address/Location: SWC Amarillo Blvd. and N. Polk Street

City: Amarillo County: Potter Zip: 79107

	APPLICATION HISTORY
Report Date	**PURPOSE**
10/06/21	**MDL Application**
06/30/20	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
TDHCA (Deferred Forgivable)					**$2,000,000**	**0.00%**	**N/A**	**30**	**2**
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 **Receipt and acceptance before Direct Loan 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: 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.

f: Compliance with the Department's NHTF Rehabilitation Standards, as approved by HUD.

2 Receipt and acceptance by Commitment:

a: Documentation of the approved subdivision plat.

Status: Cleared. The City of Amarillo has approved the above Final Plat on 8/4/2020.

b: Revision to the Scope and Cost Review addressing §11.306(d)(6).

Status: Cleared. SCR references Subchapter B along with accessible work included in the scope.

3 Receipt and acceptance by Carryover:

a: Documentation of the status of the Historic Tax Credit application and approval.

Status: Cleared.

b: Documentation of restrictive covenant with SALRC.

Status: Cleared.

4 Receipt and acceptance by Cost Certification:

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

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

c: Certification that subsurface environmental investigation was performed as specified in the ESA, and that any recommended mitigation measures were fully implemented.

d: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

e: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	13
50% of AMI	50% of AMI	25
60% of AMI	60% of AMI	86

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	13

ANALYSIS

The Development received a 9% HTC allocation in 2020. The Applicant has applied for Multifamily Direct Loan funding under the 2021-3 NOFA for NHTF funds.

Operating Pro Forma

Rents have been updated to the 2021 Program Rents.

Development Cost

Net Rentable Area (NRA) has increased by 3.11% and the land area has increased from 3.9 acres to 4.22 acres from the Original Application. Land price increased from $300k to $324,615.

Building Cost increased $3,752,889 (24.2%)

Total Development Cost increased $4,061,903 (14.4%)

Sources of Funds

The Applicant has applied for a Multifamily Direct Loan consistent with requirements of NOFA, stuctured as Deferred Forgivable.

If the Direct Loan amount is forgiven, it is considered a federal grant, and the amount must be deducted from eligible basis for Housing Tax Credits. With the Direct Loan amount as well as the Federal Historic Credits deducted, eligible basis continues to support the original Housing Tax Credit allocation of $1,500,000.

The Underwriter recommends approval of a Direct Loan as a second lien in the amount of $2,000,000 at 0% interest structured as Deferred Forgivable with a 30-year term.

Underwriter: *Eric Weiner*

Manager of Real Estate Analysis: *Jeanna Adams*

Director of Real Estate Analysis: *Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

LOCATION DATA	
CITY:	Amarillo
COUNTY:	Potter
Area Median Income	$71,600
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	36	29.0%	0	4
1	45	36.3%	0	5
2	43	34.7%	0	4
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	124	100.0%	-	13

55% Average Income		
Income	# Units	% Total
20%	-	0.0%
30%	13	10.5%
40%	-	0.0%
50%	25	20.2%
60%	86	69.4%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	124	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	766 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		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%	$376	30%/30%	$376	1	0	1	554	$376	$42	$334	$0	$0.60	$334	**$334**	**$334**	$334	$0.60	$0	$753	$1.36	$753
TC 50%	$627			3	0	1	605	$627	$42	$585	($1)	$0.97	$584	**$1,752**	**$1,755**	$585	$0.97	$0	$753	$1.24	$753
TC 60%	$753			5	0	1	605	$753	$42	$711	($17)	$1.15	$694	**$3,470**	**$3,555**	$711	$1.18	$0	$753	$1.24	$753
TC 50%	$627			1	0	1	606	$627	$42	$585	($1)	$0.96	$584	**$584**	**$585**	$585	$0.97	$0	$753	$1.24	$753
TC 50%	$627			1	0	1	613	$627	$42	$585	($1)	$0.95	$584	**$584**	**$585**	$585	$0.95	$0	$753	$1.23	$753
TC 50%	$627			3	0	1	622	$627	$42	$585	($1)	$0.94	$584	**$1,752**	**$1,755**	$585	$0.94	$0	$753	$1.21	$753
TC 60%	$753			7	0	1	622	$753	$42	$711	($17)	$1.12	$694	**$4,858**	**$4,977**	$711	$1.14	$0	$753	$1.21	$753
TC 30%	$376	30%/30%	$376	3	0	1	646	$376	$42	$334	$0	$0.52	$334	**$1,002**	**$1,002**	$334	$0.52	$0	$753	$1.17	$753
TC 60%	$753			6	0	1	646	$753	$42	$711	($17)	$1.07	$694	**$4,164**	**$4,266**	$711	$1.10	$0	$753	$1.17	$753
TC 60%	$753			2	0	1	664	$753	$42	$711	($17)	$1.05	$694	**$1,388**	**$1,422**	$711	$1.07	$0	$753	$1.13	$753
TC 60%	$753			4	0	1	667	$753	$42	$711	($17)	$1.04	$694	**$2,776**	**$2,844**	$711	$1.07	$0	$753	$1.13	$753
TC 60%	$806			2	1	1	679	$806	$48	$758	($18)	$1.09	$740	**$1,480**	**$1,516**	$758	$1.12	$0	$806	$1.19	$806
TC 30%	$403	30%/30%	$403	2	1	1	682	$403	$48	$355	$0	$0.52	$355	**$710**	**$710**	$355	$0.52	$0	$806	$1.18	$806
TC 60%	$806			4	1	1	682	$806	$48	$758	($18)	$1.09	$740	**$2,960**	**$3,032**	$758	$1.11	$0	$806	$1.18	$806
TC 60%	$806			3	1	1	694	$806	$48	$758	($18)	$1.07	$740	**$2,220**	**$2,274**	$758	$1.09	$0	$806	$1.16	$832
TC 50%	$671			2	1	1	714	$671	$48	$623	($1)	$0.87	$622	**$1,244**	**$1,246**	$623	$0.87	$0	$806	$1.13	$806
TC 50%	$671			2	1	1	720	$671	$48	$623	($1)	$0.86	$622	**$1,244**	**$1,246**	$623	$0.87	$0	$806	$1.12	$806
TC 60%	$806			3	1	1	720	$806	$48	$758	($18)	$1.03	$740	**$2,220**	**$2,274**	$758	$1.05	$0	$806	$1.12	$806
TC 60%	$806			2	1	1	736	$806	$48	$758	($18)	$1.01	$740	**$1,480**	**$1,516**	$758	$1.03	$0	$806	$1.10	$806
TC 60%	$806			2	1	1	739	$806	$48	$758	($18)	$1.00	$740	**$1,480**	**$1,516**	$758	$1.03	$0	$806	$1.09	$806
TC 30%	$403	30%/30%	$403	3	1	1	755	$403	$48	$355	$0	$0.47	$355	**$1,065**	**$1,065**	$355	$0.47	$0	$806	$1.07	$806
TC 50%	$671			2	1	1	755	$671	$48	$623	($1)	$0.82	$622	**$1,244**	**$1,246**	$623	$0.83	$0	$806	$1.07	$806
TC 60%	$806			11	1	1	755	$806	$48	$758	($18)	$0.98	$740	**$8,140**	**$8,338**	$758	$1.00	$0	$806	$1.07	$806
TC 60%	$806			3	1	1	758	$806	$48	$758	($18)	$0.98	$740	**$2,220**	**$2,274**	$758	$1.00	$0	$806	$1.06	$806
TC 50%	$671			3	1	1	778	$671	$48	$623	($1)	$0.80	$622	**$1,866**	**$1,869**	$623	$0.80	$0	$806	$1.04	$806
TC 60%	$806			1	1	1	805	$806	$48	$758	($18)	$0.92	$740	**$740**	**$758**	$758	$0.94	$0	$806	$1.00	$806
TC 30%	$483	30%/30%	$549	2	2	1	859	$483	$61	$422	$0	$0.49	$422	**$844**	**$844**	$422	$0.49	$0	$967	$1.13	$967
TC 60%	$967			1	2	1	869	$967	$61	$906	($20)	$1.02	$886	**$886**	**$906**	$906	$1.04	$0	$967	$1.11	$967
TC 60%	$967			6	2	1	871	$967	$61	$906	($20)	$1.02	$886	**$5,316**	**$5,436**	$906	$1.04	$0	$967	$1.11	$967
TC 50%	$806			2	2	1	886	$806	$61	$745	($1)	$0.84	$744	**$1,488**	**$1,490**	$745	$0.84	$0	$967	$1.09	$967
TC 50%	$806			2	2	1	903	$806	$61	$745	($1)	$0.82	$744	**$1,488**	**$1,490**	$745	$0.83	$0	$967	$1.07	$967
TC 60%	$967			3	2	1	903	$967	$61	$906	($20)	$0.98	$886	**$2,658**	**$2,718**	$906	$1.00	$0	$967	$1.07	$967
TC 60%	$967			1	2	1	906	$967	$61	$906	($20)	$0.98	$886	**$886**	**$906**	$906	$1.00	$0	$967	$1.07	$967
TC 50%	$806			2	2	1	911	$806	$61	$745	($1)	$0.82	$744	**$1,488**	**$1,490**	$745	$0.82	$0	$967	$1.06	$967
TC 60%	$967			4	2	1	911	$967	$61	$906	($20)	$0.97	$886	**$3,544**	**$3,624**	$906	$0.99	$0	$967	$1.06	$967
TC 30%	$483	30%/30%	$549	2	2	1	925	$483	$61	$422	$0	$0.46	$422	**$844**	**$844**	$422	$0.46	$0	$967	$1.05	$967
TC 60%	$967			9	2	1	925	$967	$61	$906	($20)	$0.96	$886	**$7,974**	**$8,154**	$906	$0.98	$0	$967	$1.05	$967
TC 50%	$806			2	2	1	929	$806	$61	$745	($1)	$0.80	$744	**$1,488**	**$1,490**	$745	$0.80	$0	$967	$1.04	$967
TC 60%	$967			4	2	1	929	$967	$61	$906	($20)	$0.95	$886	**$3,544**	**$3,624**	$906	$0.98	$0	$967	$1.04	$967
TC 60%	$967			1	2	1	979	$967	$61	$906	($20)	$0.91	$886	**$886**	**$906**	$906	$0.93	$0	$967	$0.99	$967
TC 60%	$967			1	2	1	1,040	$967	$61	$906	($20)	$0.85	$886	**$886**	**$906**	$906	$0.87	$0	$967	$0.93	$967
TC 60%	$967			1	2	1	1,103	$967	$61	$906	($20)	$0.80	$886	**$886**	**$906**	$906	$0.82	$0	$967	$0.88	$967
TOTALS/AVERAGES:				**124**			**94,989**				**($13)**	**$0.93**	**$710**	**$88,083**	**$89,694**	**$723**	**$0.94**	**$0**	**$846**	**$1.10**	**$847**
ANNUAL POTENTIAL GROSS RENT:														**$1,056,996**	**$1,076,328**						

