

RESOLUTION NO. 26-002

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

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

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

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

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

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

the Section 2306.142(l) Requirements; and

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

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

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

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

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

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

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

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

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

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

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

ARTICLE 2

GENERAL PROVISIONS

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

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

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

Exhibit A

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