STABILIZED PRO FORMA

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		3 Local Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.93	$710	$1,056,996	$1,076,640	$1,077,037	$1,076,328	$723	$0.94		-1.8%	($19,332)
late fees, app fees, retained deposits							$10.00	$14,880	16,368							
Total Secondary Income							$10.00			16,368	$14,880	$10.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,071,876	$1,093,008	$1,093,405	$1,091,208				-1.8%	($19,332)
Vacancy & Collection Loss							7.5% PGI	(80,391)	(81,976)	(82,005)	(81,841)	7.5% PGI			-1.8%	1,450
Rental Concessions								-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$991,485	$1,011,032	$1,011,400	$1,009,367				-1.8%	($17,882)
General & Administrative	$41,623	$336/Unit	$39,166	$316	2.45%	$0.26	$196	$24,265	$28,840	$39,166	$39,166	$316	$0.41	3.88%	-38.0%	(14,901)
Management	$35,899	4.4% EGI	$44,422	$358	4.26%	$0.44	$341	$42,268	$42,969	$42,984	$42,898	$346	$0.45	4.25%	-1.5%	(630)
Payroll & Payroll Tax	$151,697	$1,223/Unit	$164,829	$1,329	14.23%	$1.49	$1,138	$141,071	$142,216	$142,216	$141,071	$1,138	$1.49	13.98%	0.0%	-
Repairs & Maintenance	$79,071	$638/Unit	$84,156	$679	8.52%	$0.89	$681	$84,500	$77,160	$80,600	$80,600	$650	$0.85	7.99%	4.8%	3,900
Electric/Gas	$27,207	$219/Unit	$21,731	$175	1.51%	$0.16	$121	$15,000	$15,000	$21,731	$21,731	$175	$0.23	2.15%	-31.0%	(6,731)
Water, Sewer, & Trash	$65,043	$525/Unit	$69,950	$564	5.99%	$0.63	$479	$59,400	$59,500	$59,500	$59,400	$479	$0.63	5.88%	0.0%	-
Property Insurance	$38,927	$0.41 /sf	$40,947	$330	8.74%	$0.91	$699	$86,641	$43,400	$43,400	$86,641	$699	$0.91	8.58%	0.0%	-
Property Tax (@ 100%) 2.508935	$54,327	$438/Unit	$56,547	$456	8.55%	$0.89	$684	$84,803	$113,444	$108,237	$85,064	$686	$0.90	8.43%	-0.3%	(261)
Reserve for Replacements				$0	3.75%	$0.39	$300	$37,200	$37,200	$37,200	$37,200	$300	$0.39	3.69%	0.0%	-
Supportive Services				$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.50%	$0.05	$40	$4,960	$4,960	$4,960	$4,960	$40	$0.05	0.49%	0.0%	-
TOTAL EXPENSES					**58.51%**	**$6.11**	**$4,678**	**$ 580,108**	**$564,689**	**$579,994**	**$599,173**	**$4,832**	**$6.31**	**59.36%**	**-3.2%**	**$ (19,065)**
NET OPERATING INCOME ("NOI")					**41.49%**	**$4.33**	**$3,318**	**$411,377**	**$446,343**	**$431,406**	**$410,194**	**$3,308**	**$4.32**	**40.64%**	**0.3%**	**$ 1,183**
CONTROLLABLE EXPENSES							$2,615/Unit					$2,758/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Walker and Dunlop		1.17	1.17	351,612	4.77%	35	17	$5,978,403	$6,700,000	$6,700,000	$5,978,403	17	35	4.77%	$351,612	1.17	18.6%
CASH FLOW DEBT / GRANTS																	
TDHCA (Deferred Forgivable)		1.17	1.17		0.00%	35	17	$2,000,000	$500	$500	$2,000,000	30		0.00%		1.17	6.2%
City of Amarillo		1.17	1.17		0.00%	0	0	$500	**$0**	**$0**	$500	0	0	0.00%		1.17	0.0%
				$351,612		**TOTAL DEBT / GRANT SOURCES**		**$7,978,903**	**$6,700,500**	**$6,700,500**	**$7,978,903**			**TOTAL DEBT SERVICE**	**$351,612**	**1.17**	24.8%
NET CASH FLOW		$58,582	$59,765								**APPLICANT**	**NET OPERATING INCOME**		**$411,377**	**$59,765**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
Boston Financial	LIHTC Equity	38.2%	$1,500,000	0.82	$12,298,770	$13,498,650	$13,498,650	$12,298,770	$0.82	$1,500,000	38.2%	$12,097	Previous Allocation
Federal Historic Credits - BFIM		14.1%			$4,529,970	$3,806,305	$3,806,305	$4,529,970			14.1%		
State Historic Credits-Commerce		19.9%			$6,388,172	$3,171,921	$3,171,921	$6,388,172			19.9%		
Commonwealth/KRS Housing	Deferred Developer Fees	3.0%	(42% Deferred)		$978,134	$934,670	$934,669	$978,134	(42% Deferred)		3.0%	**Total Developer Fee:**	**$2,304,454**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		75.2%			$24,195,046	$21,411,546	$21,411,545	$24,195,046			75.2%		
TOTAL CAPITALIZATION					**$32,173,949**	**$28,112,046**	**$28,112,045**	**$32,173,949**				**15-Yr Cash Flow after Deferred Fee:**	**$159,650**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS			Eligible Basis		COST VARIANCE	
	Eligible Basis													
	Acquisition	**New Const. Rehab**	**Total Costs**			**Applicant**	**TDHCA**	**Total Costs**			**New Const. Rehab**	**Acquisition**	%	$
Land Acquisition				$2,618 / Unit	$324,615	$300,000	$300,000	$324,615	$2,618 / Unit				0.0%	$0
Off-Sites				$1,694 / Unit	$210,000	$210,000	$114,745	$210,000	$1,694 / Unit				0.0%	$0
Site Work		$519,570		$4,190 / Unit	$519,570	$1,056,147	$1,523,188	$519,570	$4,190 / Unit		$519,570		0.0%	$0
Site Amenities		$0		$1,613 / Unit	$200,000	$375,000	$384,400	$270,560	$2,182 / Unit		$0		-26.1%	($70,560)
Building Cost		$8,654,537	$202.76 /sf	$155,321/Unit	$19,259,858	$15,506,969	$15,125,783	$19,189,298	$154,752/Unit	$202.02 /sf	$8,654,537		0.4%	$70,560
Contingency		$2,018,943	22.01%	10.00%	$2,018,943	$1,457,590	$1,457,590	$2,018,943	10.00%	10.00%	$917,411		0.0%	$0
Contractor Fees		$3,080,229	27.52%	13.87%	$3,080,229	$2,599,217	$2,599,217	$3,080,229	13.87%	14.00%	$1,412,812		0.0%	$0
Soft Costs	0	$1,527,692		$14,942 / Unit	$1,852,833	$1,504,739	$1,504,739	$1,852,833	$14,942 / Unit		$1,527,692	$0	0.0%	$0
Financing	0	$916,184		$14,638 / Unit	$1,815,069	$2,217,562	$2,217,562	$1,815,069	$14,638 / Unit		$916,184	$0	0.0%	$0
Developer Fee	$0	$2,304,454	13.78%	8.31%	$2,304,454	$2,304,454	$2,304,454	$2,304,454	8.84%	15.00%	$2,092,231	$0	0.0%	$0
Reserves				8 Months	$588,378	$580,368	$580,368	$588,378	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$19,021,609**		$259,467 / Unit	**$32,173,949**	**$28,112,046**	**$28,112,045**	**$32,173,949**	$259,467 / Unit		**$16,040,437**	**$0**	**0.0%**	**$0**
Acquisition Cost	$0				$0	$0								
Contingency		($1,101,532)			($0)	$0								
Contractor's Fee		($1,667,417)			$0	$0								
Financing Cost		$0												
Developer Fee	$0	($212,223)			$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$16,040,437**		$259,467/unit	**$32,173,949**	**$28,112,046**	**$28,112,045**	**$32,173,949**	$259,467/unit		**$16,040,437**	**$0**	**0.0%**	**$0**

TOTAL HOUSING DEVELOPMENT COSTS	**$32,173,949**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$16,040,437	$0	$16,040,437
Deduction of Federal Historic Credits	$0	($4,529,970)	$0	($4,529,970)
Deduction of Forgivable NHTF		($2,000,000)		($2,000,000)
Credit back voluntary reduction		$10,605,321		$10,605,321
TOTAL ELIGIBLE BASIS	$0	$20,115,788	$0	$20,115,788
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$26,150,524	$0	$26,150,524
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$26,150,524	$0	$26,150,524
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,353,547	$0	$2,353,547
CREDITS ON QUALIFIED BASIS	$2,353,547		$2,353,547	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8199	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,353,547	$19,297,157	----	----	----
Needed to Fill Gap	$1,619,297	$13,276,904	----	----	----
Previous Allocation	$1,500,000	$12,298,770	**$1,500,000**	**$0**	**$0**

Long-Term Pro Forma

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$991,485	$1,011,315	$1,031,541	$1,052,172	$1,073,216	$1,184,917	$1,308,244	$1,444,407	$1,594,742	$1,760,724	$1,943,981
TOTAL EXPENSES	3.00%	$580,108	$597,089	$614,570	$632,567	$651,096	$752,273	$869,303	$1,004,682	$1,161,303	$1,342,517	$1,552,202
NET OPERATING INCOME ("NOI")		**$411,377**	**$414,226**	**$416,971**	**$419,605**	**$422,120**	**$432,643**	**$438,941**	**$439,725**	**$433,438**	**$418,207**	**$391,780**
EXPENSE/INCOME RATIO		58.5%	59.0%	59.6%	60.1%	60.7%	63.5%	66.4%	69.6%	72.8%	76.2%	79.8%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$351,612	$351,612	$351,612	$351,612	$351,612	$351,612	$351,612	$351,612	$351,612	$351,612	$351,612
DEBT COVERAGE RATIO		1.17	1.18	1.19	1.19	1.20	1.23	1.25	1.25	1.23	1.19	1.11
ANNUAL CASH FLOW		**$59,765**	**$62,614**	**$65,359**	**$67,992**	**$70,507**	**$81,031**	**$87,328**	**$88,112**	**$81,826**	**$66,595**	**$40,167**
Deferred Developer Fee Balance		$918,369	$855,755	$790,396	$722,404	$651,897	$266,327	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$159,650	$601,139	$1,026,019	$1,393,453	$1,652,127

20042 The Commons at St. Anthony's - Application Summary

REAL ESTATE ANALYSIS DIVISION
June 30, 2020

PROPERTY IDENTIFICATION

Application #	**20042**
Development	**The Commons at St. Anthony's**
City / County	**Amarillo / Potter**
Region/Area	**1 / Urban**
Population	**Elderly Limitation**
Set-Aside	**General**
Activity	**Adaptive Re-Use** 1928 - 1971

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,500,000	**$1,500,000**	**$12,097/Unit**	**$0.90**

KEY PRINCIPALS / SPONSOR

KRS Housing, LLC co-developer, GP, Guarantor
Kent Hance
Commonwealth Development Corp of Ameica (dba, Comontex Development Inc), co-developer, contractor
Craig Alter/Louie Lang
True Casa Consulting-Jennifer Hicks

Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	36	29%
1	45	36%
2	43	35%
3	-	0%
4	-	0%
TOTAL	124	100%

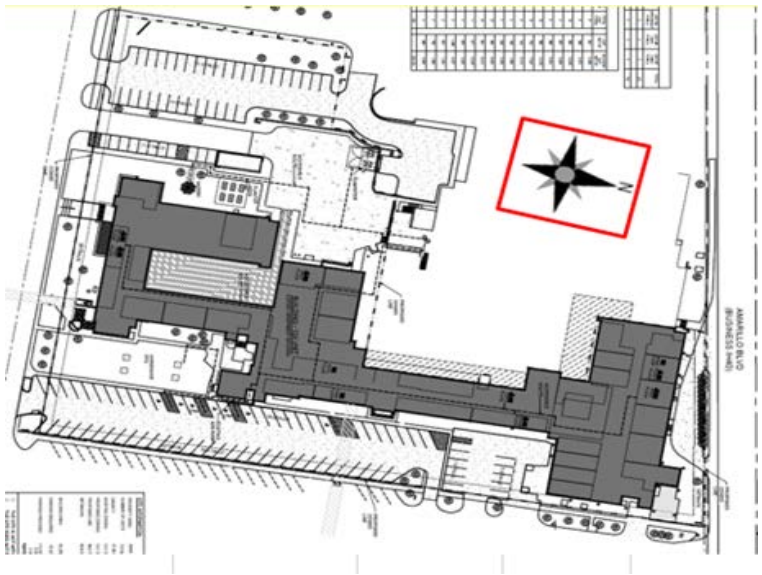
INCOME DISTRIBUTION

Income	# Units	% Total
30%	13	10%
40%	-	0%
50%	25	20%
60%	86	69%
MR	-	
TOTAL	124	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.17	**Expense Ratio**	55.9%
Breakeven Occ.	86.5%	**Breakeven Rent**	$676
Average Rent	$724	**B/E Rent Margin**	$48
Property Taxes	$915/unit	**Exemption/PILOT**	0%
Total Expense	$4,554/unit	**Controllable**	$2,603/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			1.7%
Highest Unit Capture Rate	7%	0 BR/60%	24
Dominant Unit Cap. Rate	3%	2 BR/60%	32
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	743 SF	**Density**	31.8/acre
Acquisition		$02K/unit	$300K
Building Cost	$168.33/SF	$125K/unit	$15,507K
Hard Cost		$150K/unit	$18,606K
Total Cost		$227K/unit	$28,112K
Developer Fee	$2,304K	(41% Deferred)	Paid Year: 12
Contractor Fee	$2,599K	**30% Boost**	Yes

REHABILITATION COSTS / UNIT

Site Work	$13K	9%	Finishes/Fixtures	$43K	29%
Building Shell	$66K	44%	Amenities	$3K	2%
HVAC	$11K	7%	Total Exterior	$82K	59%
Appliances	$2K	1%	Total Interior	$56K	41%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Walker and Dunlop	15/35	4.50%	$6,700,000	1.17
TOTAL DEBT (Must Pay)			$6,700,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Amarillo	0/0	0.00%	$500	1.17
CASH FLOW DEBT / GRANTS			$500	

EQUITY / DEFERRED FEES	
Source	Amount
Redstone Equity Partners	$13,498,650
Federal Historic Credits	$3,806,305
State Historic Credits	$3,171,921
Commonwealth/KRS Housing	$934,669
TOTAL EQUITY SOURCES	$21,411,545
TOTAL DEBT SOURCES	$6,700,500
TOTAL CAPITALIZATION	$28,112,045

CONDITIONS

1 Receipt and acceptance by Commitment:

a: Documentation of the approved subdivision plat.

b: Revision to the Scope and Cost Review addressing §11.306(d)(6).

2 Receipt and acceptance by Carryover:

a: Documentation of the status of the Historic Tax Credit application and approval.

b: Documentation of restrictive covenant with SALRC.

3 Receipt and acceptance by Cost Certification:

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

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

c: Certification that subsurface environmental investigation was performed as specified in the ESA, and that any recommended mitigation measures were fully implemented.

d: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

e: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

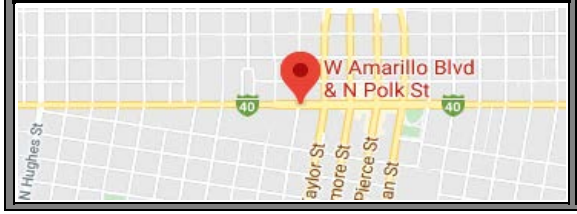
Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ City support for development of campus
▫ Developer experience with adaptive re-use
▫ Low capture rates

WEAKNESSES/RISKS
▫ Breakeven rent
▫ Tight feasibility indicators/low cash flow
▫ Lack of outdoor space

AREA MAP



AERIAL PHOTOGRAPH(s)



Real Estate Analysis Division
Underwriting Report
June 30, 2020

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **20042** Program(s): **9% HTC**

The Commons at St. Anthony's

Address/Location: SWC Amarillo Blvd. and N. Polk Street

City: Amarillo County: Potter Zip: 79107

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

Activity: Adaptive Re-Use Building Type: Elevator Served Region: 1

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

CONDITIONS

1 Receipt and acceptance by Commitment:

a: Documentation of the approved subdivision plat.

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d: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

e: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	13
50% of AMI	50% of AMI	25
60% of AMI	60% of AMI	86

DEVELOPMENT SUMMARY

The Commons at St. Anthony's is an adaptive re-use of a historic hospital into residential senior housing in Amarillo. The five-story reinforced concrete structure dating back to 1928, with subsequent additions between 1948 and 1971, will be reconstructed inside while maintaining the historic exterior, elevator lobby, as many windows as possible, and about 75% of the original red roof tiles on the oldest section.

The subject site is 3.9 acres of the 13 acre St. Anthony's campus. The site includes the Subject building along with several other buildings and parking areas located on the campus. The St. Anthony's Legacy and Redevelopment Corporation (SALRC) will retain ownership of the remainder hospital buildings and parking areas. This organization is focused on serving the Amarillo community, particularly those persons of lower income by creating opportunities for employment and training. SALRC plans to convert some of the parking areas into an urban farm. The professional office component of the hospital has been planned to accommodate social service organizations while educational and entrepreneurial collaborative programs are envisioned between the professional office area and the apartments developed through this application.

The Commons at St. Anthony's will house 124 affordable studio, one and two bedroom units.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	City support for development of campus
▫	Developer experience with adaptive re-use
▫	Low capture rates
▫	

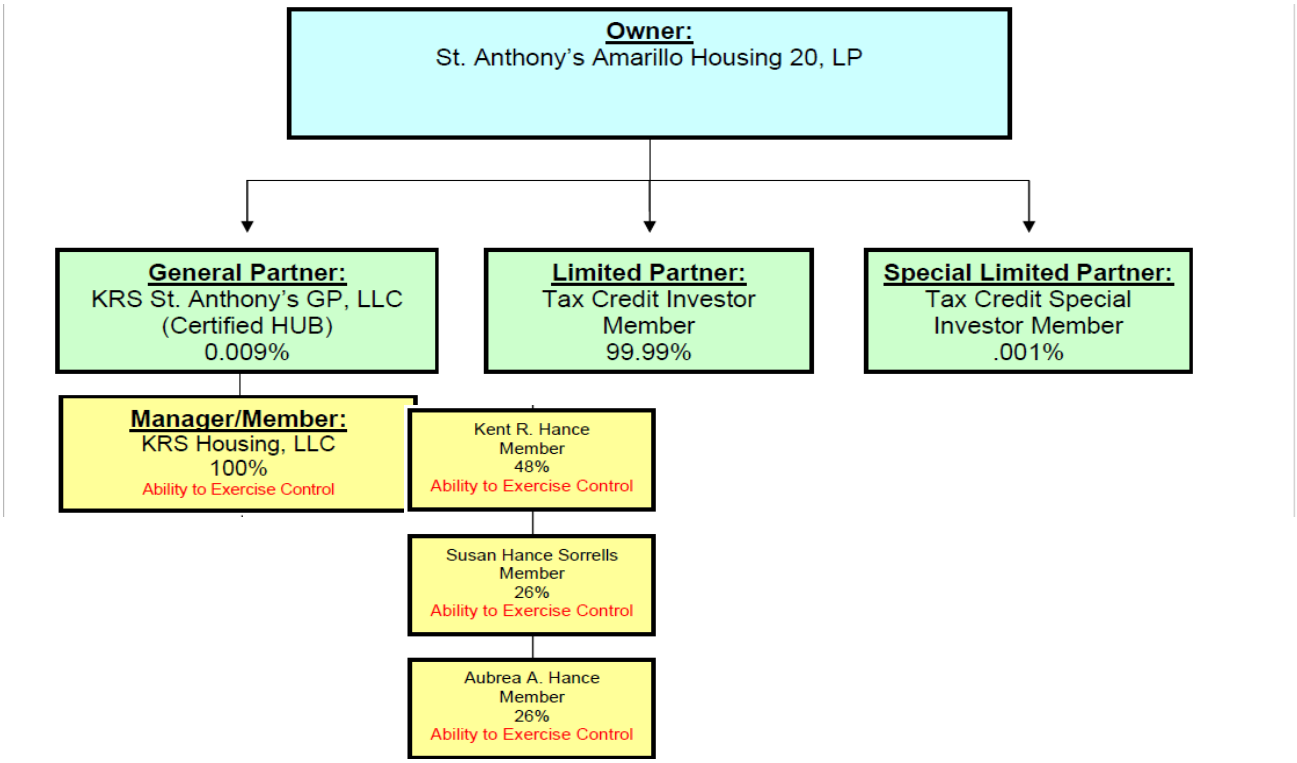
WEAKNESSES/RISKS	
▫	Breakeven rent
▫	Tight feasibility indicators/low cash flow
▫	Lack of outdoor space
▫	8 foot ceilings

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Craig Alter	Name:	Jennifer Hicks
Phone:	(512) 956-5432	Phone:	(512) 203-4417
Relationship:	Developer/Contractor	Relationship:	Consultant

OWNERSHIP STRUCTURE



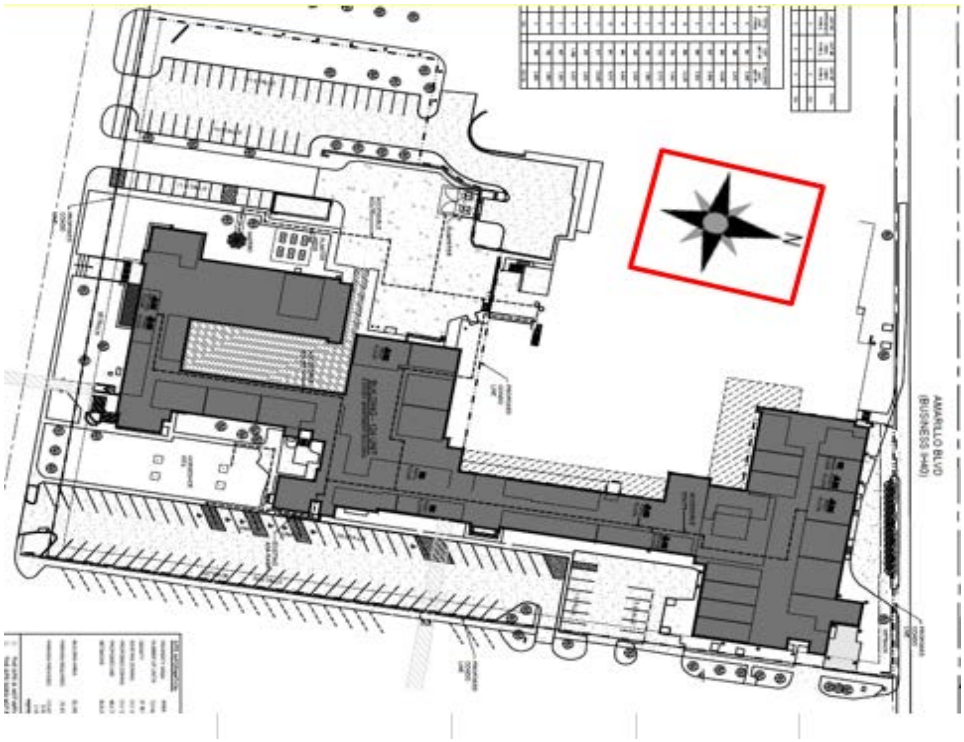
- KRS Housing, LLC (66.67% co-developer, GP, Guarantor) has participated in two LIHTC developments in Texas since 2018. The principal, Kent Hance, has participated in 17 developments since 1996.
  Commonwealth Development Corp of America (dba, Commontex Development, Inc) (33.33% co-developer, contractor) has participated in four LIHTC developments in Texas since 2013.

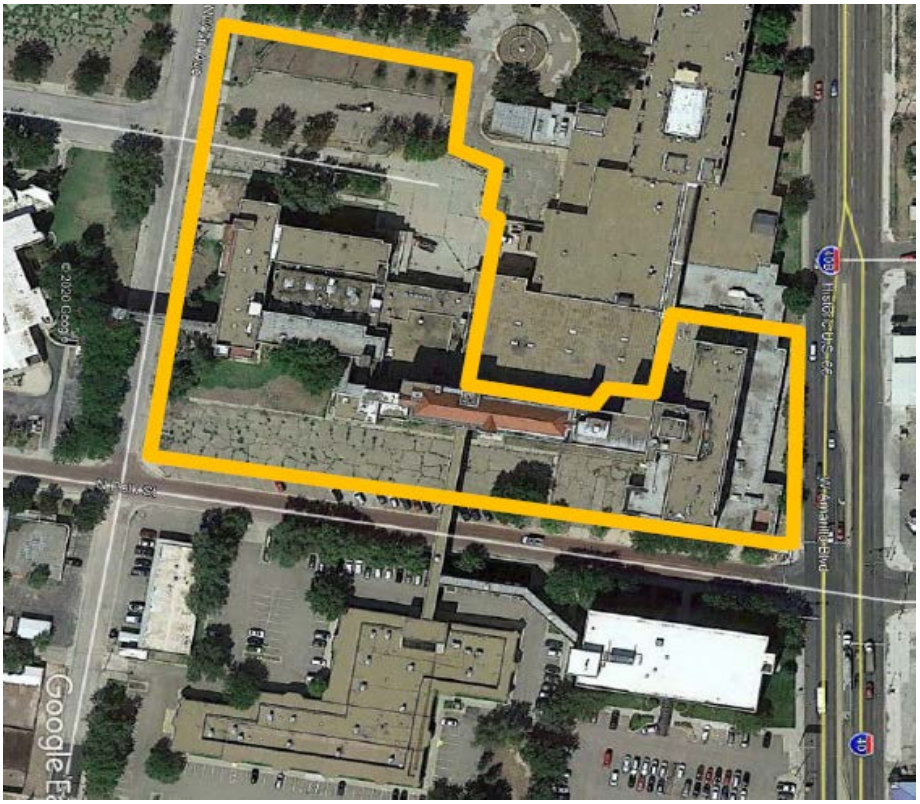
- Commonwealth Companies has experience and a successful track record of converting old schools, hospitals and factories by adaptively reusing them into apartments. Commonwealth has taken 20 sometimes blighted, often vandalized, and ready to be condemned buildings and brought them back to life. In addition to Commonwealth's experience with historic renovations, their full development portfolio includes almost 100 affordable housing projects across the country.

- Contractor, architect and supportive services provider are related entities to co-developers.

DEVELOPMENT SUMMARY

SITE PLAN





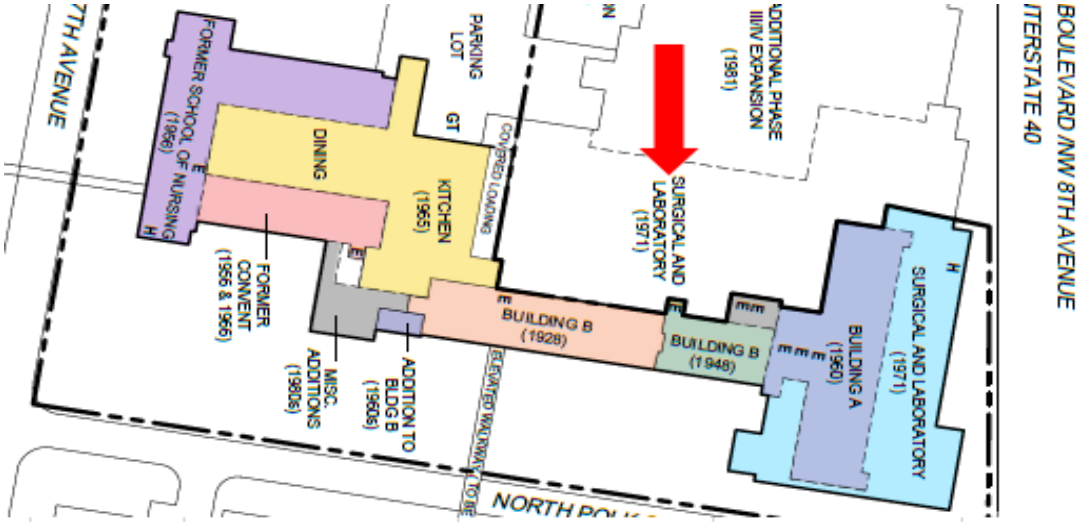


Comments:

The 3.9 acre site is currently mostly concrete; there will not be an increase in impervious cover, therefore storm water detention will not be required. The site slopes generally from east to west. The site amenities will include horseshoe pits, a gazebo, planter bed/garden area, and new interior courtyard after the demolition of the current dining room.

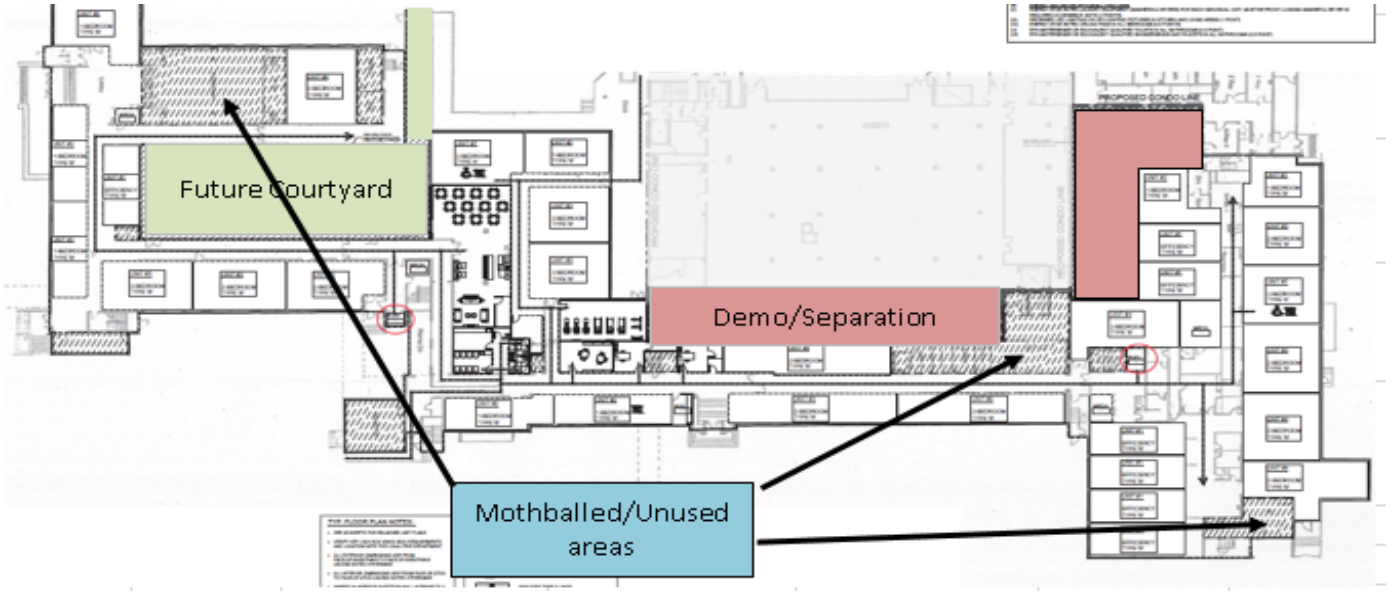
Egresses will be onto Polk Street and NW 7th Avenue. The two parking lots will be repaved; 93 parking spaces are required and 120 are provided.

Applicant is in discussion with SALRC to demo the Surgical and Laboratory Building that abuts Subject in order to increase views from Subject units, create a larger fire separation, and increase green space. Per Applicant, if permission is granted, they would obtain outside funding independent of the Commons redevelopment budget. Ownership of the land area under an enlarged demolition scope would remain with SALRC. The Commons at St. Anthony's site area would not be increased nor would it be responsible for any improvements in the demolished area.



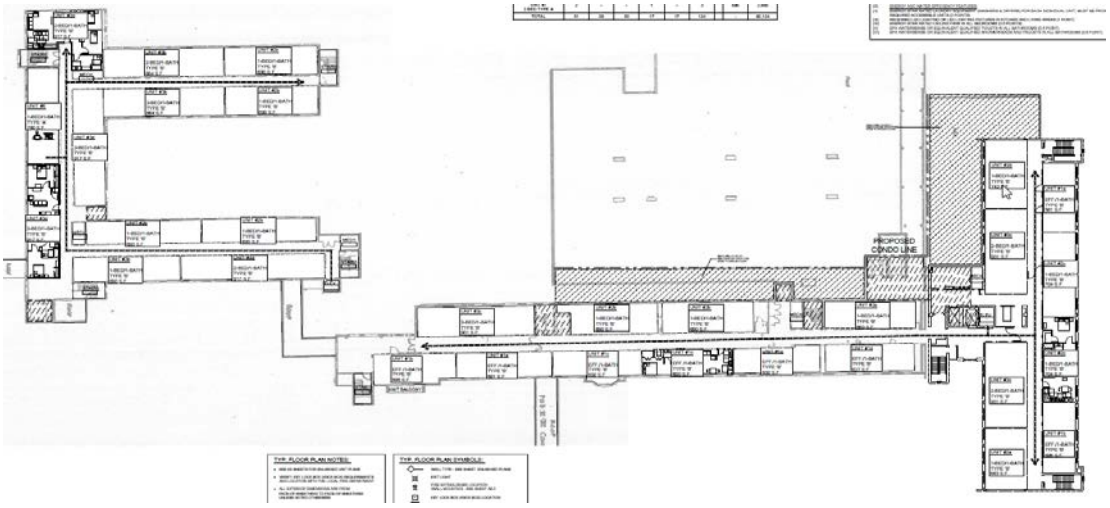
BUILDING PLAN (Typical)

First Floor

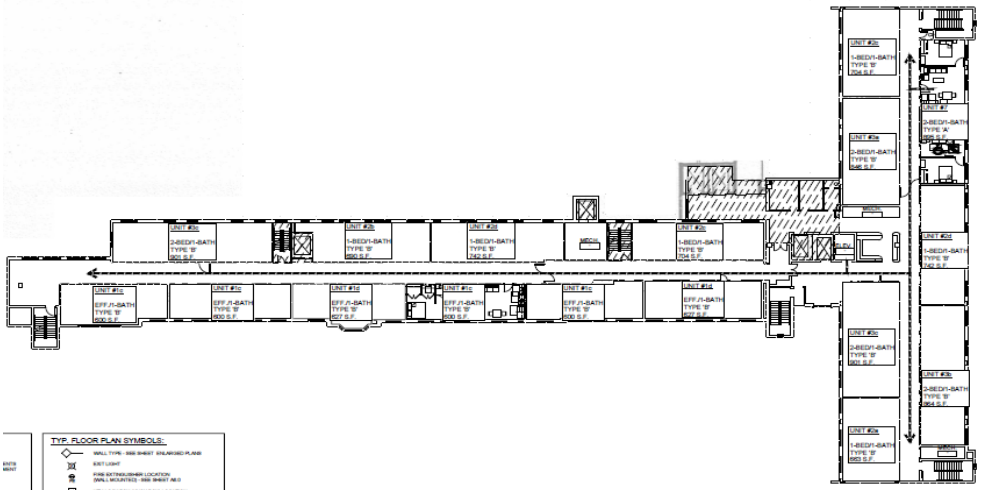


See third comment below

Third Floor



Fourth Floor



Comments:

The first and second floor plans are similar; the floor plan snakes throughout the different additions on a north/south plane. On the third floor, the buildings are no longer connected; the current catwalk will be demolished. The fourth and fifth floors consist of only the north buildings, ie, the south additions were only three stories, as seen below.

The common areas on the first floor include: the community room, fitness center, small library, laundry room, bathrooms, mailroom, as well as the management offices. There are multiple entrances throughout the building. Exterior common area consists of a new courtyard at the south where the current dining room will be demolished.

"'Mothballed" is a term the National Park Service uses for areas of a project that are not being renovated in the current scope, but are being preserved in their current state. The areas indicated on the plans as "mothballed" will be cleaned of debris and any hazardous materials identified in the environmental reports will be addressed. Basic lighting will be installed and life safety systems will be installed per code. Minimal mechanicals will be installed to control humidity and protect sprinkler piping. The areas will be locked and residents will not have access. Staff will access "mothballed" areas to perform periodic inspections to make sure all is okay. Any broken windows will be replaced. There will be no exterior access to these mothballed area. They will not be used as storage.

Mothballed areas include: the basement, auditorium, mechanic rooms, elevator shafts not being used, offices, etc. Per Applicant, it is not uncommon for adaptive reuses that contain large spaces like auditoriums - a prime example are adaptive reuse of schools - to "mothball" those areas. The National Park Service would not allow the auditorium to be converted to dwelling units and would require it to remain as an auditorium. Since the project already has significant common space and is not in need of an auditorium, Commonwealth is choosing to "mothball" that space.

Approximately 75,000 sf of the total 225,634 sf of gross building space is mothballed. Actual indoor common area for resident use is 3,019 sf.

BUILDING ELEVATION

Northeast Elevation



South Elevation



Comments:

Northeast Elevation: The original 1928, five story (plus basement) brick/stone structure and a five story (plus basement) brick building added in 1960.

The South Elevation shows the three story (plus basement) brick School of Nursing built in 1956. The catwalk that connects it to previous convalescent center will be demolished.

The remaining additions consist of one and three story buildings connecting the structures shown above.

BUILDING CONFIGURATION

Building Type	A												**Total Buildings**
Floors/Stories	3/5												
Number of Bldgs	1												**1**
Units per Bldg	124												
Total Units	124												**124**

Avg. Unit Size (SF)	**743 sf**	**Total NRA (SF)**	**92,124**	**Common Area (SF)***	**49,918**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 3.90 acres Density: 31.8 units/acre

Site Control: 3.9 **Site Plan:** 3.9 **Appraisal:** 3.9 **ESA:** 3.9

Control Type: Real Estate Purchase Agreement Contract Expiration: 6/29/2021

Development Site: 3.90 acres Cost: $300,000 $2,419 per unit

Seller: Saint Anthony's Legacy and Redevelopment Corp (SALRC)(as Agent of North Heights Advisory Association)

Buyer: KRS Housing, LLC

Assignee: St. Anthony's Amarillo Housing 20, LP

Related-Party Seller/Identity of Interest: No

Comments:

The City of Amarillo requested the entire hospital site be subdivided; one lot for the Commons at St. Anthony's and a separate lot for the remainder SALRC property. No shared common areas will be created by the plat. The subdivision plat is being processed and is expected by commitment.

The Commons at St. Anthony's owner, St. Anthony's Amarillo Housing 20, LP, will create a restrictive covenant in cooperation with SALRC to govern the use of the other lot within the subdivision and architectural modifications to the remainder building to prevent any conflicts with the Commons at St. Anthony's National Register of Historic Places designation.

Applicant will enter into an access agreement granting Seller vehicular and pedestrian access across the property from NW 7th Avenue to allow access to loading docs and building entrances on campus.

APPRAISED VALUE

Appraiser: Novogradac Date: 2/27/2020

Land as Vacant:	3.9 acres	$590,000	Per Unit:	$4,758
Existing Buildings: (as-is)		$540,000	Per Unit:	$4,355
Total Development: (as-is)		**$1,130,000**	Per Unit:	**$9,113**

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	O-2	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	1928 - 1971	Title Issues?	Yes

Current Uses of Subject Site:

Vacant historic hospital; 5 story concrete building and small parking lots

Surrounding Uses:

North: small motel, gas station and convenience store
East: medical office building and a florist
South: medical office building and single-family homes; the prior convalescent center is being converted into a daytime homeless service center
West: remaining portions of the former St. Anthony's Hospital that are outside of the project scope

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Date: 2/15/2019

Recognized Environmental Conditions (RECs) and Other Concerns:

- Various suspect asbestos-containing materials were observed throughout the property; Terracon recommends conducting a thorough asbestos survey prior to disturbance of suspect ACM during planned renovations or building demolition.
- Terracon recommends conducting a thorough lead-based paint survey prior to disturbance of suspect paint during planned renovations or building demolition.
- Based on the U.S. Department of Housing and Urban Development guidelines and the proximity of the airports, significant roads and railroad to the site, Terracon recommends that a noise assessment be conducted.
- Based on the facility's proximity to the site, its duration of operation (41 years), and former service station operations, the K&L Discount Food Mart PST facility constitutes a REC for the site.
- Based on the former "Tootn" Totum Store 72 facility's proximity to the site, its duration of operation (35 years) and its former service station operations, the "Tootn" Totum Store 72 facility constitutes a REC for the site.
- Terracon recommends conducting additional investigation to evaluate subsurface conditions associated with the identified RECs.
- The site is considered to have a moderate potential for elevated indoor concentrations of radon gas.

Comments:

According to the client, the proposed redevelopment of the site will include gutting the interiors of buildings on the site, including the plumbing, and installing new building materials. Based on this information, Terracon does not recommend testing for lead in drinking water.

Per Applicant, Commonwealth will move forward on further studies August 1st and will have a plan to comply with any recommendations prior to the financing closing. with the exception of the radon test which will occur after the building renovation is completed.

MARKET ANALYSIS

Provider: Apartment MarketData, LLC Date: 3/16/2020

Contact: Darrell G Jack Phone: 210-530-0040

Primary Market Area (PMA): 55 sq. miles 4 mile equivalent radius

The PMA consists of 29 census tracts in Amarillo, mostly north of I-40; Hwy 87 bisects the PMA vertically.

ELIGIBLE HOUSEHOLDS BY INCOME								
Potter County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$9,024	$9,672	$11,592	$11,592	---	---	---
	Max	$15,060	$17,190	$19,350	$21,480	---	---	---
50% AMGI	Min	$15,048	$16,104	$19,344	$19,344	---	---	---
	Max	$25,100	$28,650	$32,250	$35,800	---	---	---
60% AMGI	Min	$18,072	$19,344	$23,208	$23,208	---	---	---
	Max	$30,120	$34,380	$38,700	$42,960	---	---	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None					

Other Affordable Developments in PMA since 2015

17307	Marabella	New	Elderly	n/a	101

Stabilized Affordable Developments in PMA (Market Analyst)	Total Units	1,731
	Total Developments	22

OVERALL DEMAND ANALYSIS

	Market Analyst		Underwriter	
	HTC	Assisted	HTC	Assisted
Total Households in the Primary Market Area	37,499		37,499	
Senior Households in the Primary Market Area	15,125		15,125	
Potential Demand from the Primary Market Area	6,781		6,781	
10% External Demand	678		678	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	7,459		7,459	
Subject Affordable Units	124		124	
Unstabilized Competitive Units	0		0	
RELEVANT SUPPLY	124		124	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**1.7%**		**1.7%**	

Population:	**Elderly Limitation**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**10%**

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst					Underwriter				
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate
30% AMGI	2,088	209	13	0	1%	1,358	136	13	0	1%
50% AMGI	1,660	166	25	0	1%	1,811	181	25	0	1%
60% AMGI	3,033	303	86	0	3%	3,611	361	86	0	2%

Demand Analysis:

Minimum eligible income is calculated at 50% rent to income for Elderly developments. Gross demand includes all household sizes and both renter and owner households. Elderly is assumed age 55 and up.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst					Underwriter				
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate
0 BR/30%	326	33	4	0	1%	372	37	4	0	1%
0 BR/50%	175	18	8	0	4%	388	39	8	0	2%
0 BR/60%	441	44	24	0	5%	317	32	24	0	7%
1 BR/30%	499	50	5	0	1%	625	63	5	0	1%
1 BR/50%	225	23	10	0	4%	717	72	10	0	1%
1 BR/60%	999	100	30	0	3%	785	78	30	0	3%
2 BR/30%	648	65	4	0	1%	437	44	4	0	1%
2 BR/50%	288	29	7	0	2%	593	59	7	0	1%
2 BR/60%	1,474	147	32	0	2%	841	84	32	0	3%

Market Analyst Comments:

The overall occupancy reported in the market is 91.1%. (p. 12)

Subject's "affordable" rents on a Total Rent Basis are as much as 59% below market rents currently offered in the marketplace. (p. 16)

29.5% of all households over 55 years of age rent rather than own. (p. 8)
Based on straight-line delineation of the household growth alone between the years of 2020 to 2025, the HISTA data estimates that the primary market area will require an additional 290 rental dwelling units overall, including 185 senior rental units. (p. 10)

Revisions to Market Study:	0

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$446,343	Avg. Rent:	$724	Expense Ratio:	55.9%
Debt Service:	$380,498	B/E Rent:	$676	Controllable Expenses:	$2,603
Net Cash Flow:	$65,845	UW Occupancy:	92.5%	Property Taxes/Unit:	$915
Aggregate DCR:	1.17	B/E Occupancy:	86.5%	Program Rent Year:	2019

Applicant's NOI is within 5% of Underwriter's, therefore Applicant's proforma is used for analysis.

Full tax credit rents are assumed; average rent with one month concession is equal to breakeven rent.

Expense ratio (56%) is below the 65% threshold. Controllable expenses of $2.6k is lower than many applications seen over $3k. Applicant assumes lower WST and utility expense. The site is mostly impervious and will not require much irrigation or exterior lighting; as well using all new plumbing, wiring and energy efficient fixtures throughout property.

Pro forma uses a Green Discount utility allowance. Use of the standard non-Green Discount utility allowances would cause the DCR to decrease to 1.14 and we would have to assume a $50k reduction in debt in order to meet the 1.15 threshold. To utilize the Green Discount allowance for leasing activities when the development places in service, the Owner must evidence that the units and buildings have met the Green Discount requirements when the request is submitted

Applicant assumes $233/unit G&A expense, which is quite low. Underwriter assumes $316/units based on the similar sized affordable projects in the area.

Management company has agreed on a 4.25% fee.

If Applicant's annual expenses are $21k ($170/unit) higher than assumed, the project would not be feasible.

Deferred fee pays off in year 12 with a 15 year cumulative cash flow of $396k.

Related-Party Property Management Company: No

Revisions to Rent Schedule:	1

Revisions to Annual Operating Expenses:	0

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$76,923/ac	$2,419/unit	**$300,000**	Contractor Fee	**$2,599,217**
Off-site + Site Work		$13,235/unit	**$1,641,147**	Soft Cost + Financing	**$3,722,301**
Building Cost	$168.33/sf	$125,056/unit	**$15,506,969**	Developer Fee	**$2,304,454**
Contingency	8.50%	$11,755/unit	**$1,457,590**	Reserves	**$580,368**
Total Development Cost	$226,710/unit	**$28,112,046**		**Rehabilitation Cost**	**$137,366/unit**
Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH				

Off-site:

$210k demolition of two existing pedestrian overpasses over Polk Street and NW 7th Avenue.

Site Work:

Site work is $8,500/unit including: repaving/restriping, 25% curb replacement, 10% flatwork replacement, ADA compliance, new dumpster pad and enclosure, new monument sign, $104k asbestos remediation, updating exterior electrical, etc.

$500k exterior demolition includes: existing building structures adjacent to the proposed project area to establish our proposed condo line and the existing dining area structure that will become the courtyard.

$3k/unit for site amenities including landscaping, garden beds, courtyard, etc.

Building Cost:

Applicant's building cost is estimated at $168.33/sf or $125k/unit. Underwriter utilized the costing provided in the Scope and Cost Review (shown in the rehabilitation cost table below) of $164.19/sf or $122k/unit for building cost.

Exterior work includes cleaning, repointing, replacing brick, cast stone, and concrete panels where needed. The few balconies and railings on several corner units will be refurbished, storefront windows and doors will be replaced; exterior windows that are deteriorated beyond repair will be replaced with new aluminum windows to meet historic requirements in all areas, including mothballed areas; membrane roofs will be replaced, the clay tile roof will be refurbished with 25% of tiles anticipated to be replaced; a new exterior wall will be constructed to re-enclose the surgical addition after the eastern bay is removed. The existing roof will be patched and made weather tight. Exterior handrails and guardrails will be modified to meet current codes and will be sandblasted and repainted.

$900k of interior demolition, $92k of lead-based paint abatement, and $105k of asbestos abatement is included in eligible basis.

Interior work: Corridor walls, doors and frames will remain. Doors not to be utilized for new units will be pinned shut. On the interior of the units, these pinned doors would be dry walled over (mothballed). New ACT ceilings will be installed in the corridors at 8'-0". Existing corridor walls will be repainted. New flooring will be installed throughout. Behind the corridor walls all partitions, MEP's and finishes will be demolished to allow construction of the new dwelling units and support spaces per the floor plans, with all new finishes. With the exception of the elevator lobby, all interior elements will be demolished. Existing life safety systems will be demolished and new systems installed to current codes.

The former auditorium and the basement (and several smaller areas as noted on the plans) will be cleaned of debris and any hazardous materials and doors locked. Basic lighting and minimal mechanicals will be extended to this area to control humidity and protect sprinkler piping. Access will be limited to staff only. (Mothballed)

Two existing traction elevators will be refurbished; one in the north end and one in the south. The cabs will receive new finishes. All controls and operating gear will be replaced. Remaining elevators will be abandoned in place. Openings will be covered and sealed to meet shaft requirements. All existing HVAC systems, plumbing systems, and electrical distribution will be demolished and new systems installed. Common areas will receive a combination of heat pump units and packaged roof top units.

The 124 dwelling units will be completely new and include built-in shelving, utility room/closet with energy rated washers and dryers in each unit (scoring points) and unit heat pump systems.

Some units look directly into the remaining adjacent hospital building. There are 18 different unit designs to accommodate the strange layout caused by the multiple additions over the years.

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	$1,637,933	$13,209/unit	9%	Finishes/Fixtures	$5,383,142	$43,412/unit	29%
Building Shell	$8,159,709	$65,804/unit	44%	HVAC	$1,356,932	$10,943/unit	7%
Amenities	$384,400	$3,100/unit	2%	Appliances	$226,000	$1,823/unit	1%
Total Exterior	**$10,182,042**	**$82,113/unit**	**59%**	**Total Interior**	**$6,966,074**	**$56,178/unit**	**41%**

SCOPE & COST REVIEW

Provider: Phase Engineering, Inc Date: 2/19/2020

The Revised Scope and Cost Review provides a thorough analysis of the proposed adaptive reconstruction of the property, but does not specifically address compliance with the Department's accessibility requirements pursuant to Chapter 1, Subchapter B and §11.101(b)(8) (relating to Site and Development Requirements and Restrictions) and identify the specific items in the scope of work and costs needed to ensure that the Development will meet these requirements upon Rehabilitation.

Contingency:

Contingency is 8.5% in the pro forma; 10% is allowed for adaptive re-use.

Ineligible Costs:

$500k of exterior demolition and $104k of asbestos demolition is not included in basis. Underwriter moved the $108k of lease-up deficit from financing to reserves, thereby removing it from basis.

Developer Fee:

Eligible developer fee exceeds the 15% limit by $15K. Total developer fee is underwritten at 9.92% of total cost. Developer fee is 41% deferred.

Reserves:

Reserves total 7.4 months of operating expenses and debt service.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$28,112,045	**$17,066,988**	**$1,551,500**

Related-Party Contractor: Yes

Related-Party Cost Estimator: Yes

Revisions to Development Cost Schedule:	0

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Sterling Bank	Conventional Loan	$21,545,000	6.00%	78%
Redstone Equity Partners	HTC	$4,914,450	$0.90	18%
Commonwealth/KRS Housing	Deferred Fee	$1,071,728		4%
		$27,531,678	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Walker and Dunlop	$6,700,000	4.50%	35	15	$6,700,000	4.50%	35	15	24%
City of Amarillo	$500				$500				0%
Total	**$6,700,500**				**$6,700,500**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Redstone Equity Partners	$13,498,650	$0.90		$13,498,650	$0.90	48%	
Federal Historic Credits	$3,806,305			$3,806,305		14%	
State Historic Credits	$3,171,921			$3,171,921		11%	
Commonwealth/KRS Housing	$934,670		41%	$934,669		3%	41%
Total	**$21,411,546**			**$21,411,545**			
				$28,112,045	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.962	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.874	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Applicant is applying for federal and state historic designations which will provide for historic tax credits. Federal tax credits are deducted from eligible basis.

Revisions to Sources Schedule:	0

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$28,112,045
Permanent Sources (debt + non-HTC equity)	$13,678,726
Gap in Permanent Financing	$14,433,319

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$13,962,103	$1,551,500
Needed to Balance Sources & Uses	$14,433,319	$1,603,863
Requested by Applicant	$13,498,650	$1,500,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$13,498,650**	**$1,500,000**
Deferred Developer Fee	**$934,669**	**(41% deferred)**
Repayable in	**12 years**	

Comments:

Recommended tax credit allocation is limited to $1,500,000 as requested by the Applicant; eligible basis could have supported another $51,500 in annual credits.

Underwriter: *Jeanna Adams*

Manager of Real Estate Analysis: *Thomas Cavanagh*

Director of Real Estate Analysis: *Brent Stewart*

UNIT MIX/RENT SCHEDULE

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

LOCATION DATA	
CITY:	Amarillo
COUNTY:	Potter
Area Median Income	$71,600
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2019

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	36	29.0%	0	0
1	45	36.3%	0	0
2	43	34.7%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	124	100.0%	-	-

55%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	13	10.5%
40%	-	0.0%
50%	25	20.2%
60%	86	69.4%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	124	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	743 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$376	1	0	1	581	$376	$42	$334	($0)	$0.57	$334	**$334**	**$334**	$334	$0.58	$0	$733	$1.26	$733
TC 50%	$627	1	0	1	581	$627	$42	$585	($0)	$1.01	$585	**$585**	**$585**	$585	$1.01	$0	$733	$1.26	$733
TC 60%	$753	4	0	1	581	$753	$42	$711	($0)	$1.22	$711	**$2,844**	**$2,845**	$711	$1.22	$0	$733	$1.26	$733
TC 30%	$376	1	0	1	595	$376	$42	$334	($0)	$0.56	$334	**$334**	**$334**	$334	$0.56	$0	$733	$1.23	$733
TC 50%	$627	1	0	1	595	$627	$42	$585	($0)	$0.98	$585	**$585**	**$585**	$585	$0.98	$0	$733	$1.23	$733
TC 60%	$753	4	0	1	595	$753	$42	$711	($0)	$1.19	$711	**$2,844**	**$2,845**	$711	$1.20	$0	$733	$1.23	$733
TC 30%	$376	2	0	1	600	$376	$42	$334	($0)	$0.56	$334	**$668**	**$668**	$334	$0.56	$0	$733	$1.22	$733
TC 50%	$627	4	0	1	600	$627	$42	$585	($0)	$0.98	$585	**$2,340**	**$2,341**	$585	$0.98	$0	$733	$1.22	$733
TC 60%	$753	12	0	1	600	$753	$42	$711	($0)	$1.19	$711	**$8,532**	**$8,535**	$711	$1.19	$0	$733	$1.22	$733
TC 50%	$627	1	0	1	627	$627	$42	$585	($0)	$0.93	$585	**$585**	**$585**	$585	$0.93	$0	$733	$1.17	$733
TC 60%	$753	3	0	1	627	$753	$42	$711	($0)	$1.13	$711	**$2,133**	**$2,134**	$711	$1.13	$0	$733	$1.17	$733
TC 50%	$627	1	0	1	627	$627	$42	$585	($0)	$0.93	$585	**$585**	**$585**	$585	$0.93	$0	$733	$1.17	$733
TC 60%	$753	1	0	1	627	$753	$42	$711	($0)	$1.13	$711	**$711**	**$711**	$711	$1.13	$0	$733	$1.17	$733
TC 30%	$403	1	1	1	663	$403	$48	$355	($0)	$0.54	$355	**$355**	**$355**	$355	$0.54	$0	$832	$1.25	$832
TC 50%	$671	2	1	1	663	$671	$48	$623	($0)	$0.94	$623	**$1,246**	**$1,246**	$623	$0.94	$0	$832	$1.25	$832
TC 60%	$806	5	1	1	663	$806	$48	$758	($0)	$1.14	$758	**$3,790**	**$3,791**	$758	$1.14	$0	$832	$1.25	$832
TC 30%	$403	2	1	1	690	$403	$48	$355	($0)	$0.51	$355	**$710**	**$710**	$355	$0.51	$0	$832	$1.21	$832
TC 50%	$671	4	1	1	690	$671	$48	$623	($0)	$0.90	$623	**$2,492**	**$2,493**	$623	$0.90	$0	$832	$1.21	$832
TC 60%	$806	12	1	1	690	$806	$48	$758	($0)	$1.10	$758	**$9,096**	**$9,098**	$758	$1.10	$0	$832	$1.21	$832
TC 30%	$403	1	1	1	704	$403	$48	$355	($0)	$0.50	$355	**$355**	**$355**	$355	$0.50	$0	$863	$1.23	$863
TC 50%	$671	2	1	1	704	$671	$48	$623	($0)	$0.88	$623	**$1,246**	**$1,246**	$623	$0.89	$0	$863	$1.23	$863
TC 60%	$806	7	1	1	704	$806	$48	$758	($0)	$1.08	$758	**$5,306**	**$5,307**	$758	$1.08	$0	$863	$1.23	$863
TC 50%	$671	1	1	1	742	$671	$48	$623	($0)	$0.84	$623	**$623**	**$623**	$623	$0.84	$0	$863	$1.16	$863
TC 60%	$806	4	1	1	742	$806	$48	$758	($0)	$1.02	$758	**$3,032**	**$3,033**	$758	$1.02	$0	$863	$1.16	$863
TC 60%	$806	2	1	1	780	$806	$48	$758	($0)	$0.97	$758	**$1,516**	**$1,516**	$758	$0.97	$0	$863	$1.11	$863
TC 30%	$403	1	1	1	780	$403	$48	$355	($0)	$0.46	$355	**$355**	**$355**	$355	$0.46	$0	$863	$1.11	$863
TC 50%	$671	1	1	1	780	$671	$48	$623	($0)	$0.80	$623	**$623**	**$623**	$623	$0.80	$0	$863	$1.11	$863
TC 50%	$806	1	2	1	846	$806	$61	$745	($0)	$0.88	$745	**$745**	**$745**	$745	$0.88	$0	$936	$1.11	$936
TC 60%	$967	2	2	1	846	$967	$61	$906	($0)	$1.07	$906	**$1,812**	**$1,813**	$906	$1.07	$0	$936	$1.11	$936
TC 30%	$483	1	2	1	864	$483	$61	$422	($0)	$0.49	$422	**$422**	**$422**	$422	$0.49	$0	$936	$1.08	$936
TC 50%	$806	2	2	1	864	$806	$61	$745	($0)	$0.86	$745	**$1,490**	**$1,491**	$745	$0.86	$0	$936	$1.08	$936
TC 60%	$967	7	2	1	864	$967	$61	$906	($0)	$1.05	$906	**$6,342**	**$6,345**	$906	$1.05	$0	$936	$1.08	$936
TC 30%	$483	1	2	1	901	$483	$61	$422	($0)	$0.47	$422	**$422**	**$422**	$422	$0.47	$0	$981	$1.09	$981
TC 50%	$806	2	2	1	901	$806	$61	$745	($0)	$0.83	$745	**$1,490**	**$1,491**	$745	$0.83	$0	$981	$1.09	$981
TC 60%	$967	7	2	1	901	$967	$61	$906	($0)	$1.01	$906	**$6,342**	**$6,345**	$906	$1.01	$0	$981	$1.09	$981
TC 30%	$483	1	2	1	917	$483	$61	$422	($0)	$0.46	$422	**$422**	**$422**	$422	$0.46	$0	$981	$1.07	$981
TC 50%	$806	2	2	1	917	$806	$61	$745	($0)	$0.81	$745	**$1,490**	**$1,491**	$745	$0.81	$0	$981	$1.07	$981
TC 60%	$967	8	2	1	917	$967	$61	$906	($0)	$0.99	$906	**$7,248**	**$7,251**	$906	$0.99	$0	$981	$1.07	$981
TC 30%	$483	1	2	1	975	$483	$61	$422	($0)	$0.43	$422	**$422**	**$422**	$422	$0.43	$0	$981	$1.01	$981
TC 60%	$967	2	2	1	975	$967	$61	$906	($0)	$0.93	$906	**$1,812**	**$1,813**	$906	$0.93	$0	$981	$1.01	$981
TC 60%	$967	3	2	1	1,009	$967	$61	$906	($0)	$0.90	$906	**$2,718**	**$2,719**	$906	$0.90	$0	$981	$0.97	$981
TC 60%	$967	3	2	1	895	$967	$61	$906	($0)	$1.01	$906	**$2,718**	**$2,719**	$906	$1.01	$0	$981	$1.10	$981
TOTALS/AVERAGES		**124**			**92,124**				**($0)**	**$0.97**	**$724**	**$89,720**	**$89,753**	**$724**	**$0.97**	**$0**	**$855**	**$1.15**	**$855**

ANNUAL POTENTIAL GROSS RENT:	**$1,076,640**	**$1,077,037**	

STABILIZED PRO FORMA

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		3 Local Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.97	$724	$1,076,640	$1,077,037	$724	$0.97		0.0%	($397)
late fees, app fees, retained deposits							$11.00	$16,368						
Total Secondary Income							$11.00		$16,368	$11.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,093,008	$1,093,405				0.0%	($397)
Vacancy & Collection Loss							7.5% PGI	(81,976)	(82,005)	7.5% PGI			0.0%	30
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$1,011,032	$1,011,400				0.0%	($368)
General & Administrative	$41,062	$331/Unit	$39,166	$316	2.85%	$0.31	$233	$28,840	$39,166	$316	$0.43	3.87%	-26.4%	(10,326)
Management	$35,415	4.4% EGI	$44,422	$358	4.25%	$0.47	$347	$42,969	$42,984	$347	$0.47	4.25%	0.0%	(15)
Payroll & Payroll Tax	$151,697	$1,223/Unit	$164,829	$1,329	14.07%	$1.54	$1,147	$142,216	$142,216	$1,147	$1.54	14.06%	0.0%	-
Repairs & Maintenance	$79,071	$638/Unit	$84,156	$679	7.63%	$0.84	$622	$77,160	$80,600	$650	$0.87	7.97%	-4.3%	(3,440)
Electric/Gas	$26,842	$216/Unit	$21,731	$175	1.48%	$0.16	$121	$15,000	$21,731	$175	$0.24	2.15%	-31.0%	(6,731)
Water, Sewer, & Trash	$65,043	$525/Unit	$69,950	$564	5.89%	$0.65	$480	$59,500	$59,500	$480	$0.65	5.88%	0.0%	-
Property Insurance	$38,927	$0.42 /sf	$40,947	$330	4.29%	$0.47	$350	$43,400	$43,400	$350	$0.47	4.29%	0.0%	-
Property Tax (@ 100%) 2.508935	$53,594	$432/Unit	$56,547	$456	11.22%	$1.23	$915	$113,444	$108,237	$873	$1.17	10.70%	4.8%	5,207
Reserve for Replacements				$0	3.68%	$0.40	$300	$37,200	$37,200	$300	$0.40	3.68%	0.0%	-
Supportive Services				$0	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.49%	$0.05	$40	$4,960	$4,960	$40	$0.05	0.49%	0.0%	-
TOTAL EXPENSES					**55.85%**	**$6.13**	**$4,554**	**$ 564,689**	**$579,994**	**$4,677**	**$6.30**	**57.35%**	**-2.6%**	**$ (15,305)**
NET OPERATING INCOME ("NOI")					**44.15%**	**$4.85**	**$3,600**	**$446,343**	**$431,406**	**$3,479**	**$4.68**	**42.65%**	**3.5%**	**$ 14,938**
CONTROLLABLE EXPENSES							$2,603/Unit			$2,768/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Walker and Dunlop		1.13	1.17	380,498	4.50%	35	15	$6,700,000	$6,700,000	15	35	4.50%	$380,498	1.17	23.8%
Adjustment to Debt Per §11.302(c)(2)	0.00%									15	35	4.50%		1.17	0.0%
CASH FLOW DEBT / GRANTS															
City of Amarillo		1.13	1.17		0.00%	0	0	$500	$500	0	0	0.00%		1.17	0.0%
				$380,498	**TOTAL DEBT / GRANT SOURCES**			**$6,700,500**	**$6,700,500**			**TOTAL DEBT SERVICE**	**$380,498**	**1.17**	23.8%
NET CASH FLOW		$50,908	$65,845						**APPLICANT**	**NET OPERATING INCOME**		**$446,343**	**$65,845**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
Redstone Equity Partners	LIHTC Equity	48.0%	$1,500,000	0.90	$13,498,650	$13,498,650	$0.90	$1,500,000	48.0%	$12,097	Applicant Request
Federal Historic Credits		13.5%			$3,806,305	$3,806,305			13.5%		
State Historic Credits		11.3%			$3,171,921	$3,171,921			11.3%		
Commonwealth/KRS Housing	Deferred Developer Fees	3.3%	(41% Deferred)		$934,670	$934,669	(41% Deferred)		3.3%	**Total Developer Fee:**	**$2,304,454**
TOTAL EQUITY SOURCES		76.2%			$21,411,546	$21,411,545			76.2%		
TOTAL CAPITALIZATION					**$28,112,046**	**$28,112,045**				**15-Yr Cash Flow after Deferred Fee:**	**$395,553**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS				COST VARIANCE	
	Eligible Basis							Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Total Costs**		**New Const. Rehab**	**Acquisition**	%	$
Land Acquisition			$2,419 / Unit	$300,000		$300,000	$2,419 / Unit			0.0%	$0
Building Acquisition	$0		$ / Unit	$0		$0	$ / Unit		$0	0.0%	$0
				$0		$0					$0
Off-Sites			$1,694 / Unit	$210,000		$114,745	$925 / Unit			83.0%	$95,255
Site Work		$452,157	$8,517 / Unit	$1,056,147		$1,523,188	$12,284 / Unit	$452,157		-30.7%	($467,041)
Site Amenities		$375,000	$3,024 / Unit	$375,000		$384,400	$3,100 / Unit	$375,000		-2.4%	($9,400)
Building Cost		$8,654,537	$168.33 /sf	$125,056/Unit	$15,506,969	$15,125,783	$121,982/Unit	$164.19 /sf	$8,654,537	2.5%	$381,186
Contingency		$735,636	7.76%	8.50%	$1,457,590	$1,457,590	8.50%	7.76%	$735,636	0.0%	$0
Contractor Fees		$1,427,361	13.97%	13.97%	$2,599,217	$2,599,217	13.97%	13.97%	$1,427,361	0.0%	$0
Soft Costs	0	$1,416,767		$12,135 / Unit	$1,504,739	$1,504,739	$12,135 / Unit		$1,416,767	$0	0.0%	$0
Financing	0	$1,779,402		$17,884 / Unit	$2,217,562	$2,217,562	$17,884 / Unit		$1,779,402	$0	0.0%	$0
Developer Fee	$0	$2,241,500	15.10%	9.92%	$2,304,454	$2,304,454	9.92%	15.00%	$2,226,129	$0	0.0%	$0
Reserves				7 Months	$580,368	$580,368	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$17,082,359**		$226,710 / Unit	**$28,112,046**	**$28,112,045**	$226,710 / Unit		**$17,066,988**	**$0**	**0.0%**	**$1**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	($15,371)			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$17,066,988**		$226,710/unit	**$28,112,046**	**$28,112,045**	$226,710/unit		**$17,066,988**	**$0**	**0.0%**	**$1**

TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY PCA/CNA **$28,112,045**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$17,066,988	$0	$17,066,988
Deduction of Federal Grants	$0	($3,806,305)	$0	($3,806,305)
TOTAL ELIGIBLE BASIS	$0	$13,260,683	$0	$13,260,683
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,238,888	$0	$17,238,888
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$17,238,888	$0	$17,238,888
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,551,500	$0	$1,551,500
CREDITS ON QUALIFIED BASIS	$1,551,500		$1,551,500	

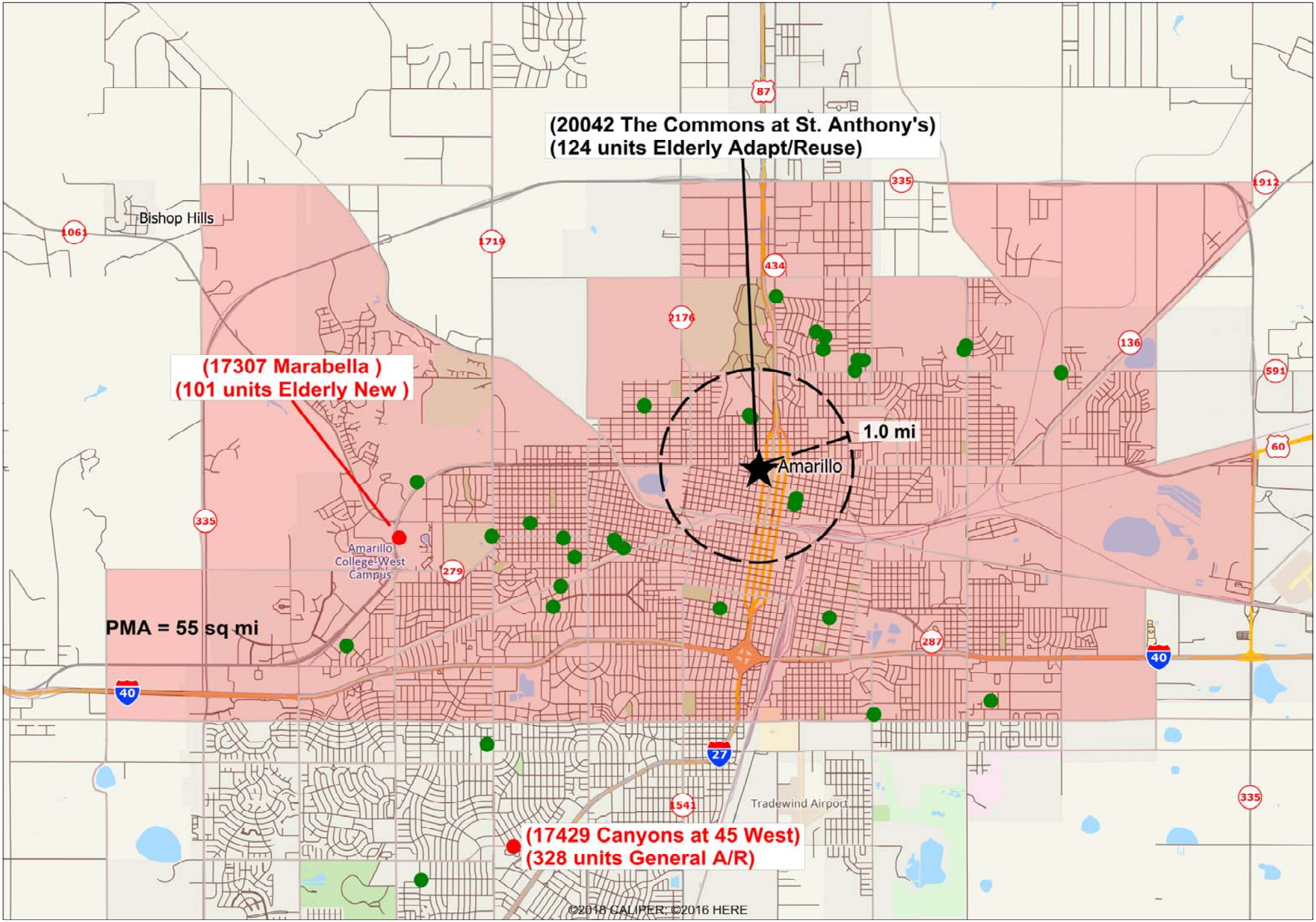
	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8999	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,551,500	$13,962,103	----	----	----
Needed to Fill Gap	$1,603,863	$14,433,319	----	----	----
Applicant Request	$1,500,000	$13,498,650	**$1,500,000**	**$0**	**$0**

Long-Term Pro Forma

The Commons at St. Anthony's, Amarillo, 9% HTC #20042

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$1,011,032	$1,031,253	$1,051,878	$1,072,916	$1,094,374	$1,208,277	$1,334,036	$1,472,883	$1,626,182	$1,795,437	$1,982,307
TOTAL EXPENSES	3.00%	$564,689	$581,200	$598,198	$615,697	$633,711	$732,078	$845,845	$977,437	$1,129,662	$1,305,774	$1,509,538
NET OPERATING INCOME ("NOI")		**$446,343**	**$450,053**	**$453,680**	**$457,219**	**$460,663**	**$476,199**	**$488,191**	**$495,446**	**$496,520**	**$489,663**	**$472,769**
EXPENSE/INCOME RATIO		55.9%	56.4%	56.9%	57.4%	57.9%	60.6%	63.4%	66.4%	69.5%	72.7%	76.2%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$380,498	$380,498	$380,498	$380,498	$380,498	$380,498	$380,498	$380,498	$380,498	$380,498	$380,498
DEBT COVERAGE RATIO		1.17	1.18	1.19	1.20	1.21	1.25	1.28	1.30	1.30	1.29	1.24
ANNUAL CASH FLOW		**$65,845**	**$69,555**	**$73,182**	**$76,721**	**$80,164**	**$95,701**	**$107,692**	**$114,948**	**$116,021**	**$109,164**	**$92,271**
Deferred Developer Fee Balance		$868,824	$799,270	$726,088	$649,367	$569,203	$120,564	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$395,553	$957,945	$1,538,704	$2,101,805	$2,601,433

20042 The Commons at St. Anthony's PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.